

**CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA**

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TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

In the near future, the U.S. House of Representatives is expected to consider the Raise the Wage Act (H.R. 582), which would more than double the federal minimum wage to \$15 per hour. While the U.S. Chamber of Commerce is willing to work with members of Congress to develop a legislative package that includes an increase guided by economic conditions, \$15 per hour is not that number, and the Raise the Wage Act is not that legislation. We urge the House to oppose the Raise the Wage Act and we stand ready to work together to develop a reasonable approach to increasing the minimum wage.

As a new Congressional Budget Office (CBO) report states, the dramatic increase of the federal minimum wage from \$7.25 per hour to \$15 per hour would have disruptive impacts on employers, particularly small businesses, as well as negative effects on the job opportunities for first time and lower skilled workers. The report stated that, when fully implemented, a \$15 per hour minimum wage could result in as many as 3.7 million workers losing jobs and total real family income dropping by \$9 billion.

Additionally, the Raise the Wage Act includes other provisions about which the Chamber has serious concerns, such as indexing the minimum wage to inflation and eliminating the credit for tipped employees. The latter proposal would likely reduce take home pay for many tipped employees, which is why the District of Columbia City Council recently invalidated a proposal to eliminate its tip credit.

While the CBO report found that an increase to a \$15 per hour minimum wage was too drastic, the same report stated that a more moderate, economically-based increase would create minimal economic disruption. For example, the report indicated that an increase to around \$10 per hour would raise the wages for as many 3.5 million workers (based on the median estimate) and would result in few, if any, job losses.

Finally, if the minimum wage is increased to a double-digit number as part of a balanced legislative package that includes provisions that also help employers, both employees and employers would benefit. For example, a minimum wage increase could be paired with reforms to help employers manage higher labor costs through updates to the FLSA. Among the reforms the Chamber would like to see are:

- Revising the definition of hours worked: Permit de minimis use of employer provided electronic devices outside of working hours, such as checking a schedule or next appointment, which would not require tracking or compensation.

- Updating the exemption for outside sales: Originally, outside sales persons were exempt when they traveled to a customer to sell products, as distinguished from an inside sales position that merely processed orders. With modern technology the same “outside” sales activities are conducted from the office, making the question of location an obsolete and anachronistic distinction.
- Codifying the DOL Payroll Audit Independent Determination (PAID) program: Allowing employers to conduct self-audits to uncover FLSA violations and take self-correcting measures means employees get their back pay sooner, employers spend less on legal resources, and the Department of Labor preserves its resources for more egregious cases.
- Updating the computer professional exemption: The computer and high tech industry has changed dramatically since this exemption was first enacted in the 1980s. Both the duties and salary threshold need to be updated to reflect contemporary “computer professionals.”
- Franchise Non-Discrimination: Some state and local minimum wage increases have unfairly targeted small franchise owners by considering them “large employers” simply because their locations bear the logo of a national chain. The FLSA should be clarified to ensure that state or local minimum wage increases are applied fairly.

There is a path forward on a minimum wage increase that would benefit employees and employers, and the Chamber looks forward to working with members of Congress to strike the right balance and develop a legislative package that responsibly increases the federal minimum wage. We will, however, strongly oppose and work against the current politically driven proposal to more than double the minimum wage to \$15 per hour.

Sincerely,



Neil L. Bradley