



RAISE THE WAGE ACT

CENTRAL ISSUE



Should Congress pass a law to raise the federal minimum wage?

BACKGROUND INFORMATION



Congress is currently considering a bill that would raise the federal minimum wage from its current level (\$7.25 per hour). The last increase in the minimum wage occurred in 2009, as the last in a series of three increases mandated by a minimum wage law passed in 2007.

Although the federal minimum wage has become an established part of U.S. labor law, the United States has not always had a minimum wage. Before the minimum wage was introduced during the Great Depression of the 1930s, there was no national minimum wage. Congress passed the first minimum wage law in 1938 as part of the Fair Labor Standards Act, which set the federal minimum wage at 25 cents per hour. Over the first few decades following passage of the 1938 law, Congress passed increases every few years. But beginning in the late 1960s, Congress let the minimum wage lag behind the general level of wages and increases in the cost of living. According to the Bureau of Labor Statistics, 870,000 workers earned exactly the federal minimum wage of \$7.25 per hour in 2015.

In February 2014, President Barack Obama signed an executive order increasing the minimum wage to \$10.10 per hour for federal government contract employees—a policy that affected several hundred thousand workers, according to White House estimates. The 2016 presidential election pushed the debate even further, as Senator Bernie Sanders, I-Vt., endorsed raising the federal minimum wage uniformly to \$15 per hour. Former Secretary of State Hillary Clinton initially called for an increase to \$12 per hour, but in April 2016, she began advocating for a phased increase to \$15 per hour that could be gradually evaluated in regions with lower costs of living.

Yet economists, policymakers, Republicans, and Democrats remain deeply divided over the potential impacts of raising the federal minimum wage. Democrats, for the most part, argue that raising the minimum wage would help the nation's most vulnerable citizens and provide millions of Americans with extra income to spend and invest, thus increasing economic activity and stimulating growth. Many Democrats also believe that the current minimum wage is woefully insufficient for full-time workers, trapping many people in poverty and contributing to record levels of income inequality.

Republicans are largely critical of increasing the minimum wage and insist that doing so would damage the economy and make it more difficult for businesses to hire and retain employees. Many Republicans note that such a measure would only increase costs for employers and small businesses, forcing many of them to cut jobs and eliminate opportunities for the least-skilled workers who need assistance the most. Furthermore, Republicans argue that few Americans are supporting their families with full-time minimum wage jobs—the minimum wage is primarily an entry-level, part-time wage for young people.

Several bills have been introduced in Congress to raise the minimum wage. Among them is the Raise the Wage Act of 2019, proposed by Senator Sanders and Representative Bobby Scott, D-Va., in both the Senate and the House of Representatives. The bill would increase the federal minimum wage in stages, eventually reaching \$15 per hour by 2025.



HR 582: Raise the Wage Act

A BILL

Be it here enacted that Congress will raise the minimum wage to the following:

- A. \$8.55 an hour, beginning on the effective date of the Raise the Wage Act;
- B. \$9.85 an hour, beginning 1 year after such effective date;
- C. \$11.15 an hour, beginning 2 years after such effective date;
- D. \$12.45 an hour, beginning 3 years after such effective date;
- E. \$13.75 an hour, beginning 4 years after such effective date;
- F. \$15.00 an hour, beginning 5 years after such effective date; and
- G. beginning on the date that is 6 years after such effective date, and annually thereafter, the amount will be determined by the Secretary.

Committee Assignment: House Committee on Education and Labor

Arguments IN FAVOR of the bill	Arguments AGAINST the bill
<ul style="list-style-type: none"> • The minimum wage is too low. People who make the minimum wage are not able to provide for themselves or their families. • If the government does not raise the minimum wage, employers are unlikely to voluntarily raise low wages. • Prices for basic items, like food, gas, and clothing, continue to rise. In order for people to be able to afford these basic items, they must be paid more. • This law would protect people by ensuring that they are paid a fair amount of money. The bill would make sure that employers do not take advantage of workers. • Right now, there are people who work full-time jobs but still live in poverty because the minimum wage is too low. A higher minimum wage would help working families get out of poverty. • The minimum wage has not been raised since 2007. At the time, the country was in a recession. Now that we are recovering, we need to raise the minimum wage. • A higher minimum wage is good for the economy because it allows people to earn and spend more money. 	<ul style="list-style-type: none"> • In the United States, we believe that the government should stay out of private business as much as possible. This bill would give too much power to the federal government. • Different states have different needs and different costs of living and doing business. A wage of \$15 per hour might be reasonable in a big city, where things are more expensive, but it would be unreasonable in a place where things are cheaper. • This bill would hurt small businesses that cannot afford to pay high wages. It would make it harder for employers to hire young people who are looking to gain experience. • Small businesses would have to cut workers' hours, and potentially not hire new employees because of the increase in costs. • Workers and employers should be able to come to an agreement about how much a person should make; the government should not decide for them. • The economy is just beginning to recover from the recession. This law would stop that growth and make it harder for small businesses to grow and rebuild.



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