



April 2022

A Survey of US Economists on a \$15 Federal Minimum Wage

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Executive Summary

To better understand economists' views of raising the federal minimum wage to \$15, a survey of 160 US economists was conducted in February 2022.

Key Findings

- A strong majority (62%) oppose raising the rate to \$15/hour, with most of this group (50%) “strongly” opposing the raise, while 12 percent are “somewhat” opposed. Conversely, 38 percent support raising the rate to \$15/hour (“strongly,” 18%; “somewhat,” 20%).
- Two-in-five (43%) say the current rate of \$7.25 or less is the correct rate. Only 11 percent think it should be raised all the way to \$15 or higher, while six percent think it should be higher than \$15. The average is \$10.13/hour.
- About one-third (30%) believe raising the federal minimum wage to \$15 would lead to reduced poverty rates, while 39 percent say they would increase. Furthermore, one-fifth (19%) feel that poverty rates would remain unchanged and fewer (13%) said they do not know or are unsure.
- Many predict adverse consequences of raising the federal minimum wage to \$15/hour:
 - Most (75%) feel that an increase to a \$15 minimum wage would have a negative effect on employment levels for youth (under 20 years old).
 - Two-thirds (67%) believe that the number of entry-level jobs will be available for those with greater skill levels, suggesting that most still think talent levels will impact employment.
 - More economists (81%) agree that the impact of raising the \$15 minimum wage would have a negative impact on small businesses of less than 50 employees.
 - In terms of inflation following the pandemic, 18 percent think raising the rate will contribute significantly, while 40 percent say it will contribute somewhat, 36 percent say it will not contribute and 6% percent are unsure.
 - Most (70%) think it will decrease the number of hospitality jobs available, while three percent say it will increase them, 24 percent say it will have no effect and three percent are unsure.

- 86 percent think companies will use more automation to reduce the number of total employees, such as kiosks for customer check out or automated food preparation.
- In California and Hawaii, where there is consideration of raising the minimum wage to \$18/hour, 73 percent think it will decrease the total number of jobs available.
- Most economists (73%) think eliminating the tipped minimum wage will reduce the number of tipped jobs available, while one percent think it will increase them, 16 percent say it will have no impact and 10 percent are unsure.
- Most economists agree there are more efficient methods to address poverty than raising the federal minimum wage:
 - Interestingly, raising the minimum wage to \$15 is likely to be the least efficient method, with three-in-five (60%) saying it would not be at all efficient, while 30 percent say somewhat efficient, eight percent very efficient and one percent who do not know.
 - Many (83%) think the earned income tax credits (and similar wage supplements) are efficient (very, 54%; somewhat 29%), while several (15%) believe they are not at all efficient and one percent is unsure.
 - Likewise, three-fourths (75%) believe general welfare supports (such as TANF and food stamps) are efficient (very, 27%; somewhat, 58%), while 24 percent do not believe they are and two percent are unsure.

Surveying US Economists on the Impact of a \$15 Federal Minimum Wage

Across the nation, lawmakers continue to grapple with the viability and impact of increasing the minimum wage to \$15 an hour. The debate continues to be heated and some cities have already enacted increases they believe will benefit workers. While the impact of these increases is becoming more clear, recent surveys of businesses, franchises and other groups confirm that such minimum wage raises actually harms workers, resulting in fewer jobs, greater difficulty in younger workers finding employment and adoption of automation and other changes to offset the higher cost of labor. Many of these changes have been exacerbated by the pandemic, labor shortages and a mass exodus of some employees from the job market. Additionally, work environments have also changed with estimates as high as one-fourth of future jobs staying remote.

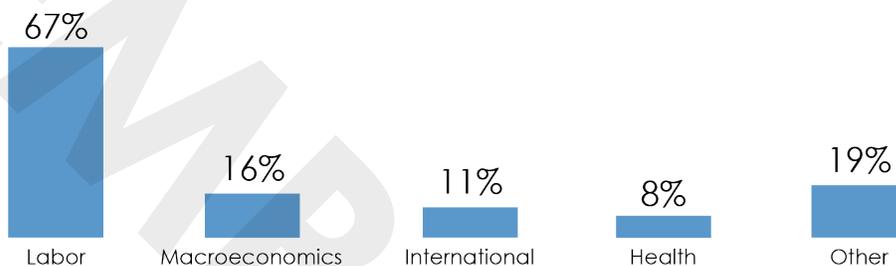
To better understand how US economists view the likely impact of raising the federal minimum wage to \$15, a survey of 160 economists was conducted in February 2022.

Methods

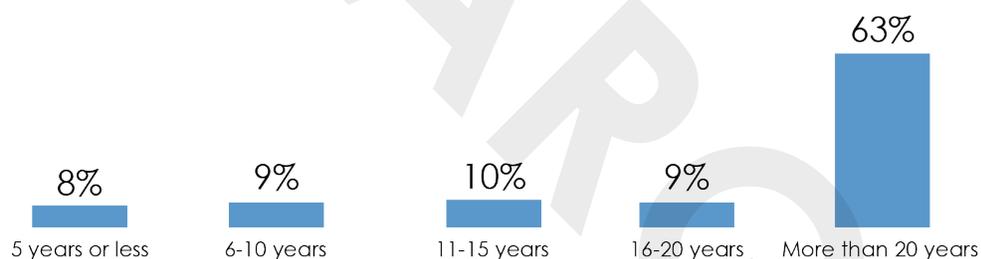
An online survey of 160 US economists was conducted between February 21, 2022 and February 28, 2022. Table 1 provides a profile of the economists who responded to this survey. A total of 686 individuals were invited to participate based on a contact list maintained by the Institute for the Study of Labor. This survey had a response rate of 23 percent.

Economists were primarily focused on labor (69%), employed by an academic institution (81%) and most have been working as an economist for more than 20 years (63%).

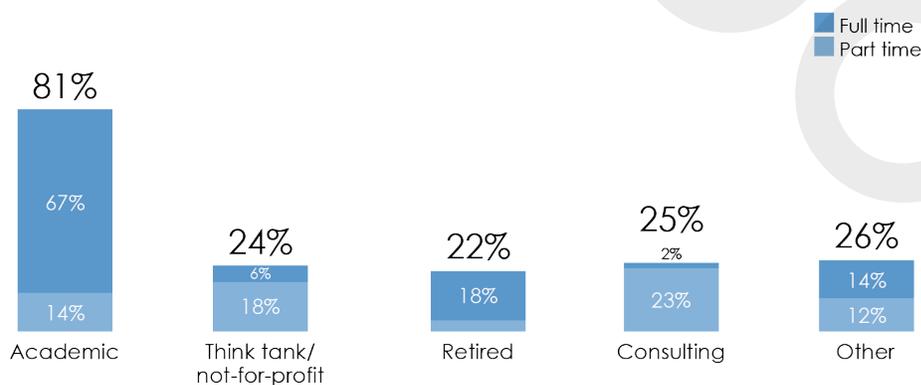
Table 1
US Economists Profile



What do you consider to be your area(s) of specialty in economics?



How many years have you worked as an economist?



Which of the following best describes the organization(s) you are associated with?

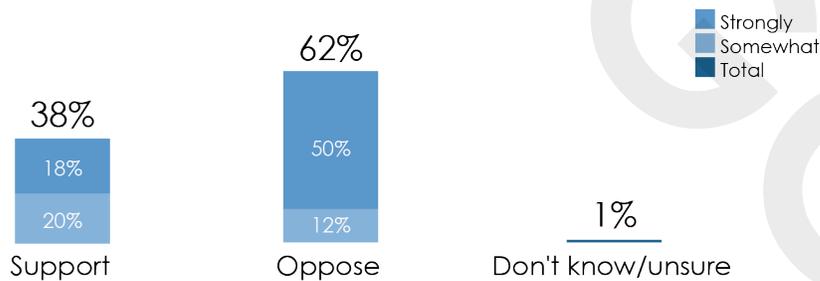
Opinions of Raising Federal Minimum Wage

Economists have differing opinions on whether the federal minimum wage should be increased (Table 2). A strong majority (62%) oppose raising the rate to \$15/hour, with most of this group (50%) “strongly” opposing the raise, while 12 percent are “somewhat” opposed.

Conversely, 38 percent say they support the increase. The intensity of the support between those stating they strongly/somewhat agree is split, with about half for each (“somewhat,” 20%; “strongly,” 18%).

Table 2 Opinions on Raising Federal Minimum Wage

Currently the federal minimum wage is \$7.25/hour. Do you support or oppose raising the federal minimum wage to \$15/hour?



So, what would be an acceptable increase? Table 3 lists the percentage of economists who think the federal minimum wage should be set at the various levels.

Table 3 Proposed Acceptable Rate for Federal Minimum Wage

Based on your knowledge of the economic literature, what do you think represents an appropriate rate for the federal minimum wage?

				Average
Less than \$7.25/hour	32%	\$12.50/hour	3%	\$10.13
\$7.25/hour (CURRENT RATE)	11%	\$13.00/hour	3%	
\$7.50/hour	0%	\$13.50/hour	1%	
\$8.00/hour	1%	\$14.00/hour	2%	
\$8.50/hour	4%	\$14.50/hour	2%	
\$9.00/hour	3%	\$15.00/hour	11%	
\$9.50/hour	1%	\$15.50/hour	0%	
\$10.00/hour	10%	\$16.00/hour	1%	
\$10.50/hour	1%	\$16.50/hour	1%	
\$11.00/hour	3%	\$17.00/hour	1%	
\$11.50/hour	1%	\$17.50/hour	0%	
\$12.00/hour	7%	\$18.00/hour or more	3%	

Two-in-five (43%) say the current rate of \$7.25 or less is the correct rate, while 57 percent think it should be higher than \$7.25. Only 11 percent think it should be raised all the way to \$15 or higher, while six percent think it should be higher than \$15. On average, economist think the rate should be \$10.13/hour.

Two-thirds (68%) of those advocating for a minimum wage of less than \$7.25 say that a \$15/hour wage will significantly contribute to inflation. As expected, over half of this group (51%) also oppose the \$15/hour minimum wage.

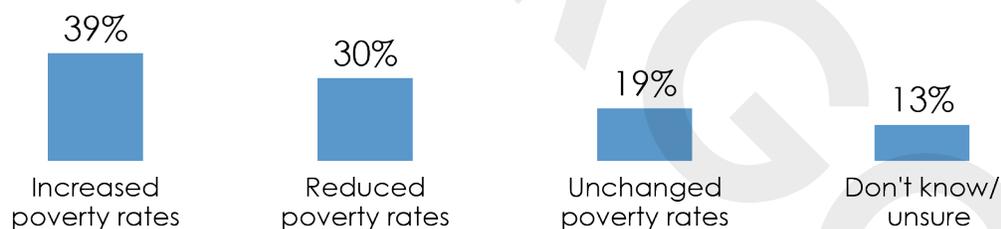
Impact of Raising Minimum Wage to \$15 on Poverty, Employment and Other Areas

Poverty Levels

Surveyed economists are divided on the impact that raising the federal minimum wage to \$15 would have on poverty rates (Table 4).

Table 4 Impact on Poverty Rates

Overall, do you believe that a \$15/hour federal minimum wage will lead to:



About one-third (30%) believe raising the federal minimum wage to \$15 would lead to reduced poverty rates, while 39 percent say they would increase. Furthermore, one-fifth (19%) feel that poverty rates would remain unchanged and fewer (13%) say they do not know or are unsure.

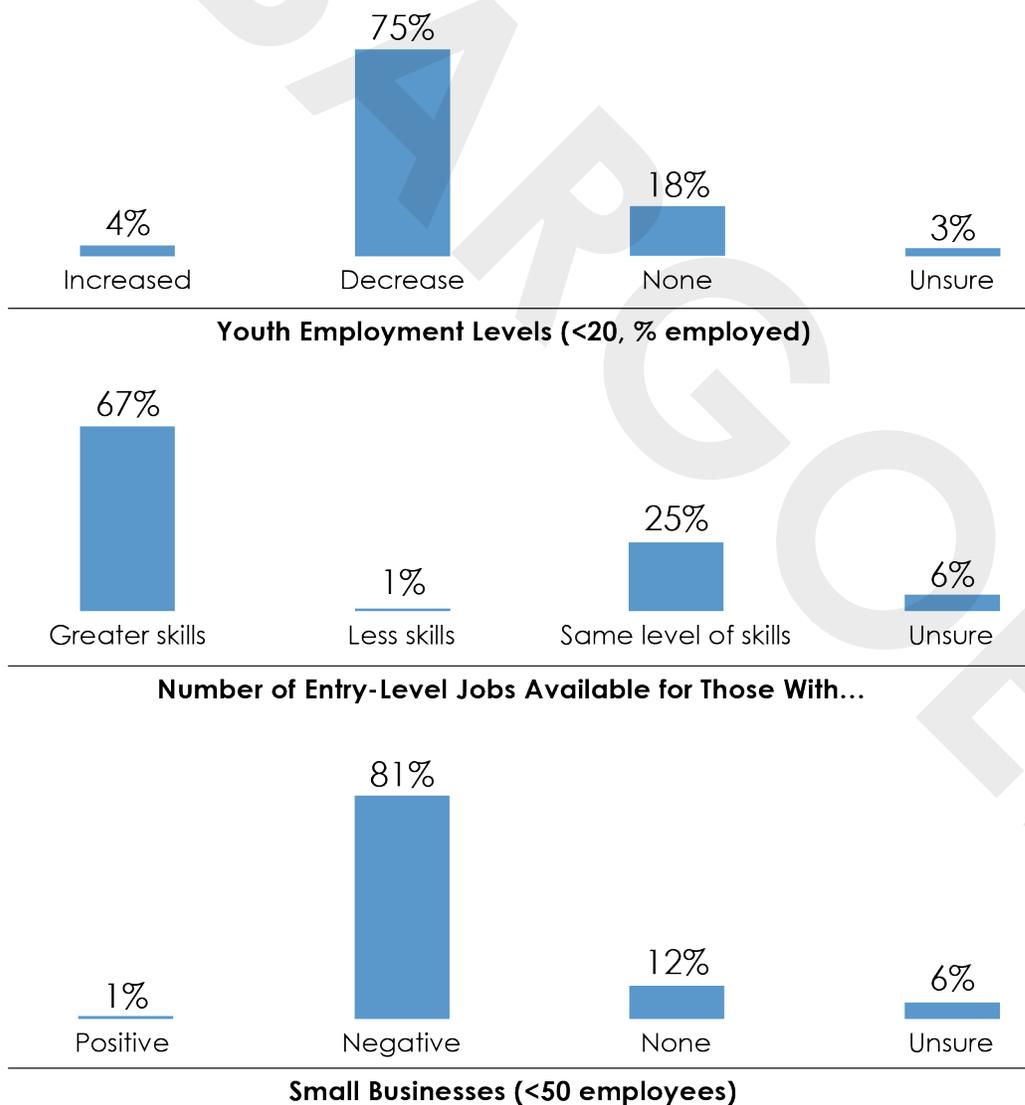
Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will reduce poverty (88%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will increase poverty (94%).

Employment Levels

Overall, economists have stronger opinions about the impact of raising the minimum wage to \$15 on employment levels and the number of available jobs (Table 5).

Table 5 Impact on Employment

Overall, what impact do you believe that a \$15/hour minimum wage would have on:



Youth (Age 19 or Younger)

Most (75%) feel that an increase to a \$15 minimum wage would have a negative effect on employment levels for youth (under 20 years old). While only four percent think the impact would be positive, 18 percent do not predict any demonstrable effect and three percent are unsure.

Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will have no impact on youth jobs (93%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will decrease jobs for youth (78%).

Entry-level Jobs

Two-thirds (67%) still believe that the number of entry-level jobs will be available for those with greater skill levels, suggesting that most still think talent levels will impact employment. However, one-fourth (25%) say that individuals with the same level of skills as today will have access to entry-level jobs.

Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will cause employers to hire entry-level employees with the same level of skills (70%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will cause employers to hire entry-level employees with greater skills (74%).

Small Businesses (Less Than 50 Employees)

More economists (81%) agree that the impact of raising the \$15 minimum wage would have a negative impact on small businesses of less than 50 employees. Virtually none (1%) think raising the rates will have a positive impact. A small number of economists said there would be no change to small businesses (12%) or were unsure (6%).

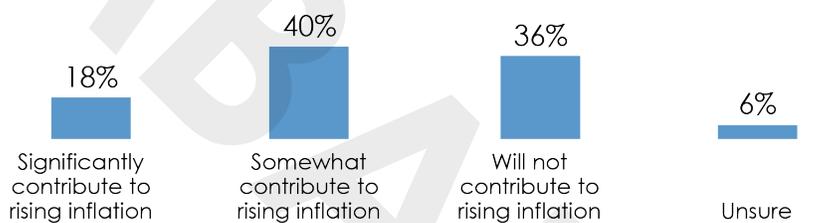
Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will have no impact on small businesses (89%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will make it harder for small businesses to stay in business (75%).

Other Areas

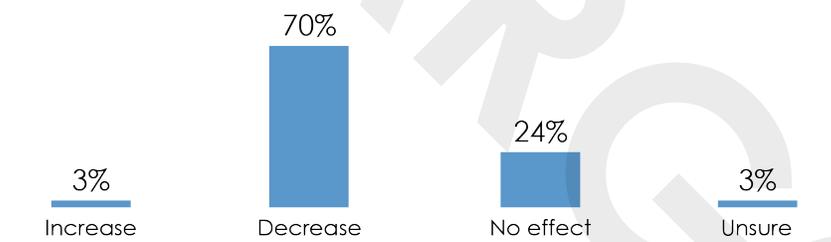
Table 6 shows additional impacts on employment.

Table 6 Additional Impacts

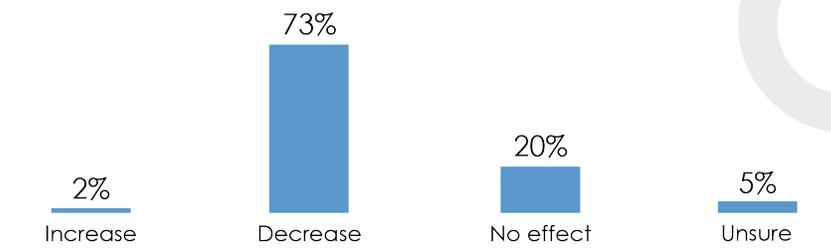
Overall, what impact do you believe a \$15/hour minimum wage would have on ___?



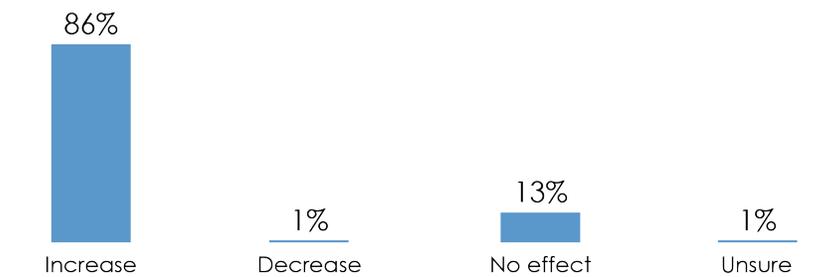
Inflation Following the Pandemic and State/Local Minimum Wage Increases



Number of Hospitality Jobs Available



Number of Hospitality Jobs Available in CA and HI if Minimum Wage Raised to \$18/Hour



Use of Automation to Replace Human Employees

Inflation

In terms of inflation following the pandemic, 18 percent think it will contribute significantly to it, while 40 percent say it will contribute somewhat, 36 percent say it will not contribute and 6 percent are unsure.

Most of the 62 percent who are opposed to raising the federal minimum wage (Table 2) think that it will significantly contribute to inflation (93%).

Hospitality Jobs

Most (70%) think it will decrease the number of hospitality jobs available, while three percent say it will increase them, 24 percent say it will have no effect and three percent are unsure.

Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will have no impact on hospitality jobs (82%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will decrease the number of hospitality jobs (79%).

Automation

86% think companies will use more automation to reduce the number of total employees, such as kiosks for customer check-out or automated food preparation. Only one percent think it will decrease the use of automation, 13 percent say it will have no effect and one percent are not sure.

Most of the 62 percent who are opposed to raising the federal minimum wage (Table 2) think that it will increase the use of automation (71%).

California and Hawaii Minimum Wage

In California and Hawaii, where there is consideration of raising the minimum wage to \$18/hour, 73 percent think it will decrease the total number of jobs available. Only two percent think it will increase the number of jobs, 20 percent say it will have no effect and five percent are unsure.

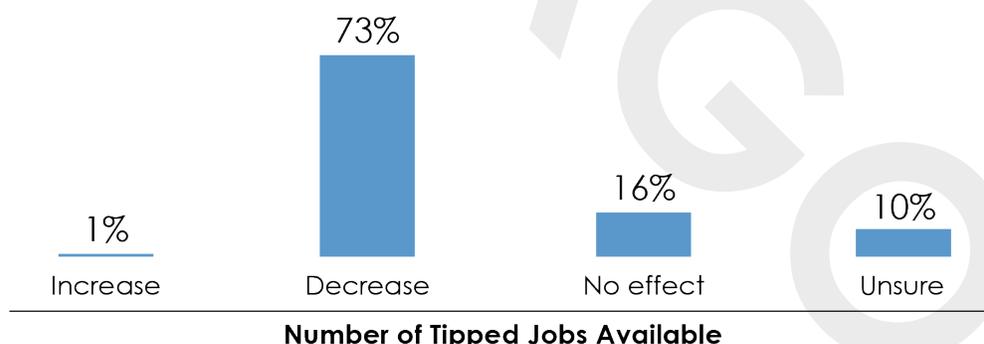
Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will have no impact on the number of jobs (87%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will decrease the number of jobs (78%).

Tipped Employees

Table 7 shows the expected impact on restaurant tipped employees. Currently, federal law allows restaurants to meet tipped employees' minimum wage requirements through a combination of a base wage and their tips. Legislation in Congress would eliminate this law (allowed in 43 states), effectively raising the federal minimum wage for tipped workers by over 600 percent. Most economists (73%) think it will reduce the number of tipped jobs available, while one percent think it will increase them, 16 percent say it will have no impact and 10 percent are unsure.

Table 7 Impact on Restaurant Tipped Employees

Currently, federal law allows restaurants to meet tipped employees' minimum wage requirements through a combination of a base wage and their tips. Legislation in Congress would eliminate this law (allowed in 43 states), effectively raising the federal minimum wage for tipped workers by over 600 percent. Overall, do you believe raising the base wage required for tipped employees would:

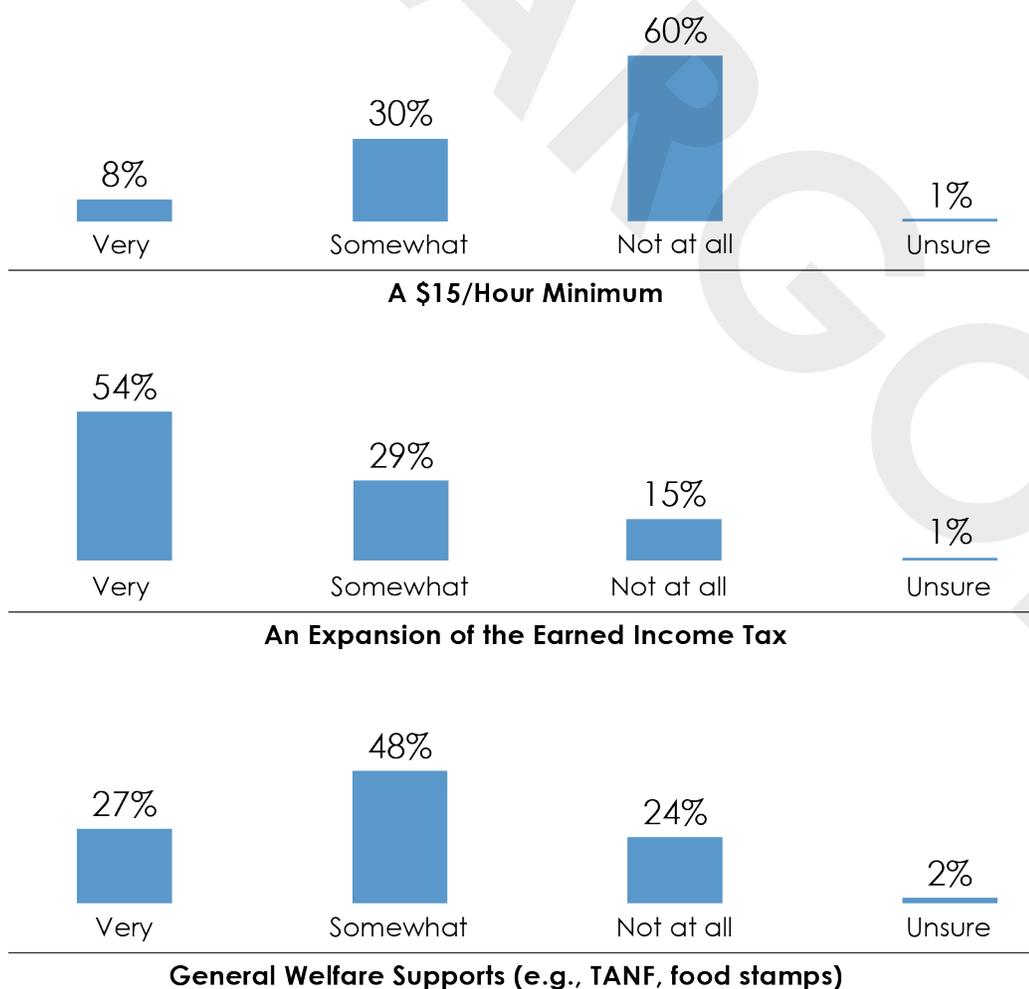


Efficiency of Policies in Addressing Low Income Needs

Raising the federal minimum wage to \$15 is only one potential way to help lower income employees. Economists were asked how efficient various strategies might be in accomplishing the goal of addressing the income needs of poor families (Table 8).

Table 8
Policy Efficiency for Addressing Low Income Needs

In your opinion, how efficient would each of the following proposed policies be in addressing the income needs of poor families?



\$15 Federal Minimum Wage Efficiency on Poverty

Interestingly, raising the minimum wage to \$15 is likely to be the least efficient method, with three-in-five (60%) saying it would not be at all efficient, while 30 percent say somewhat efficient, eight percent very efficient and one percent who do not know.

Most of the 38 percent who support raising the federal minimum wage to \$15/hour (Table 2) also think that it will be somewhat efficient (70%). Conversely, most of the 62 percent who are opposed to raising the federal minimum wage think that it will be not at all efficient (88%).

Earned Income Tax Credit Efficiency on Poverty

Many (83%) think the earned income tax credits (and similar wage supplements) are efficient (very, 54%; somewhat 29%), while several (15%) believe they are not at all efficient and one percent is unsure.

Most of the 62 percent who are opposed to raising the federal minimum wage (Table 2) think that the earned income tax credit will be not at all efficient (91%).

General Welfare Supports Efficiency on Poverty

Likewise, three-fourths (75%) believe general welfare supports (such as TANF and food stamps) are efficient (very, 27%; somewhat, 58%), while 24 percent do not believe they are and two percent are unsure.

Most of the 62 percent who are opposed to raising the federal minimum wage (Table 2) think that general welfare supports will be not at all efficient (92%).

Economist Minimum Wage Survey 2022

1. The debate over raising the federal minimum wage continues in Congress. Proponents say a wage mandate will fill more open jobs, and opponents say a wage mandate so will reduce the number of jobs available for less-skilled workers and close businesses. Based on your knowledge of the economic literature, what do you think represents an appropriate rate for the federal minimum wage?

- Less than \$7.25 / hour
- \$7.25 / hour (CURRENT RATE)
- \$7.50 / hour
- \$8.00 / hour
- \$8.50 / hour
- \$9.00 / hour
- \$9.50 / hour
- \$10.00 / hour
- \$10.50 / hour
- \$11.00 / hour
- \$11.50 / hour
- \$12.00 / hour
- \$12.50 / hour
- \$13.00 / hour
- \$13.50 / hour
- \$14.00 / hour
- \$14.50 / hour
- \$15.00 / hour
- \$15.50 / hour
- \$16.00 / hour
- \$16.50 / hour
- \$17.00 / hour
- \$17.50 / hour
- \$18.00 / hour or more

2. Currently the federal minimum wage is \$7.25 per hour, do you support or oppose raising the federal minimum wage to \$15 / hour?

- Strongly support
- Support somewhat
- Oppose somewhat
- Strongly oppose
- Don't Know / unsure

3. Overall, do you believe that a \$15 / hour federal minimum wage will lead to:

- Increased poverty rates
- Reduced poverty rates
- Unchanged poverty rates
- Don't know / unsure

4. Overall, do you believe that a \$15 / hour federal minimum wage would have a:

- Increase the number of jobs held by youth (age 19 or younger)
- Decrease the number of jobs held by youth (age 19 or younger)
- No demonstrable effect on youth (age 19 or younger) employment
- Don't know / unsure

5. Overall, do you believe that a \$15 / hour federal minimum wage will cause employers to hire entry-level employees with:

- Greater skills
- Fewer skills
- The same level of skills
- Don't know / unsure

6. The hospitality industry suffered severe negative impacts from the COVID-19 pandemic and related government restrictions. According to the U.S. Department of Labor, the hospitality industry also employs the majority of minimum wage-earners. What effect do you believe a \$15 federal minimum wage would have on the number of jobs in the industry?

- Positive effect on the number of jobs available
- Negative effect on the number of jobs available
- No demonstrable effect on the number of jobs available
- Don't know / unsure

-
- 7. Some employers have piloted use of automation for certain tasks previously completed by employees, such as kiosks for customer check out or automated food preparation. Overall, do you believe employers affected by a \$15 / hour federal minimum wage would:**
- Increase automation for existing tasks performed by employees
 - Decrease automation for existing tasks performed by employees
 - Not change automation
 - Don't know / unsure
- 8. Based on current events related to the aftermath of the pandemic, inflation is rising nationwide and various state and local areas are raising their minimum wages. In your opinion, how do you think raising the federal minimum wage to \$15 / hour would affect inflation?**
- Significantly contribute to rising inflation
 - Somewhat contribute to rising inflation
 - Will not contribute to rising inflation
 - Don't know / unsure
- 9. In your opinion, what impact will a \$15 / hour federal minimum wage have on small businesses (less than 50 employees)?**
- Make it easier to stay in business
 - Make it harder to stay in business
 - No impact on ability to stay in business
 - Don't know / unsure
- 10. This year, there are two state proposals (in California and Hawaii) to raise wages up to \$18 / hour. In your opinion, how would this specific change affect hospitality and entry-level employees in those economies?**
- Increase growth of employment for hospitality and entry-level employees
 - Decrease growth of employment for hospitality and entry-level employees
 - No impact on employment for hospitality and entry-level employees
 - Don't know / unsure
- 11. Currently, federal law allows restaurants to meet tipped employees' minimum wage requirements through a combination of a base wage and their tips. Legislation in Congress would eliminate this law (allowed in 43 states), effectively raising the federal minimum wage for tipped workers by over 600 percent. Overall, do you believe raising the base wage required for tipped employees would:**
- Increase the number of tipped jobs in full-service restaurants
 - Decrease the number of tipped jobs in full-service restaurants
 - Keep the number of tip-eligible jobs in full-service restaurants the same
 - Don't know / unsure

12. In your opinion, how efficient would each of the following proposed policies be in addressing the income needs of poor families, on a scale of 'not at all efficient', 'somewhat efficient', 'very efficient'?

A. \$15/ hour federal minimum wage

B. Earned income tax credits (and similar wage supplements)

C. General welfare supports (e.g., TANF, food stamps)

- Not at all efficient
- Somewhat efficient
- Very efficient
- Don't know/ unsure

13. What do you consider to be your area(s) of specialty in economics? (select all that apply)

- Health
- Labor
- Macroeconomics
- International
- Other (specify): _____

14. Which of the following best describes the organization(s) you are associated with? Please indicate your primary role (full-time) and your secondary role (part-time/periodic). Please select "N/A" if you are not associated with an organization.

- Academic
- Think tank / not-for-profit
- Corporation
- Government
- Banking / finance
- Consulting
- Retired

15. How many years have you worked as an economist?

- 5 years or less
- 6 - 10 years
- 11 - 15 years
- 16 - 20 years
- More than 20 years

Employment Policies

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