



Raise the Wage Act (H.R.582 & S.150)

Overview of Bill:

The Raise the Wage Act (S.150/H.R.582) was introduced in the Senate by Sens. Bernie Sanders (I-Vt.) and Patty Murray (D-Wash.) and in the House of Representatives by Reps. Bobby Scott (D-Va.-03), Mark Pocan (D-Wis.-02), and Stephanie Murphy (D-Fla.-07).

The Raise the Wage Act would raise the federal minimum wage in 2019 to \$8.55 an hour and increase it over the next five years until it reaches \$15 an hour in 2024. After 2024, the minimum wage would adjust each year to keep pace with inflation. If passed, the bill would phase out the tipped minimum wage and sunset the ability of employers to pay workers with disabilities a subminimum wage. The bill would also phase out the subminimum wage for workers under the age of 20.

Bread for the World urges all members of Congress to pass the Raise the Wage Act of 2019.

Analysis:

Much of the progress against hunger and poverty in the United States over the past 50 years is due to government programs such as the Supplemental Nutrition Assistance Program (SNAP) and the earned income tax credit (EITC). These programs are indispensable, but they cannot eliminate hunger on their own. A strong job market, sufficient wages, and work supports are needed to end hunger.

Passage of the Raise the Wage Act would deliver long overdue raises for 27 million workers.¹ The Bible is clear, “The laborer deserves to be paid” (1 Timothy 5:18). The average low-wage worker would see his or her annual earnings increase by \$1,600. Earnings for low-wage workers would be \$44 billion higher in 2025.² The workers who would experience wage increases are working adults; 90 percent are age 20 or above.³ Raising the minimum wage to \$15 an hour reduces income inequality. According to the Congressional Budget Office, the bill would increase the income of families who earn below three times the poverty rate by \$21 billion.⁴ The bill would reduce the number of people living in poverty by 1.3 million. Nearly half would be children.⁵

A study by the Century Foundation found that an increase in the minimum wage would “significantly improve food security.”⁶ This is especially true for working families who still face budgetary constraints that prevent them from being able to afford enough food. Increasing the federal minimum wage to \$15 an hour would move nearly 1.2 million households out



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of food insecurity. This would be a 6.5 percent decline in food insecurity. Forty-four percent of the 1.2 million households achieving food security would be African American and Latino households.

The Congressional Budget Office (CBO) estimates that raising the minimum wage to \$15 an hour could result in 1.3 million jobs lost.⁷ However, review of current minimum wage research finds little to no effect on employment.⁸ In today's economy, many minimum wage workers work two, or even three jobs, to make ends meet. Some of the job loss from raising the minimum wage could be a result of workers quitting those second or third jobs, or reduced hours, thereby showing a decline in employment. The fact of the matter is that the benefits from raising the minimum wage to \$15 an hour—27 million people receiving pay increases and 1.3 million moving out of poverty—far exceed the cost for low-income workers.

Background:

Today, more than 40 million people live in poverty and struggle with food insecurity.⁹ Low wages partially drive poverty and food insecurity in the United States. The federal minimum wage has not been raised since 2009. When adjusted for inflation, it is worth 27 percent less today than it was 50 years ago.¹⁰ Under current law, employers can pay a “subminimum wage,” as little as \$1 an hour, to some workers with disabilities. Over 150,000 workers are paid a “subminimum wage.”¹¹ In the United States, service industry workers, particularly restaurant workers, are often paid a “tipped minimum wage.” The federal tipped minimum wage is just \$2.13 an hour. Tipped workers experience higher levels of poverty than other workers and they are more likely to see significant swings in earnings.¹²

The majority of low-paid working people who would benefit from raising the minimum wage to \$15 are women, particularly women of color, who are over represented in low-paying jobs. African American women make up 6 percent of the total workforce but are 11 percent of the workforce paid less than \$10 an hour.¹³ Women, specifically women of color, are more likely to be food insecure as well. Raising the minimum wage and eliminating the subminimum and tipped wage will not only help reduce poverty and inequality but will also reduce the gender and racial wage gap.¹⁴

For too long, low-income workers have faced wage stagnation, and the incomes of people of color, especially women, have disproportionately been impacted. Congress must raise the minimum wage and automatically adjust the minimum wage with inflation.

Endnotes

1 Congressional Budget Office. “The Effects on Employment and Family Income of Increasing the Federal Minimum Wage.” July 8, 2019.

2 Ibid.

3 Ibid.

4 Ibid.

5 Ibid.

6 Rogers, William M. III. “The Impact of a \$15 Minimum Wage on Hunger in America.” The Century Foundation. September 2016.

7 Congressional Budget Office. “The Effects on Employment and Family Income of Increasing the Federal Minimum Wage.” July 8, 2019.

8 Doucouliagos, Hristos and T.D. Stanley. “Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis.” *British Journal of Industrial Relations*. May 2009.

9 Alisha Coleman-Jensen, Matthew P. Rabbitt, Christian A. Gregory, and Anita Singh, “Household Food Security in the United States in 2017,” United States Department of Agriculture Economic Research Service. 2018. https://www.ers.usda.gov/webdocs/publications/90023/err256_summary.pdf?v=0

10 Post, “2018 Hunger Report,” page 6.

11 <https://www.dol.gov/whd/specialemployment/CRPlist.htm>

12 <http://irle.berkeley.edu/files/2014/Twenty-Three-Years-and-Still-Waiting-for-Change.pdf>

13 Tucker, Jasmine and Kayla Patrick. “Low-Wage Jobs are Women’s Jobs: The Overrepresentation of Women in Low-Wage Work.” 2017.

14 Zeitlin, June and Emily Chatterjee “Bare Minimum: Why We Need to Raise Wages for America’s Lowest-Paid Families,” The Leadership Conference Education Fund. April 12, 2018. Pg. 6. <http://civilrightsdocs.info/pdf/reports/Bare-Minimum.pdf>

