
Raise the Wage Act of 2021

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Raise the Wage Act of 2021

\$15 Federal minimum wage, universally applied, by 2025

A \$15 Federal minimum wage would reduce poverty.

But it will also create inequality.

If the minimum wage is too high – relative to the local market – there will end up being employment losses.

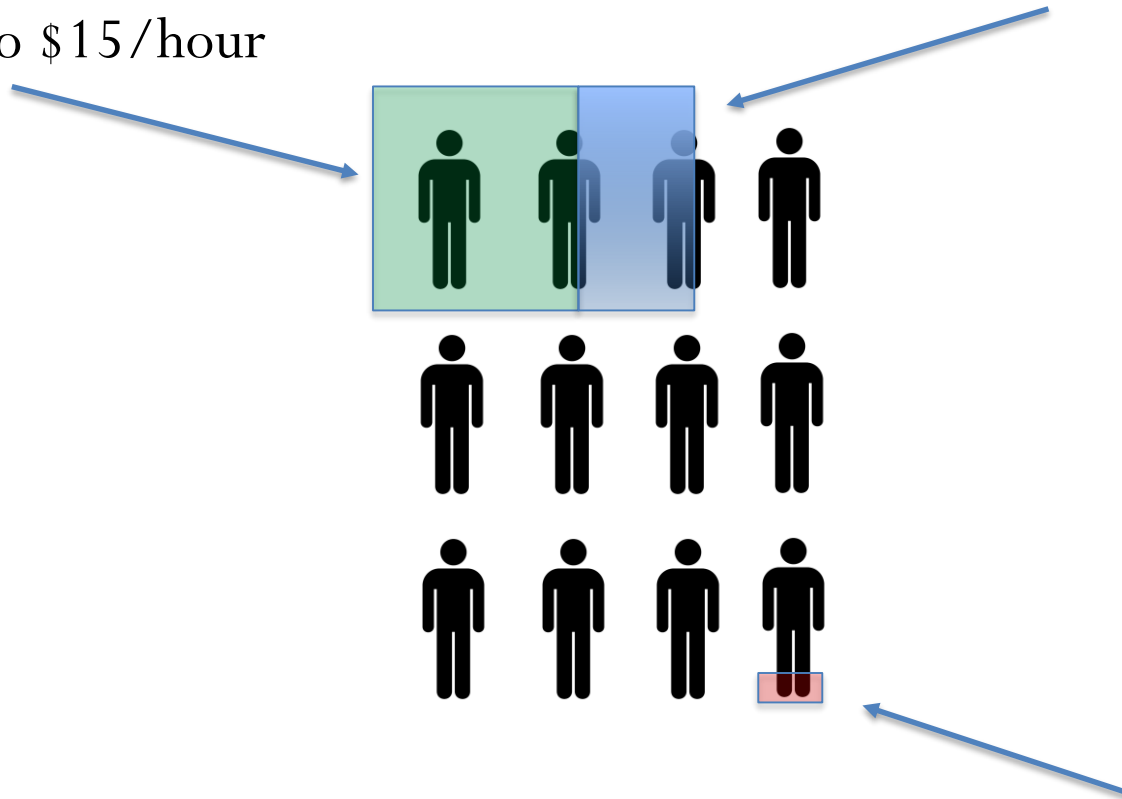
- Neumark and Shirley (2021) find that 78.9% of these studies find a negative effects, 54% of these studies show a negative and significant effect.



What are the expected wage and employment effects of a \$15 minimum wage?

17M Americans see their wages increase to \$15/hour

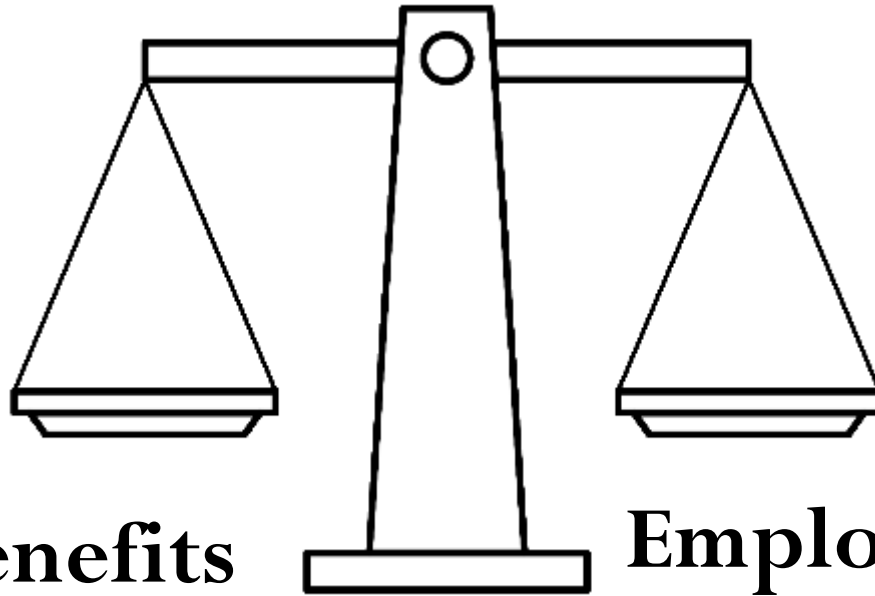
10M Americans see more modest wage increases above \$15/hour



1.4M Americans lose their jobs



What are the weighted costs and benefits of a \$15
minimum wage? (cumulative over 10 years)

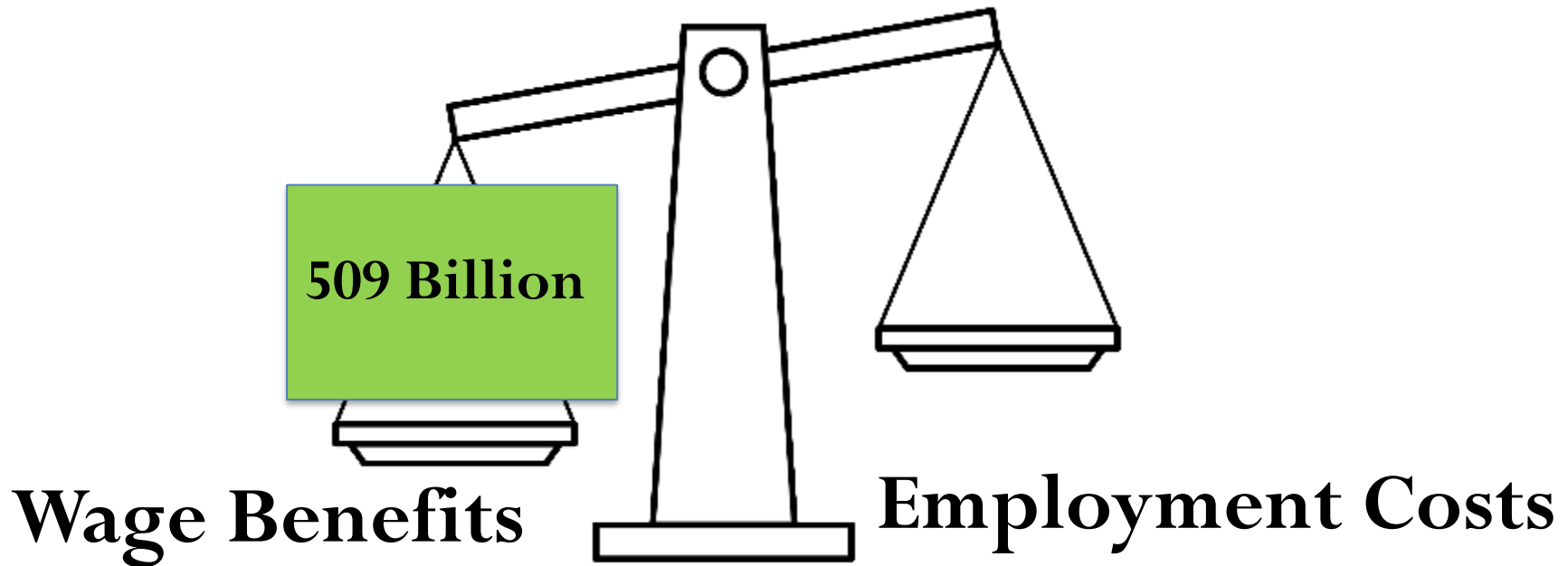


Wage Benefits

Employment Costs



What are the weighted costs and benefits of a \$15 minimum wage? (cumulative over 10 years)

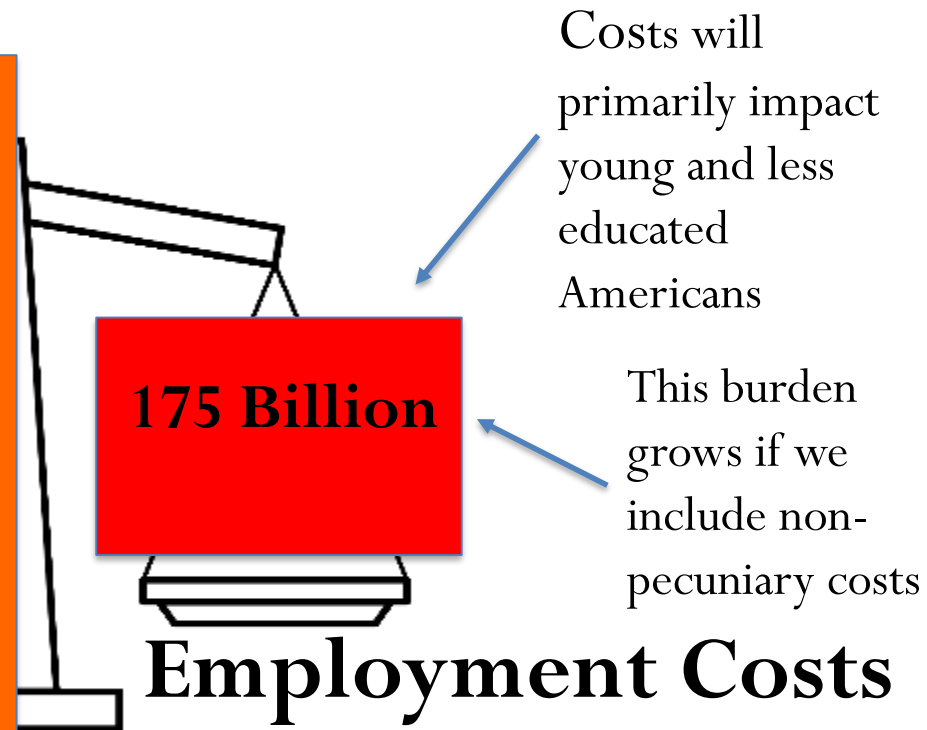


What are the weighted costs and benefits of a \$15 minimum wage? (cumulative over 10 years)

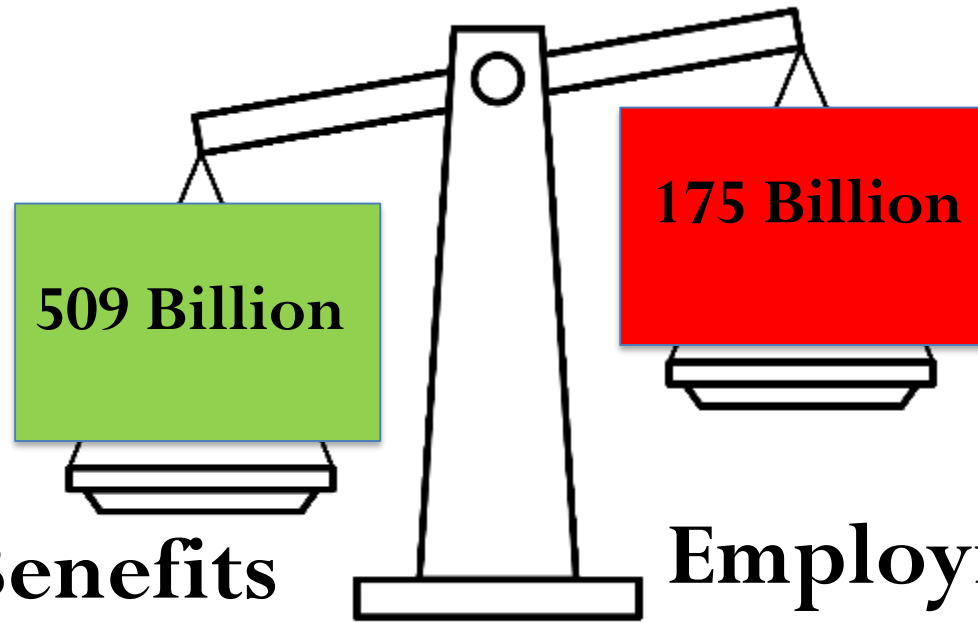
Job loss is associated with:

- A 15-30% increase in the likelihood of receiving a diagnosis of depression or anxiety¹
- A 50-100% increase in mortality in the years immediately following the job loss²
- An increase in the probability of divorce³
- Lower rates of educational attainment for children in the household⁴

1. Burgard, Brand and House (2007)
2. Sullivan and von Wachter (2009)
3. Charles and Stevens (2004)
4. Johnson, Kalil, Dunifon (2012)



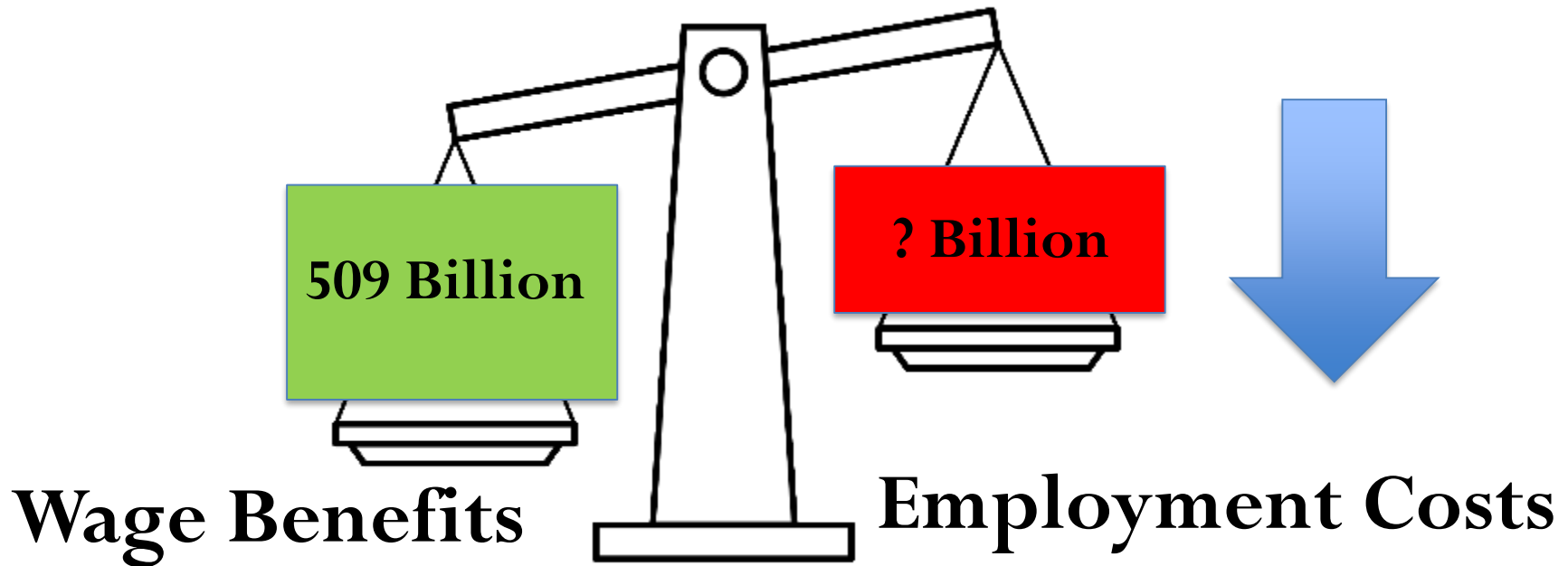
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**Small employment losses are
very costly.**



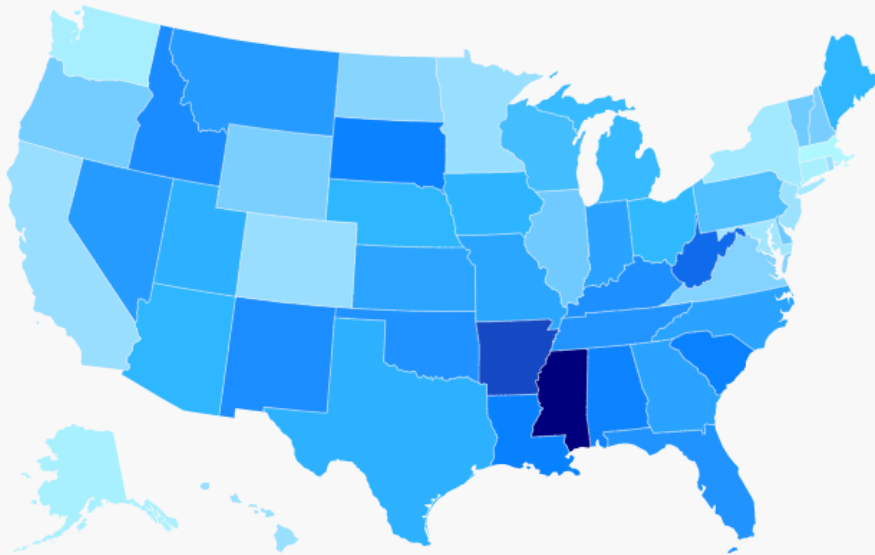
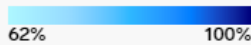
What are the weighted costs and benefits of a \$15 minimum wage? (cumulative over 10 years)



How should we raise the minimum wage?

How a \$15 minimum wage compares to the median wage in every state

\$15 minimum wage as a percent of state's median wage



Note: Median wage data is 2019 hourly data from the Occupational Employment Statistics program.

Map: Madison Hoff/Insider • Source: Bureau of Labor Statistics, Department of Labor


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1. The federal minimum wage should be set optimally for each local market.
2. The federal minimum wage should be based on a formula that (with limited flexibility) automatically updates each year as local market changes.



A \$15 minimum wage will not impact all firms equally

A \$15 minimum wage will disproportionately hurt small businesses.



amazon

Amazon's employees, their families, and communities have seen the impact a \$15 starting wage can make.

Learn More

Content Selected by Amazon

- New York Times: When Amazon Raises Its Minimum Wage, Local Companies Follow Suit
- New York Times: Once a Fringe Idea, the \$15 Minimum Wage Is Making Big Gains
- New York Times: Why Bernie Sanders Praised Amazon

Overall, 54% of small businesses oppose raising the minimum wage, according to the Q1 2021 [CNBC|SurveyMonkey Small Business Survey](#), which includes responses from 2,111 small business owners nationwide and was conducted from Jan. 25-Jan. 31 using the [SurveyMonkey platform](#).

Twenty percent of small business owners said they would be forced to lay off workers if the minimum wage increases to \$15/hour, while another 13% said they'd likely be raising wages for some workers while laying off others.



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CNBC | SURVEYMONKEY SMALL BUSINESS SURVEY

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A \$15 minimum wage will not impact all consumers equally

A higher minimum wage will lead to higher prices for goods and services.

Impacts will be concentrated for:

- 1) The price of childcare
- 2) The price of health care aides for the disabled and elderly



Is a higher minimum wage the best way to get more Americans to a living wage?

The minimum wage needs to be set optimally for each market to minimize employment costs

- A federal formula which will give a minimum wage for each community based on local prices and wages and which automatically adjusts each year.

Alternatively – a Universal Basic Income could more efficiently ensure that all American households can afford basic necessities.

