Reject Minimum Wage Increases

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TOPLINE: Lawmakers should avoid further increases in either the federal or state minimum wages, and state lawmakers should consider paring back recent increases or allowing sub-minimum wages for teens.

BACKGROUND: Above-market minimum wages reduce employment and drive up prices. Lost employment opportunities are concentrated among teens and individuals with disabilities, limited education, or criminal records. When employers are forced to pay workers more than the value of what they produce, they must either employ fewer low-skill workers or raise the prices of the goods and services they produce. Many states have enacted significant minimum wage hikes in recent years, and the tight labor market has almost certainly caused employers to shift more of the minimum wage consequences into price increases instead of job losses.

Action Items (Congress and States):

- Congress **should not raise the minimum wage**.
  - While the current federal minimum wage is generally low enough to be non-binding, market wages vary significantly across the U.S., so even a federal minimum wage increase that seems modest in high cost-of-living areas could be problematic in other areas.
- **State lawmakers should scale back or cancel minimum wage hikes** that have not yet taken effect.
- In states that have minimum wages above the federal minimum, lawmakers should **add sub-minimum wages for teenagers**.

How It Would Make Life More Affordable:

- The Congressional Budget Office estimated that a $17 federal minimum wage would reduce employment and increase prices, interest rates, and federal deficits. All four of those effects reduce affordability.
- Eliminating wage mandates would expand entry-level jobs that are necessary for new workers to gain the education and experience necessary to climb the career and income ladder.
- More jobs mean more incomes. Moreover, one study found that even workers who kept their jobs after a minimum wage hike ended up with lower incomes.
- It would help reduce artificially high prices. By the author's estimates, a $17 federal minimum wage would increase childcare costs by 20% across the U.S., and by over 40% in some states.

Notable *Harmful* Proposals: Raise the Wage Act of 2025 (S. 1332, H.R. 2743); Living Wage For All Act (H.R. 8555).

BOTTOMLINE: Artificially high minimum wages result in artificially few jobs and artificially high prices.