

POINT/COUNTERPOINT: Should the federal government raise the minimum wage to \$15? A mix of opinions

EDITOR'S NOTE: For the past month the *Illinois Business Journal* has gathered reactions to the proposed minimum wage from across the political spectrum. Here is a sampling of voices from the debate.

Workplace trends expert Rick Grimaldi: “My thinking has always been that the jobs that paid \$7.25 an hour were designed to be starter jobs for people just entering the workforce. But, many have argued that after the Great Recession of 2008, higher-skilled employees were forced to start taking low-wage jobs to earn a living. It’s nearly impossible to earn a living on such a small salary. So, the argument goes, a minimum wage increase would give people at the bottom a fighting chance and pull many of them out of poverty.”

Also, for many employers: “For the last several years, there has been a patchwork of state and local minimum wage increases. This has forced employers who operate with multiple sites to have different pay standards for the same jobs in different locations. This along with the recognition that the minimum wage has not kept up with the rate of inflation may be changing some of the thinking around this issue.

But there is a countervailing argument that suggests just the opposite; that it would actually increase poverty levels by causing an increase in production costs and corresponding increase in prices and a parallel reduction in hours worked.

In the future, the minimum wage could be tied to the Consumer Price Index, he said. The CPI is a measurement of goods and services that includes commonly purchased items across the U.S. It shows what it costs people to live, therefore that’s what

the minimum living wage could be tied to.

Any increase should be a graduated increase so employers and small businesses can prepare for it, he said. With a gradual minimum wage increase companies would have time to plan ahead and allocate resources. This will give business owners time to evaluate expenses and revise their budgets, strategically cut costs, and reconsider their prices. Grimaldi says a three-to-five-year phase in is a realistic timeline for these increases and that this approach would at least reduce the immediate impact on businesses.

Thea Lee, the president of the Economic Policy Institute: “We are disappointed that the provisions to raise the minimum wage to \$15 by 2025 were stripped out. This is an enormous missed opportunity to help ensure not just a strong recovery, but also an equitable one. A \$15 minimum wage, phased in gradually by 2025, would increase the earnings of 32 million low-wage workers — a majority of whom are essential or front-line workers — by a total of \$108 billion. It would lift up to 3.7 million people — including an estimated 1.3 million children — out of poverty, and disproportionately benefit women of all races, and Black and Hispanic men. We know from recent experience — the peak before the COVID recession — that even very low unemployment rates do not translate into strong wage growth for low- and middle-wage workers when strong labor standards and institutions are not in place. A \$15 minimum wage is unquestionably essential for relief and recovery, and we urge Congress and the White House to move expeditiously to pass it.

Vermont U.S. Sen. Bernie Sand-

ers, an Independent: He has said that he would not back down in his quest to raise the federal minimum wage despite legislative setbacks in the Senate.

Sanders’ last ditch-effort to add it to the American Rescue Plan was rejected 58-42.

“We are developing a strategy and if anyone thinks that the vote that we had the other day on the minimum wage is the last vote that is taking place this session, they are very, very wrong. We are going to pass that bill,” he told CNN. “At the end of the day, the American people want it. Overwhelmingly large numbers of people support raising the minimum wage to 15 bucks an hour.”

At least six Republican senators support raising the wage to at least \$10 an hour. The Business Roundtable, an association of chief executive officers of America’s leading companies, backs an increase, saying that the current level of \$7.25, which is unchanged since 2009, “no longer provides an adequate income to many working Americans who depend on it.”

Congressman Rodney Davis, R-Taylorville: “Raising the minimum wage, would put an additional 1.4 million Americans out of work according to the Congressional Budget Office.”

Former U.S. Labor Secretary Robert Reich, in a statement issued by MoveOn.org, said a \$15-an-hour minimum wage “would be a game-changer to tens of millions of severely underpaid workers in the richest country on earth.

“Democrats have the majority, and it’s time for them to use it. Democrats must wield their power — and that means getting rid of the filibuster. Fast. The filibuster is an archaic Senate rule that requires a 60-

vote supermajority to pass legislation. In its current form, it’s rooted in the Jim Crow era, when senators from Southern states used it to block civil rights legislation.”

5,089 small-business owners surveyed as part of Alignable.com’s 2021 PPP Funding Poll. Here’s what they said:

- 51 percent disapprove, as it would have a negative effect on their businesses
- 35 percent said the negative impact would be significant (and could result in many already-suffering establishments closing for good)
- 68 percent of retailers expressed their disapproval
- 64 percent of restaurant owners said it would hurt their businesses severely

Illinois State Board of Education expressed the need to increase funding to expand access to early childhood programs to about 9,400 additional children. Several advocates said they believe the money should be used to increase pay and benefits for child care workers and preschool workers, in part because of the potential increase in the minimum wage.

Jill Andrews, president of the Southern Illinois Early Childhood Action Team, said her organization currently pays its parent coordinator a stipend of \$178 a week and its grant administrator \$153 a week.

“Nowhere in the state would anyone be encouraged to apply for these positions at this level of funding,” she said. “Soon the minimum wage will catch up with the salaries we’re able to offer and more preschool-for-all programs will be shuttered due to the inability to attract teaching staff that meet the preschool-for-all educational requirements.”

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