



\$15 an hour is boon or bust, depending on the factors

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Feb 26, 2021

If the federal minimum wage reaches \$15 per hour by June of 2025, 1.4 million workers would have lost jobs and .9 million people would have been moved from poverty, according to the Congressional Budget Office's (CBO) report on a \$15 minimum wage.

Democrats in the U.S. House and Senate have proposed raising the federal minimum wage in steps until it reached \$15 per hour in 2025. Supporters say it will move people from poverty, positively impacting the economy by increasing people's ability to afford housing and other items.

Opponents have said a \$15 minimum wage would cost too many jobs and harm too many small businesses such as restaurants. An increase would also not have a significant impact on poverty is another argument against raising the minimum wage.

While there is continued debate in Washington, D.C. about increasing the minimum wage, a 2019 survey by the Pew Research Center showed that two-thirds of Americans supported an increase to \$15 an hour.

The Economic Policy Institute (EPI) said increasing the minimum wage to \$15 per hour would increase the pay of 32 million workers or 21% of the U.S. workforce.

Many of those workers would be fast food employees, cashiers or home health aids, according to EPI.

But the Cato Institute cites several studies that it said shows low income workers would not gain significantly because of job loss and higher prices associated with businesses paying a higher minimum wage.

A minimum wage review done in 2012 by Mark Wilson and published by the Cato Institute said "Only 20.8% of all minimum wage workers are family heads or spouses working full time, 30.8% percent were children, and 32.2% are young Americans enrolled in school."

That differs from EPI which said 51% of those who would benefit from a \$15 minimum wage are adults between 25 and 54 and most of those (59%) are women. More than half (54%) work full-time.

The federal government and South Dakota have different minimum wages for non-tipped employees

South Dakota has a higher minimum wage than the federal government. Where state law requires a higher minimum wage, that higher standard applies, according to the DOL.

South Dakota's minimum wage is \$9.45 an hour with the latest increase in January.

At 40 hours a week, that is \$378 a week or \$1,512 a month. The \$378 multiplied by 52 weeks is \$19,656 a year.

Iowa pays the federal minimum wage of \$7.25 per hour, according to the Iowa Division of Labor.

It's also \$7.25 in North Dakota, according to the state's department of labor and human rights.

Minnesota's minimum wage is \$10.08 an hour for larger employers and \$8.21 an hour for smaller employers, according to the Minnesota Department of Labor and Industry. Those wages were effective in January.

The minimum wage in Nebraska is \$9 an hour, according to its department of labor.

Although South Dakota's minimum wage is higher than the federal minimum wage, there are workers who make more than \$9.45 per hour who could see a pay increase with a \$15 federal minimum wage.

For example, according to the South Dakota Department of Labor and Regulation, the median hourly wage for a certified nursing assistant is \$13.39 per hour.

A Brookings Institute analysis completed before the coronavirus pandemic showed that 22 million workers considered essential during the pandemic made less than \$15 per hour in 2018. Of the care workers who would be considered essential, about 20% live in poverty and 40% rely on some type of public assistance, according to the Brookings Institute.



Cristian Cardona, an employee at a McDonald's, attends a rally for a \$15 an hour minimum wage Tuesday, Feb. 16, 2021, in Orlando, Fla. (AP Photo/John Raoux)

Increases for CNAs who work at nursing homes would negatively impact the federal budget, according to the CBO report. Federal programs such as Medicare and Medicaid pay for much of the care of individuals in nursing homes. Employees account for a large portion of spending so if the minimum wage

increases to \$15, the federal government would need to spend more on Medicare and Medicaid spending, [the CBO report said](#).

Although wages would increase for some workers with a new \$15 minimum wage, the CBO report said federal tax revenues from individual and corporate business taxes would decline because of those higher wages. Higher labor costs would reduce business income, according to the CBO report.

But on the opposite end, higher wages would mean those minimum wage workers would be paying more in payroll and individual income taxes, the CBO report said.

The bill would increase revenues, on net, from 2021 to 2031 but the cumulative impact on the budget deficit for the same period is an increase of \$54 billion, according to the CBO.

The EPI said the federal government would see a reduction in public support spending with a \$15 per hour minimum wage. Workers in states without \$15 minimum wage “have 47%, or 10.5 million, of families of workers who rely on public supports programs in part because they do not earn enough at work, the EPI said.

[A Flourish chart](#)

The food industry is one highlighted as a possible industry that will suffer with a \$15 minimum wage. The food industry would include fast food workers, servers at restaurants and some definitions, those who work in grocery stores.

South Dakota and the federal government have a different minimum wage for tipped employees such as servers at restaurants.

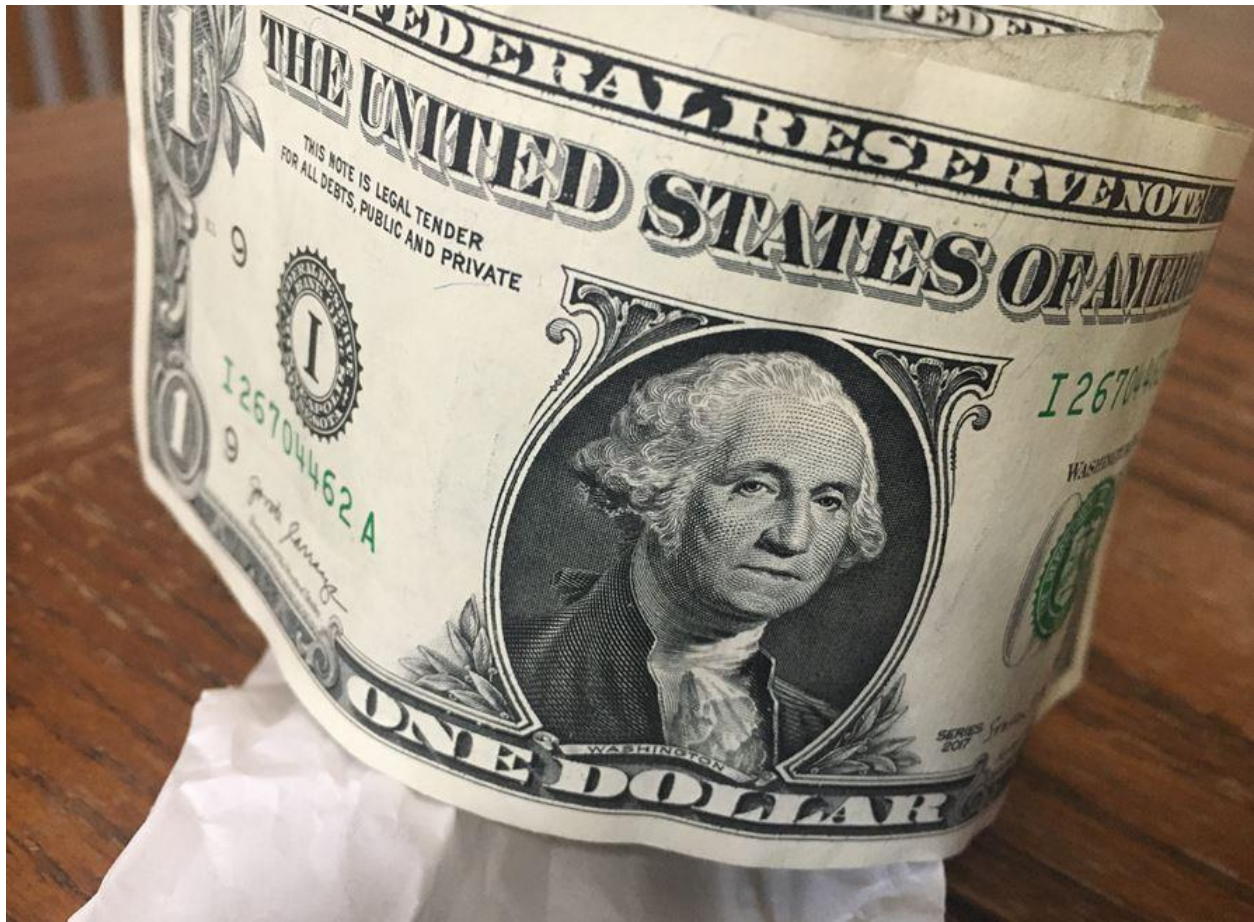
South Dakota’s tipped employee minimum wage is \$4.725 per hour. The federal minimum wage for tipped employees is \$2.13 per hour. If tips and wages do not equal or surpass \$7.25 per hour, the employer must make up the difference, according to the U.S. Department of Labor.

The proposals to increase the minimum wage include eliminating the tipped per hour wage.

Two research reports on the impact of raising the minimum wage for tipped employees in several cities varies slightly.

The states of Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington have all eliminated the separate wage for tipped employees. Cities which individually increased minimum wages include Seattle, Chicago, San Francisco and others.

There were no significant pay increases and no significant employment reductions in six cities which raised their minimum wages, according to a 2018 study by The New Wave of Local Minimum Wage Policies: Evidence from [“Six Cities from the Institute for Research on Labor and Employment” by the University of California Berkeley](#). The cities were Chicago, District of Columbia, Oakland, San Francisco, San Jose and Seattle, all of which had minimum wages of \$10 or higher at the end of 2016.



[A 2017 study by the University Washington](#) showed that in Seattle, while wages went up, the number of hours worked by a minimum wage employee declined for a net loss. The same study was revised in 2018 to show experienced minimum wage earners saw their income increase.

While the Cato Institute 2012 study said that 32% of minimum wage workers were students enrolled in school, the EPI said only one in 10 minimum wage workers is a teen.

Proposals to increase the federal minimum wage to \$15 an hour appear to eliminate the provision that applies to teens.

Those under 20 can be paid a federal minimum wage of \$4.25 per hour during their first 90 consecutive calendar days of employment with an employer, as long as their work does not displace other workers. According to the U.S. DOL, after 90 consecutive days of employment or when the employee reaches 20 years of age, whichever comes first, the employee must receive a minimum wage of \$7.25 per hour.

[Market Watch recently reported](#) that McDonald's said its own research showed that increases in minimum wages in states across the country did not harm the business. The company did increase the price of a Big Mac by 1.4%.

McDonald's has has other fast food chains has added more self-serve kiosks to its restaurants. Industry publications say the kiosks are attractive because they can help with labor, reduce some labor costs and can lead to customers buying more food.

Large employers such as Amazon and Target have increased starting pay to \$15 per hour. Costco recently announced it would increase its starting pay to \$16 per hour.

“We believe \$15 an hour is the *minimum* anyone in the US should be paid for an hour of labor. We also believe it’s good for business,” [Amazon VP Jim Carney wrote in a company blog](#), which was included in a story published online by Business Insider.

Multiple studies point to low unemployment rates and the need to retain employees as reasons companies have increased starting pay or are considering doing so.

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