February 24, 2021

Chairperson Nydia Velázquez  
Ranking Member Blaine Luetkemeyer  
U.S. House Committee on Small Business  
2361 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairperson Velázquez and Ranking Member Luetkemeyer,

On behalf of the more than 1 million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I am submitting this statement for the record for your hearing today at 10:00 a.m. on “Perspectives from Main Street: Raising the Wage,” to express our objections to any proposal that would increase the federal minimum wage to $15.00 per hour.

President Biden’s “American Rescue Plan,” which is moving forward in the House and Senate under reconciliation, would more than double the federal minimum wage from $7.25 to $15 an hour and eliminate the “tipped” minimum wage for servers. This could not come at a more inappropriate time, as the Labor Department reported that unemployment claims were 861,000 last week, more than expected by analysts, indicating that recovery may take longer than expected. During a February 18, 2021 hearing before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, one of the witnesses, American Action Forum President Douglas Holtz-Eakin, stated in his testimony, “Raising the minimum wage to $15 per hour is the antithesis of ‘stimulus’ and therefore should be excluded from the package.”

The proposed minimum wage increase would eliminate jobs and harm the workforce. This one-size-fits-all approach removes states and local governments from determining the minimum wage rate that works best for their communities. Philadelphia, Mississippi is not Philadelphia, Pennsylvania.

Not only will raising the minimum wage cause economic uncertainty, but it will also increase the cost of labor at a time when small businesses are already struggling to make ends meet. The rise in costs will naturally be passed onto consumers, who are also struggling themselves. Many companies that have closed temporarily due to the uncertainty surrounding the COVID-19 pandemic would decide that they cannot afford to reopen, or certainly not with the same number of employees, if they are forced to pay a $15 minimum wage. The Congressional Budget Office predicts that raising the wage would eliminate up to a million jobs by 2023 and up to 3.3 million by 2029.

Again, I urge you to support American small businesses and taxpayers by opposing any increase in the minimum wage amidst the economic uncertainty our country currently faces. There is nothing equitable about the loss of jobs that will occur with the increase in the minimum wage. They will have the greatest impact on those who can least afford to be unemployed.

Sincerely,

Thomas A. Schatz, President
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cc: Committee Members