

Press Release



Examining the Effects of Raising the Federal Minimum Wage to \$15

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The Biden Administration has proposed raising the federal minimum wage to \$15 an hour as a part of its COVID-19 economic relief plan. While this increase may help some workers, it is likely to harm others, notes AAF's Director of Labor Market Policy Isabel Soto. Based on supply and demand data, she considers which workers are most likely to be priced out of the labor market should the minimum wage be significantly and rapidly increased.

An excerpt:

A federal minimum wage increase would exacerbate the economic harm already faced by many businesses and their workers. While those minimum wage workers who are able to keep their jobs would certainly benefit from the increase, many others risk additional harm. Particularly threatened are the large number of unemployed individuals who previously worked as low-wage workers in industries that have been most negatively affected by the pandemic. Adding a federally mandated cost in the form of increased minimum wage would lead to longer unemployment, reduced work hours or hiring, and increased layoffs for low-wage workers as businesses balance reduced revenues and increased costs.

[Read the analysis.](#)