

June 23, 2021

Dear Members of Congress,

We, the undersigned organizations representing millions of Americans nationwide, write in blanket opposition to any increase in the federal minimum wage, especially in such a time when our job market needs maximum flexibility to recover from the havoc wreaked on it by the government's response to the COVID-19 pandemic. Workers must be compensated for their labor based on the value that said labor adds to their employer. Any deviation from this standard is harmful to workers and threatens jobs and employment opportunities for all workers.

Whether it be to \$11, \$15, or any other dollar amount, increasing the federal minimum wage further takes away the freedom of two parties to agree on the value of one's labor to the other's product. As a result, employment options are restricted and jobs are lost. Instead, the free market should be left alone to work in the best interest of employers and employees alike.

While proponents of raising the minimum wage often claim to be working in service of low-wage earners, studies have regularly shown that minimum wage increases harm low-skilled workers the most. Higher minimum wages inevitably lead to lay-offs and automation that drives low-skilled workers to unemployment.

The [Congressional Budget Office projected](#) that raising the minimum wage to \$15 would directly result in up to 2.7 million jobs lost by 2026. Raising it to \$11 in the same time frame - as some Senators are discussing - could cost up to 490,000 jobs, if such a proposal is paired with eliminating the tip credit as well. Even an \$11 minimum wage with a \$5.50 tipped wage would cost nearly 400,000 jobs. Tipped workers themselves [overwhelmingly oppose](#) such efforts.

Proponents of raising the minimum wage also contend that doing so is the best way to "fight poverty" in America. This couldn't be further from the truth.

Research [out of Cornell University reveals](#) that minimum wage increases are not related to decreases in poverty rates and cost low-income workers their jobs. Furthermore, other research [published in Harvard Business Review](#) demonstrates that minimum wage increases actually lead to lower worker compensation.

It is no surprise, then, that while the minimum wage was being regularly increased in the period between 1970 and 1997, the [poverty rate](#) remained consistently between 11 and 15 percent.

Moreover, many minimum wage earners receive non-wage benefits, and increasing the federal minimum wage [disincentivizes employers from offering these benefits](#) critical to compensation.

The best way to fight poverty is to allow Americans to secure jobs they need and want, which simply cannot be done if job opportunities and flexibility are stifled by arbitrary, one-size-fits-none minimum wage requirements. The best “living wage” is the one that markets demand.

For these reasons, we urge you to oppose any increase in the federal minimum wage.

Sincerely,

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FreedomWorks

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Less Government

Connor Boyack
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