During the Great Recession, our government learned the hard way that we should spend more, not less, in times of crisis. The response to the Great Recession was too small and ended too soon, especially for the Black and brown families that never recovered, and our economy was made less resilient as a result. The government can boost our economy right now by helping struggling families and investing in all of us. Investing in people will benefit everyone, with new jobs, higher wages, and a stronger economy overall. One way to support communities is raising the federal minimum wage to $15. Raising wages for underpaid workers puts money in the pockets of people who need it most and will circulate it directly back into the local economy.

A $15 federal minimum wage will give workers a raise, reduce the racial income gap, and drive down poverty, building a more inclusive economy without harming jobs.

In the American Rescue Plan, Biden called on Congress to act on raising the minimum wage to $15. On Tuesday, January 26th, the Raise the Wage Act was introduced in the House and Senate. The bill would gradually raise the federal minimum wage to $15 per hour.

A $15 minimum wage is good for workers, families, and the economy. Here’s how we know:

- **Minimum wage increases raise wages without harming jobs.** A recent, innovative study analyzing 138 minimum wage increases across the U.S. finds that they resulted in increased wages for low-wage workers, including workers who were already earning above the minimum, without reducing employment. This is consistent with past literature: the bulk of economic research finds that minimum wages have a negligible impact on employment.

- **Higher minimum wages mean higher incomes for the most underpaid workers, reducing poverty.** A 10 percent increase in the minimum wage leads to a 5 percent reduction in the nonelderly poverty rate.

- **Increases in the minimum wage shrink income gaps by race.** The 1966 Fair Labor Standards Act extension of the minimum wage to industries disproportionately employing Black workers was responsible for 20 percent of the significant reduction in the racial earnings and income gap that occurred in the following years. An increase in the federal minimum wage would especially benefit Black workers, both because these workers are disproportionately represented in low-wage work and because they disproportionately live in states with low minimum wages.
Here’s who would benefit from a $15 minimum wage:

- More than 1 in 5 working people, or **32 million people**, in the U.S., would see an increase in their pay. This would generate **$107 billion** in higher wages that then circulate in local economies. In one year, affected workers who work year-round could expect to see an additional **$3,300**.

A national $15 minimum wage would deliver wage increases to workers across the country
The impact of raising the federal minimum wage to $15 by 2025, by congressional district

![Map showing wage increases by congressional district]


- Black workers and other workers of color disproportionately make up underpaid workers and would see some of the biggest gains. Nearly **1 in 4** of those who would benefit are either Black women or Latina women. In one year, Black and Latinx year-round workers could expect to see an additional **$3,500**.

- Furthermore, employers are currently allowed to pay tipped workers and people with disabilities below the minimum wage. Biden wants to ensure that that is no longer possible; the Raise the Wage Act **phases out** the subminimum wage for tipped workers and people with disabilities.

February 2021 • For more information, please contact Groundwork Collaborative at info@groundworkcollaborative.org