February 18, 2021

Chairman Sherrod Brown  
Ranking Member Pat Toomey  
U.S. Senate Committee on Banking, Housing, and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey,

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 11:00 a.m. on “The Coronavirus: Paving the Way to an Equitable Recovery,” 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 today that unemployment claims increased to 861,000, more than expected by analysts, indicating that recovery may take longer than expected. As one of your witnesses this morning, American Action Forum President Douglas Holtz-Eakin, says 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