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Economists in support of a federal minimum wage of $15 by 2025

Today, workers who earn the federal minimum wage make $7.25 an hour—more than 30 percent less per hour than their counterparts made 50 years ago (after adjusting for inflation). We can afford to pay the lowest-paid workers in America substantially more than what their counterparts were paid a half century ago. Workers produce more today from each hour of work, with productivity more than doubling since the late 1960s.

We, the undersigned, support gradually increasing the minimum wage to $15 by 2025, and then indexing it to median wages to protect against future erosion. We also support gradually phasing out the outdated subminimum wage for tipped workers, which has been frozen at $2.13 since 1991.

This policy would directly lift the wages of 22 million workers by 2025. Another 10 million workers whose wages are just above the new minimum would likely see a wage increase through "spillover" effects, as employers adjust their internal wage scales. The vast majority of employees who would benefit are adults—disproportionately women—in working families, who work at least 20 hours a week and depend on their earnings to make ends meet. Increasing the minimum wage to $15 by 2025 is also an issue of racial justice. Due to the impacts of structural racism, Black and Hispanic workers are concentrated in low-wage jobs and would see disproportionate gains from this increase in the minimum wage.

A $15 minimum wage by 2025 would **result in $107 billion in higher wages** for 32 million low-wage workers, which would also benefit their families and their communities. Since lower-paid workers spend a large share of their additional earnings, this injection of wages would modestly **stimulate consumer demand, business activity, and job growth. Further, modest and infrequent minimum wage increases are directly responsible for growing inequality between the bottom and the middle class; this minimum wage increase would provide a significant and much needed boost to the earnings of low-wage workers. And, because it would be indexed to growth in median wages, it would ensure that the wage floor keeps up with growth of middle-wage workers' wages going forward.**

The last decade and a half has seen a wealth of rigorous academic research on the effect of minimum wage increases on employment, with the weight of evidence showing that previous increases in the minimum wage had little or no negative effects on the employment of low-wage workers.

It is time to support a bolder increase to address the fact that wages for workers at the low end of the labor market have continued to stagnate. Even if the growth of aggregate work hours for low-wage workers were to slow somewhat, workers who work less could still break even, or come out ahead, in terms of annual earnings. Since as many as 10 percent of the lowest-wage workers leave or start jobs every month, any decrease in the number of full-time equivalent jobs will mean that some workers will take more time finding a new job, or will work fewer hours. But many of these workers may still see their annual earnings rise because of their wage increase.

The benefits of gradually phasing in a $15 minimum wage by 2025 would be far-reaching, lifting pay for tens of millions of workers and helping reverse decades of growing pay inequality. The benefits of a $15 minimum wage in 2025 for workers, their families, and their communities far outweigh the potential costs. Of course, the minimum wage is just one of many policies designed to help low-wage workers. We believe that an increase in the minimum wage should be accompanied by complementary policies such as an expanded Earned Income Tax Credit (EITC), enhanced safety net measures, and—particularly important in the current context—policies to generate full employment and provide adequate fiscal relief until we get there.

Sincerely,

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