

Here's how many jobs Biden's proposed \$15 minimum wage could kill, according to the Congressional Budget Office

CBO report: Wage hike would reduce business income and raise prices.

President-elect Joe Biden's effort to raise the federal minimum wage from \$7.25 to \$15 per hour is estimated to kill as many as 3.7 million jobs, according to a recent nonpartisan analysis by the Congressional Budget Office.

Based on the CBO's median estimate, 1.3 million workers who would otherwise be employed would be jobless in an average week in 2025, an 0.8% reduction. However, the CBO also noted that a federal minimum wage of \$15 per hour would increase the wages of 17 million workers in an average week in 2025.

BIDEN'S PUSH TO RAISE THE MINIMUM WAGE COULD HURT SMALL BUSINESSES

While the \$15 federal minimum wage would boost workers' earnings, the CBO says that some of the higher earnings would be offset by higher rates of joblessness.

The CBO adds that the move would also reduce business income and raise prices as higher labor costs are absorbed by business owners and passed onto consumers.

The wage hike is also expected to reduce the United States' output slightly through the reduction in employment and a corresponding decline in the nation's stock of capital, such as buildings, machines, and technologies.

MINIMUM WAGES SET TO RISE IN THESE STATES IN 2021

The change in earnings would mainly affect low-income families while the loss in business income would primarily impact higher-income families who are well above the poverty threshold. Though all consumers would pay higher prices, the

CBO says higher-income families would face the brunt of the costs.

Taking those effects into account, the CBO estimates that total real family income in 2025, adjusted for inflation, could be reduced by \$9 billion, or 0.1%.

Families whose income is below the poverty threshold would receive an additional \$8 billion in real family income in 2025 with a \$15 per hour minimum wage. The extra income would move, on net, roughly 1.3 million people out of poverty. For families above the poverty line, real income would fall by about \$16 billion, a 0.1 percent reduction in total income.

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In addition to raising the federal minimum wage, Biden's \$1.9 trillion coronavirus stimulus proposal would end the tipped minimum wage and sub-minimum wage for people with disabilities.

Also included in the proposal is a one-time \$1,400 stimulus check, extended unemployment benefits through September, funding to accelerate vaccine distribution, a \$15 billion grant program separate from the Paycheck Protection Program, and a \$35 billion investment in some state, local, tribal and non-profit financing programs that can provide low-interest loans and venture capital to help small businesses.

Despite those who are skeptical of a \$15 federal minimum wage's positive impact, one study published by the University of California Labor Center suggests that the \$15 federal minimum wage could help boost the nation's economy. The study notes that the country's current low minimum wage costs taxpayers more than \$100 billion a year because nearly half of working families rely on government programs such as Medicaid or SNAP.

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Florida made headlines in November when voters approved a measure that would gradually increase the state's minimum wage to \$15 per hour by 2026. In addition, California, Connecticut, Illinois, and Maryland are among other states that have approved their own pathways to phase in a \$15 per hour minimum wage.

Fox Business' Megan Henney and Brittany De Lea contributed to this report.

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