

Jan. 2, 2024

## Senate minimum wage bills make bipartisan compromise possible. Now for the political energy to get it done.

Karl Polzer – [Center on Capital & Social Equity](#)

Below the mainstream media radar, a group of Republican senators has introduced [legislation](#) to raise the federal minimum wage, thereby creating the possibility of negotiating differences with a [bill](#) introduced by Sen. Bernie Sanders (D-VT) and [30 Democrat co-sponsors](#). A compromise could mean higher pay for millions of low-wage workers in 2024 and beyond, particularly in low-wage, low-cost areas.

“We need to have a responsible conversation about how to increase the minimum wage for American workers,” said Sen. Bill Cassidy (R-LA), one of the bill’s sponsors and ranking member of the Senate Health, Education, Labor, and Pensions (HELP) committee. Sen. Sanders chairs the HELP committee.

The cost of living has increased by about 40 percent since Congress last raised the minimum wage in 2009 to \$7.25 per hour. Working fulltime at that rate yields \$15,080 in annual income. It is difficult to live on that amount anywhere in the nation, even for single adults. Although most [states](#) have pushed their minimums higher, fifteen still set their minimum wage at the federal benchmark. Another five, all in the south, default to the federal \$7.25 standard because they have not passed minimum wage laws.

Introduced by Sen. Tom Cotton (R-AR) and five colleagues, the GOP [bill](#) is intriguing in many ways. It backs up recent party [rhetoric](#) about helping blue collar workers by improving wages -- albeit modestly and at a much slower pace than the Democrats’ latest proposal. The legislation also would require employers to use the E-Verify system to prevent hiring illegal immigrants and impose penalties for failure to do so.

“Despite rising costs of living, the federal minimum wage has not been increased in more than a decade, which has left millions of Americans struggling to make ends meet,” said [Sen. Mitt Romney \(R-UT\)](#). “Our proposal would raise wages for millions of workers without risking jobs and tether the wage to inflation to ensure it keeps up with rising costs. Additionally, requiring employers to use E-Verify would ensure that the wage increase goes to legal workers, which would protect American jobs and eliminate a key driver of illegal immigration.”

Republicans typically are leery of adding regulatory burdens to employers. Shifting the focus of preventing illegal immigration to [employers](#) and tightening enforcement could denote a significant policy change. Such policies could slow the [inflow of low-skilled labor](#) and provide domestic workers with more leverage to improve their pay and working conditions.

Although their end points are far apart -- \$11 an hour for the GOP bill v. \$17 for the Democrats' -- many provisions lend themselves to compromise. Both propose gradual raises over the next four or five years which then would be indexed to the cost of living.

As shown in Table 1 below, increases in the Sanders bill would start at a higher level by jumping to \$9.50 in 2024. The minimum wage then would rise by \$1.50 each year. The Cotton bill would raise the minimum by 75 cents per hour each year. A hypothetical compromise splitting differences could raise the minimum by \$1.50 in 2024 and \$1.25 in 2025, followed by \$1.00 annual increases over the next three years, thereby pushing the minimum wage to \$13 in 2028. Congress then could evaluate, and adjust, the minimum wage if needed and begin indexing it to inflation. The Cotton bill does feature slower minimum wage hikes for businesses with less than 20 employees, which could affect negotiations.

Table 1

## Senate Minimum Wage Bill Timelines & Possible Compromise

*(dollars/hour)*

	<b>Sanders (D) - <a href="#">S. 2488</a></b>	<b>Possible Compromise</b>	<b>Cotton (R) - <a href="#">S. 2785</a></b>	<b>Cotton small biz &lt; 20 employees</b>
<b>2024</b>	<b>9.50</b>	<b>8.75</b>	<b>8.00</b>	<b>7.75</b>
<b>2025</b>	<b>11.00</b>	<b>10.00</b>	<b>8.75</b>	<b>8.25</b>
<b>2026</b>	<b>12.50</b>	<b>11.00</b>	<b>9.50</b>	<b>8.75</b>
<b>2027</b>	<b>14.00</b>	<b>12.00</b>	<b>10.25</b>	<b>9.25</b>
<b>2028</b>	<b>15.50</b>	<b>13.00</b>	<b>11.00</b>	<b>9.75</b>
<b>2029</b>	<b>17.00</b>	<b>Reassess base and adjust for inflation</b>	<b>Inflation adjustment every 2 years</b>	<b>10.25</b>
<b>2030</b>	<b>17.00 + indexing adjustment</b>			<b>10.25 ?</b>

Setting a national minimum wage is [difficult](#) politically. State and local economies [vary significantly](#). Both average salaries and cost of living in states with the highest, Massachusetts and Hawaii respectively, are more than 70 percent greater than in Mississippi, one of the poorest, where the average salary is \$45,000 and cost of living, \$32,000. By 2023, 30 states and the District of Columbia had enacted [minimum wages above the current federal level](#), and many localities have minimum wages above their state's. A higher federal minimum will have less [economic impact](#) – in pushing up both income and the cost of doing business – in states that already have raised their minimum wage than in states like Mississippi that fall back on the federal \$7.25 benchmark or others that match it.

If adjusted for inflation, Kentucky's \$7.25 minimum wage is at its [lowest point](#) since 1950. According to the Kentucky Center for Economic Policy, the state's minimum no longer broadly affect wages, leaves many workers in poverty, and fails to help many tipped workers as well as groups that have been exempted.

On Jan. 1, 2024, [22 states](#) increased their minimum wages, raising pay for an estimated 9.9 million workers and resulting in \$6.95 billion in additional income, the left-leaning Economic Policy Institute (EPI) estimates. Minimum wages in Maryland, New Jersey, and upstate New York reached or exceeded \$15 an hour for the first time, joining California, Connecticut, Massachusetts, Washington, and the rest of New York. Seven more states have passed legislation or ballot measures to reach or surpass \$15 an hour in the coming years (Delaware, Florida, Hawaii, Illinois, Nebraska, Rhode Island, and Virginia). Washington has the highest state minimum wage as it increased from \$15.74 to \$16.28 due to an inflation adjustment.

By increasing the federal minimum to \$17 an hour over five years, the Democrats' Raise the Wage Act of 2023 would impact 28 million workers, or 19 percent of the U.S. workforce, the [EPI estimated](#) in July. The legislation would increase wages by about \$86 billion for the country's lowest-paid workers, with the average affected fulltime worker receiving an extra \$3,100 per year. In Mississippi, the EPI estimated that, among the 36 percent of workers directly affected in 2028, average wages would rise by \$4,822 (in 2023 dollars). Because California, Hawaii, Washington, and the District of Columbia have set minimum wages to rise to close

to, or above, \$17 an hour, only a small number of their workers would be impacted.

Sponsors of the Republican bill chose to increase the minimum more slowly to \$11 by 2028, emphasizing that the Democrats' bill would raise labor costs too rapidly and cause unacceptable levels of job loss. After the Congressional Budget Office recently analyzed the [economic effects](#) the Democrats' bill, Sen. Cassidy released a [statement](#) that increasing federal minimum to \$17 an hour would result in the elimination of up to 1.4 million jobs over ten years. Though losing about 140,000 jobs a year because of higher pay might seem equivalent to a rounding error in an economy of 135 million fulltime workers, job loss would be highest in low-income areas and could trigger political blowback.

On the other hand, the Republican bill's goal to reach \$11 an hour in four years could be overly cautious, especially as inflation and other developments may cause more states to raise their minimums. Of the [six states](#) represented by the Republican bill's sponsors, two already have minimums at or above its \$11 target: Maine (Sen. Collins) at \$14.15 and Arkansas (Cotton) at \$11. Ohio's (Vance) minimum is just under, at \$10.45. West Virginia's (Capito) minimum is \$8.75. Only Louisiana (Cassidy) and Utah (Romney) are among states operating at the current federal minimum of \$7.25.

Given this backdrop, splitting the difference between the two bills by gradually raising the minimum to somewhere in the vicinity of \$13 an hour by 2028 falls within the realm of possibility. Republican proposals to mandate using E-Verify to screen out illegal immigrants and to tighten [employer penalties](#) merit consideration. A compromise would neither get Democrats all they want and or be risk free for Republicans. It would be both a symbolic and tangible act of support for American workers struggling to pay their bills.

After 14 years of Congressional inaction, Sens. Sanders and Cassidy could get the ball rolling by passing a bipartisan bill in the HELP committee early this year and working with leaders of both legislative chambers to deliver legislation to the White House.

Karl Polzer is founder of the [Center on Capital & Social Equity](#).

## Sources and references:

[Half of all U.S. states will raise their minimum wage in 2024 — but is \\$16 an hour enough to live on? \(msn.com\)](#)

[Bernie Sanders introduces his largest minimum wage proposal yet - ABC News \(go.com\)](#)

[Ranking Member Cassidy, Romney, Colleagu... | Senate Committee on Health, Education, Labor and Pensions](#)

[Romney, Cotton, Colleagues Introduce Bill to Raise Minimum Wage - Mitt Romney \(senate.gov\)](#)

[Opinion | How to make the GOP more appealing to voters - The Washington Post](#)

[Americans now want companies hiring illegal immigrants to be prosecuted \(msn.com\)](#)

[immig ration-charades-September-2015-latest.pdf \(inequalityink.org\)](#)

[CBO: Democrats' \\$17 Minimum Wage Bill to... | Senate Committee on Health, Education, Labor and Pensions](#)

[The impact of the Raise the Wage Act of 2023 | Economic Policy Institute \(epi.org\)](#)

[The Budgetary and Economic Effects of S. 2488, the Raise the Wage Act of 2023 \(cbo.gov\)](#)

[Raise the Wage Act of 2023 \(S. 2488\) - GovTrack.us](#)

[MDM239 90 \(senate.gov\) "Higher Wages for American Workers Act of 2023"](#)

[Minimum Wage Tracker | West Virginia | Economic Policy Institute \(epi.org\)](#)

[raising-minimum-wage-with-caution-2-17-21-latest.pdf \(inequalityink.org\)](#)

[Yes, raise the minimum wage, but don't stop there | Washington Examiner](#)

[Kentucky's Inflation-Adjusted Minimum Wage Now at Its Lowest Since 1950 - Kentucky Center for Economic Policy \(kypolicy.org\)](#)

[Cost Of Living By State Statistics & Trends In 2023 – Forbes Advisor](#)

[Sanders minimum wage bill would reduce poverty by 400,000 but also kill 700,000 jobs: CBO \(msn.com\)](#)

[118th Congress Members | Congressional Labor Caucus \(house.gov\)](#)