

February 4, 2021

The Honorable Patty Murray
Chair, Senate Committee on Health Education, Labor, and Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard Burr
Ranking Member, Senate Committee on Health, Education, Labor, and Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Bobby Scott
Chairman, House Committee on Education and Labor
2176 Rayburn House Office Building
Washington, D.C. 20510

The Honorable Virginia Foxx
Ranking Member, House Committee on Education and Labor
2101 Rayburn House Office Building
Washington, DC. 20510

Dear Chair Murray, Chairman Scott, Ranking Member Burr, and Ranking Member Foxx:

On behalf of Main Street businesses across America, we write to strongly oppose the *Raise the Wage Act of 2021*. Small businesses, ravaged by the COVID-19 pandemic, are struggling to keep their doors open and keep employees on payroll. More than doubling the federal minimum wage presents a significant obstacle to ailing small businesses trying to survive the pandemic.

The *Raise the Wage Act of 2021* would increase the federal minimum wage to \$15 per hour over five years, allow for annual automatic increases without the consent of Congress, and eventually eliminate the tipped wage. When small employers are confronted with increased labor costs, they are left with few options, all undesirable. They can increase the price of their product or service or reduce spending. Often, this means that employers reduce their total labor force, keep open positions unfilled, and reduced employees' hours.

In 2019, the House of Representatives considered legislation under the same title, the *Raise the Wage Act* (H.R. 582), which sought to increase the federal minimum wage to \$15 per hour by 2025. ***According to the nonpartisan Congressional Budget Office (CBO), this legislation would result in up to 3.7 million job losses by 2025, with a median estimate of 1.3 million job losses.*** A \$15 per hour federal minimum wage would reduce business income and raise prices as higher labor costs were absorbed by business owners and then passed on to consumers. **CBO**

estimates the legislation would represent a \$64 billion reduction in business income and a reduction in total real family income of \$9 billion by 2025.

Additionally, your proposal includes increasing the federal minimum tipped wage from \$2.13 per hour to \$15 per hour. Tipped workers are already required to earn the full federal minimum wage from a combination of their base wages and tips, and many earn far more than the minimum. There is concern among tipped workers that if the tipped wage is eliminated, restaurants will either close or adopt no-tipping models—leaving these workers with less take home pay or without a job. The prospect of eliminating the minimum tipped wage was so unpopular with food service workers in Washington, D.C. that the Mayor and D.C. Council repealed a 2018 ballot initiative to eliminate the minimum tipped wage. Increases to the federal minimum wage would also impact the agriculture industry. Farmers rely on skilled employees and pay competitive rates, often well above minimum wage. In an industry where margins are slim, farmers often struggle to keep up with rising costs while remaining competitive with agricultural imports. Taking a one-size-fits-all approach to wages could drive more farms out of business at the cost of jobs rural economies depend on.

More than doubling the federal minimum wage while small businesses across America are barely surviving shutdowns due to an unprecedented pandemic is a recipe for more shuttered businesses and millions more job losses. **On behalf of Main Street employers across America, we strongly oppose the *Raise the Wage Act of 2021*.**

Sincerely,

Agricultural Retailers Association
American Farm Bureau Federation
Automotive Service Association
Coalition of Franchisee Associations
Energy Marketers of America
Foodservice Equipment Distributors Association
Franchise Business Services
Independent Office Products & Furniture Dealers Association
International Association of Amusement Parks and Attractions
International Foodservice Distributors Association
International Franchise Association
Manufacturer and Business Association
National Association of Wholesaler-Distributors
National Cattlemen's Beef Association
National Franchisee Association
National Community Pharmacists Association
National Office Products Alliance
National Onion Association
National Ready Mixed Concrete Association
National Restaurant Association

National Small Business Association
National Stone, Sand and Gravel Association
NFIB
Office Furniture Dealers Alliance
Policy and Taxation Group
Service Station Dealers of America and Allied Trades
Small Business and Entrepreneurship Council
Specialty Equipment Market Association
Tire Industry Association
USA FARMERS
Virginia Small Business Partnership