

# Independent Women's Voice®

## Federal Minimum Wage



### What's at Stake

Democratic lawmakers want to increase the federal minimum wage from the current level of \$7.25 to \$15.00 per hour to provide workers a “livable” wage that they can raise their families on.

#### Bad Solution:

Increasing the federal minimum wage to \$15 would lead to:

- Anywhere from **1.3 million** to **7 million** jobs lost.
- Fewer opportunities for low-skilled workers, young people, and women.
- Reduced hours/smaller paychecks for workers.

We want every American to experience upward mobility and achieve his or her American dream. For many, it starts with that first minimum-wage job.

Most minimum-wage workers are women and young people working part-time jobs to build skills and gain experience.

Raising the federal minimum wage makes hiring and retaining these workers more expensive. Employers have few options when their labor costs increase. They can:

- Forgo hiring new workers.
- Lay off current staff, reduce staff hours, or cut benefits.
- Raise prices on the goods and services.
- Close their doors.

### A Better Path Forward: A Strong Labor Market

When jobs are plentiful, workers can negotiate for higher wages or find better-paying opportunities. Policies that foster a strong labor market will truly help low-skilled workers:

**Safe Reopening:** Deem all businesses essential and allow them to reopen with reasonable safety protocols.

**Low Taxes:** The Tax Cuts and Jobs Act reduced corporate taxes from 35 to 21 percent, which was projected to increase long-run GDP by 1.7 percent, create 339,000 jobs, and raise wages by 1.5 percent. Individual tax cuts also directly boosted take-home pay. Congress should keep the tax cuts.

**Deregulation:** Excessive regulation has cost the U.S. an average of **0.8 percent** of GDP growth per year since 1980. This is a waste of resources that could benefit workers.

**Occupational Licensing Reform:** Licensure to work in specific industries has grown exponentially over the past few decades and is associated with **2.8 million** fewer jobs.

**Earned Income Tax Credit:** The EITC is a “refundable” tax credit that encourages poor workers to seek employment and augments their wages. It is credited with **lifting** 4.1 to 5.8 million people out of poverty in 2016, including up to 3 million children.

# Addressing Misperceptions

MISPERCEPTIONS	FACTS
<p><b>Raising the minimum wage would stimulate the economy.</b></p>	<p>While a higher minimum wage might boost hourly rates, it may also result in reduced job opportunities and reduced hours. Most academic literature supports the view that minimum wage increases reduce employment.</p>
<p><b>Raising the minimum wage would help poor families struggling to get by.</b></p>	<p>Minimum wage jobs are often depicted as fulltime, lifelong, sole sources of income for families. But in reality, most minimum wage workers:</p> <ul style="list-style-type: none"><li>▪ Work part-time</li><li>▪ Live in households with incomes well above the poverty line</li><li>▪ Earn pay raises after one year</li><li>▪ Are women (60 percent)</li><li>▪ Are between the ages of 16-24 (over half). Of these, nearly two out of three are enrolled in school.</li></ul>
<p><b>Workers need a wage that they can live on.</b></p>	<p>Increasing the minimum wage would eliminate many entry-level jobs that help workers gain valuable work experience and skills. Joblessness, not low wages, is the biggest problem facing households in poverty.</p>