

**Opening Statement of Chairman Bobby Scott (VA-03)**

House Committee on Education and Labor  
“*Gradually Raising the Minimum Wage to \$15*”  
Full Committee Hearing  
Thursday February 7, 2019 | 10:15 a.m.

Today, we are here for a legislative hearing on the *Raise the Wage Act*, H.R. 582, a proposal to gradually raise the minimum wage to \$15. I want to welcome and thank our distinguished witnesses for agreeing to testify here today.

Raising the minimum wage is one of the most hotly debated and intensely studied labor policies. All the time and research dedicated to this topic has produced a clear consensus: Gradually raising the minimum wage is good for workers – who experience a better standard of living; good for businesses – which benefit from having more customers and less turnover, and good for the economy – which is strongest when we lift working people out of poverty and build a thriving middle class.

But before we discuss where we are going, it’s important to reflect on where we are today. After 10 years with no increase in the federal minimum wage, minimum wage workers have suffered a 17 percent pay cut due to inflation. Today’s minimum wage worker making \$7.25 an hour has less buying power than a minimum wage worker had in the 1960s.

The result is that the federal minimum wage is no longer serving its purpose. There is no place in America where a full-time worker who is paid the current federal minimum wage can afford the basic essentials. One in nine American workers are paid wages that leave them in poverty, even if they worked full-time and year-round. An individual earning the current federal minimum wage of \$7.25 an hour and working full-time earns only \$15,080 annually, less than the federal poverty level for a family of two.

My Republican colleagues are eager to warn of the so-called consequences of gradually raising the minimum wage to \$15, but they ignore the consequences of inaction over the last 10 years. If Congress fails to raise the federal minimum wage by mid-June, it will be the longest period of time without an increase since the federal minimum wage was created 80 years ago.

During that time, millions of people working full-time have been forced to live in poverty. The only thing radical about this bill is that it is so long overdue.

By several standards, this proposal is a reasonable approach to restoring the value of the minimum wage.

First, the erosion of the value of the minimum wage after adjustments for inflation has meant that, over the last five decades, workers at the low-end of the wage scale have drifted farther away from the middle class.

As the chart on the screen illustrates, in 1968, the inflation-adjusted minimum wage was a little over 50 percent of the median hourly workers’ wages for an individual working full time. Today, at \$7.25 per hour it is just a third of the median hourly wage of \$22.36. Had the 1968 minimum wage simply grown with the rate of increases in average wages, it would be nearly \$12 today and 6 million fewer Americans would be living in poverty.

Second, the minimum wage has not kept up with increases in productivity. Between 1973 to 2017, workers' productivity grew by 77 percent, while their hourly wages grew by just 12 percent. The widening gap between how much workers produce and how much they are paid is one major factor contributing to the historic income inequality we experience today. If the minimum wage had kept up with worker productivity, it would be about \$20 an hour today. Workers do not just deserve higher pay, they have earned higher pay.

Finally, by the time the minimum wage reaches \$15 in 2024, an individual working full time with a family and two children will finally be able to earn enough to exceed the poverty threshold for a family of four.

We now have an opportunity – and a responsibility – to restore the value of the minimum wage, lift millions of hardworking people out of poverty and grow the economy in Main Street America.

The *Raise the Wage Act* achieve three key goals:

First, it gradually increases the minimum wage in six steps to \$15 by 2024.

Second, it ensures that every worker covered under the law is paid at least the full federal minimum wage by creating one fair wage for all workers.

And third, by tying future increases to median wages, this bill ensures that future increases to the federal minimum wage are determined by economics, and not politics.

A report published this week by the *Economic Policy Institute* details the sweeping benefits this bill would have for workers across the country.

If we pass the *Raise the Wage Act*, close to 40 million workers would receive a raise. This includes:

- Twenty-three million women,
- Thirty-eight percent of Black workers and 33 percent of Hispanic workers,
- Two-thirds of America's working poor, and
- The parents of over 14 million children.

This bill will also stimulate local economies across the country. Whereas the Republican tax bill gave the largest benefits to those who needed it the least, this bill puts money directly into the hands of those who are most likely to spend it in their communities. Over the six-year phase in period, the increase in the minimum wage would generate \$120 billion in additional wages, which will flow back into local businesses.

Every time we propose raising the minimum wage, opponents repeat a familiar set of talking points that have been repeatedly contradicted by evidence and research.

Today, I am confident we will hear dire projections about job losses that would result from gradually raising the minimum. But the overwhelming majority of research from both left- and right-leaning labor economists find few, if any jobs are lost when gradually raising the minimum wage. For example, a widely acclaimed study published by the *National Bureau of Economic Research*, and co-authored by one of our

witnesses, examined 138 minimum wage increases since 1979 and 2016. This study found that the overall number of low-wage jobs remained essentially unchanged over five years following the increase, and there was no evidence of disemployment when considering higher levels of minimum wages.

The evidence clearly demonstrates the *Raise the Wage Act* is a reasonable proposal that would lift millions of workers out of poverty.

We will also hear calls today for a regional minimum wage.

But unfortunately, the reality is that – by 2024 – \$15 an hour is the least a person would need to afford the basic essentials in anyplace in the country. According to the MIT living wage calculator, single working parents today, even in the poorest counties in the country, need at least \$20 an hour to cover basic costs. Workers should not be forced to work for poverty-level wages, regardless of where they live. And lower-cost regions should not be forced to continue to lag behind the rest of our economy.”

H.R. 582 will begin to restore the original intent of the *Fair Labor Standards Act*: to ensure all workers have a minimum living standard. As President Roosevelt stated, “Our nation so richly endowed with natural resources and with a capable and industrious population should be able to devise ways and means of insuring to all our ... working men and women a fair day's pay for a fair day's work”

Today’s hearing is an opportunity to examine the facts and evidence. Raising the minimum wage to \$15 by 2024 in all regions is good for workers, good for businesses, and good for the economy. This hearing is the first step toward passing a bill that reflects our shared belief that no one working full-time should be living in poverty.

Thank you and I now yield to the Ranking Member, Dr. Foxx.