

CONGRESSIONAL BUDGET OFFICE ISSUES REPORT ON INCREASING MINIMUM WAGE



The proposal from President Barack Obama to raise the minimum wage across the country to \$10.10 per hour would increase the pay for some 16.5 million Americans who make low wages. On the other side of things, it is expected that some 500,000 jobs would be lost if the wage is increased, according to the Washington Post.

A report was issued by the Congressional Budget Office, which is nonpartisan, and it states that 15 percent of the workforce in the country would see increased wages. At the same time, some 8 million employees whose wages are just above the proposed level would also benefit from an increase. The report said that 900,000 people would be pulled out of poverty with the increase in the minimum wage.

Overall employment could shrink by 500,000 jobs if the minimum wage is raised because companies might not hire as many workers or lay off those who make low wages. This would shrink the workforce by 0.3 percent.

"The increase in the minimum wage would have two principal effects on low-wage workers," the CBO said in the report. "The large majority would have higher wages and family income, but a much **smaller group would be jobless** and have much lower family income."

Obama and Democrats in Congress want to raise the minimum wage, which is federally mandated, to \$10.10 by 2016. Right now, the wage sits at \$7.25 per hour. Then, there would be automatic increases in order to account for inflation.

"Today's CBO report confirms that raising the minimum wage is in the best interest of our country," Rep. Chris Van Hollen (D-Md.), the senior Democrat on the House Budget Committee, said in a written statement.

The White House has been accused of pandering by Republicans.

"Today's CBO report shows that raising the minimum wage could destroy as many as one million jobs, a devastating blow to the very people that need help most," Senate Minority Leader Mitch McConnell (R-Ky.) said in a statement.

Jason Furman, the chief economist for the White House, said in a conference call that the report from the CBO "estimates do not reflect the overall consensus view of economists, who have said the minimum wage would have little or no impact on employment."

A senior fellow from the Center on Budget Policy and Priorities, Jared Bernstein, said that the report from the CBO overstates the negative outcome raising the minimum wage would have on the country.

"But even if they're right," he said, "we're still talking about a policy that benefits about 98 percent of affected workers."