



July 16, 2019

Key Vote NO on the Job-Killing “Raise the Wage Act,” H.R. 582

On behalf of FreedomWorks’ activist community, I urge you to contact your representative and ask him or her to vote NO on the Raise the Wage Act, H.R. 582. Introduced by Rep. Bobby Scott (D-Va.), the Raise the Wage Act would increase the federal minimum wage to \$15 per hour over five years. A more appropriate short title for H.R. 582 would be the “Guaranteed Unemployment for Low-Skill and Entry-Level Workers Act.”

According to the Bureau of Labor Statistics, 2.1 percent of hourly workers earn the federal minimum wage, with 47.1 percent of those being between the ages of 16 and 24. Generally, these are young and low-skill individuals who need to develop job skills while in high school or college before a career. The Raise the Wage Act would put in place a significant barrier for these young and low-skill individuals who are seeking to enter the workforce.

The Raise the Wage Act would gradually increase the federal minimum wage to \$15 per hour over five years and, after the five-year phase-in, require the Secretary of Labor to annually determine a percentage increase based on the percent increase of the median hourly wages of all employees.

The bill would also phase-out the federal \$2.13 minimum wage for tipped workers. This particular aspect of the proposed legislation was even too far for Washington, D.C. Restaurants in the District opposed Initiative 77 because this ballot initiative applied the \$15 minimum wage requirement to tipped workers. Although the initiative was approved by voters, the Council of the District of Columbia repealed the initiative in October 2018 because of the negative impact it would have on the District’s restaurant industry.¹

The end result of this bill would be reduced employment and reduced hours, as well as higher prices for virtually all consumer products. Low-skill and entry-level workers will ultimately take most of the hit.

¹ Eric Boehm, “D.C. Repeals a Minimum Wage Hike That Restaurant Workers Didn’t Want,” Reason, October 2, 2018 <https://reason.com/2018/10/02/minimum-wage-dc-restaurants-bars-vote-77/>

States and municipalities have already had some experience with a \$15 per hour minimum wage. A 2016 study of Seattle's minimum wage hike, which, like the Raise the Wage Act, is a gradual increase to \$15 per hour, found that "the Seattle Minimum Wage Ordinance caused hours worked by low-skilled workers (i.e., those earning under \$19 per hour) to fall by 6.9 percent during the three quarters when the minimum wage was \$13, resulting in a loss of around 3 million hours worked per calendar quarter and more than 5,000 jobs."² This study concluded that "total payroll for [minimum wage] jobs decreased, implying that the Ordinance lowered the amount paid to workers in low-wage jobs by an average of \$74 per month per job in 2016."

The Congressional Budget Office (CBO) determined that a \$15 per hour minimum wage could cost as many as 3.7 million jobs.³ The median estimate of job losses, according to the CBO, is 1.3 million. Overall, family income would be reduced by \$8.7 billion.

FreedomWorks will count the vote on the Raise the Wage Act, H.R. 582, when calculating our Scorecard for 2019 and reserves the right to score any amendments and weight any votes. The scorecard is used to determine eligibility for the FreedomFighter Award, which recognizes members of the House and Senate who consistently vote to support economic freedom and individual liberty.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized, flowing script.

Adam Brandon
President, FreedomWorks

² Ekaterina Jardim, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething, "Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle," National Bureau of Economic Research, June 2017
<https://www.nber.org/papers/w23532.pdf>

³ Congressional Budget Office, "The Effects on Employment and Family Income of Increasing the Federal Minimum Wage," July 2019
<https://www.cbo.gov/system/files/2019-07/CBO-55410-MinimumWage2019.pdf>