



Washington Examiner

Democratic minimum wage hike effort sputters

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February 08, 2021

Democrats' efforts to include a \$15 minimum wage hike in the next coronavirus relief package have stumbled after failing to garner enough support from centrist Democrats and receiving lackluster support from the White House.

Democrats' efforts were dealt a further blow by a report from the Congressional Budget Office on Monday that found increasing the minimum wage to \$15 by 2025 would result in a net loss of 1.4 million jobs.

President Biden supported more than doubling the current federal minimum wage on the campaign trail and included the wage hike in his American Rescue Plan but has expressed skepticism that the Senate would be able to get it done and said in a pre-Super Bowl interview that he didn't think the wage increase was "going to survive," blaming Senate procedure.

On Monday, White House press secretary Jen Psaki said that Biden remained "firmly committed" to a wage increase but added that the president would not ask Vice President Kamala Harris to intervene if Senate procedures prevented the wage hike from being added to the bill.

Since Democrats are preparing to pass Biden's \$1.9 trillion coronavirus relief package through a process called budget reconciliation, they won't need to secure the typical 60 votes needed to pass legislation in the Senate. But passing legislation through reconciliation comes with its own restrictions, such as the Byrd rule, which requires that any measure be limited to those that directly affect the federal budget without adding to the deficit or cutting revenues.

The CBO's report found that a \$15 minimum wage would add \$54 billion to the federal deficit.

The Senate parliamentarian determines whether legislation passes the litmus tests, but some have speculated that Harris, as president of the Senate, could overrule the parliamentarian's verdict.

The White House did not appear interested in circumnavigating Senate procedure.

"Our view is that the parliamentarian, who is chosen typically to make the decision in a nonpartisan manner in terms of what can be included in a package that goes through reconciliation, is the proper process for this to journey through," Psaki said Monday.

Sen. Bernie Sanders told CNN on Sunday that a "room full of lawyers" was working to prove that the wage increase met the Byrd rule's requirements, but the CBO's report has made their job that much harder.

The CBO's report found that even though the wage increase would lift 900,000 people above the poverty line, the increased costs of producing goods and services would create a cycle of higher costs, lower demand, and fewer jobs "at all wage levels."

"Democrats such as Bernie Sanders were hoping the report would lead to federal budget savings, through higher tax revenues for workers and less need for means-tested welfare benefits," the Cato Institute's Ryan Bourne told the *Washington Examiner*.

Even if Sanders and his lawyers are able to convince the parliamentarian, the measure can't pass without the full support of all 50 Democratic senators — and Sen. Joe Manchin has repeatedly expressed opposition to such a steep wage hike.

Asked to comment, a spokesperson for Manchin told the *Washington Examiner* that the West Virginia senator "doesn't support a \$15 minimum wage" and deferred to [comments Manchin made last week](#), in which he said he supports "something that's responsible and reasonable," such as an \$11 wage, for a state like West Virginia, which has one of the [highest rates of poverty](#) and lowest median incomes in the country.

"Democrats should recognize that massive minimum wage hikes are likely going to be very harmful for the labor market prospects of poorer states and those workers with low productivity," Cato's Bourne said. "This is especially true during this pandemic, which has sunk the profitability of many industries with large numbers of low-wage workers, by reducing their customer demand and raising their costs."

Daniel Kuehn, a research associate at the Urban Institute, told the *Washington Examiner* that modest minimum wage increases seen over the last few decades "don't have a disemployment effect" but cautioned that the size of this increase could have negative consequences for the 21 states that have not established a minimum wage above the federal level.

"In those states where median wages are lower, where the wage structure generally is lower, there is a real concern that there's going to be a disemployment effect," Kuehn told the *Washington Examiner*. "The minimum wages we generally see in the past in the United States don't have a disemployment effect. There may be a very small one, but this is more than doubling it — we're exceeding the median wage in some places. It's just a very different ballgame than what we've seen in the past."

The federal minimum wage hasn't been [raised in 11 years](#), the longest period the country has gone without a minimum wage increase, according to the Department of Labor. A dollar from July 2009, the last time the federal minimum wage was raised, had the [buying power of \\$1.21](#) in today's dollars — suggesting that a \$7.25 minimum wage in 2009 would be equal to an \$8.77 wage today, accounting only for inflation.

"We do need a substantial minimum wage increase," Kuehn said. "We should think about the impacts of \$15, but that shouldn't take away from the fact that it needs to go up."

Kuehn attributed the stagnant federal minimum wage in part to the work localities have done to raise the wage on their own.

"States and local governments have been active, right?" Kuehn said. "If places like San Francisco and Seattle and other places are raising their own minimum wage, then it takes some of the political pressure off."

There are [29 states with wages above the federal minimum wage](#), according to the National Conference of State Legislatures. California has the highest minimum wage in the United States, at \$14.00 an hour. [Washington, D.C.](#), however, has a \$15 minimum wage.

Sixteen of those states, plus the District of Columbia, use wage indexing to adjust the minimum wage automatically to keep up with the cost of living.