



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 15, 2019
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 582 – Raise the Wage Act

(Rep. Scott, D-VA, and 205 cosponsors)

The Administration opposes H.R. 582, the Raise the Wage Act. H.R. 582 would increase the Federal minimum wage to \$15.00 an hour. The legislation would also phase out the lower minimum wages that apply to newly hired teenagers, end the practice of counting tips toward minimum wage obligations, and completely prohibit tip pooling between restaurant servers and back-of-the-house staff.

Through its successful pro-growth economic agenda, the Administration has ensured that American workers are taking home bigger paychecks. In recent months, the unemployment rate has fallen to its lowest level in nearly a half century, and job openings have risen to a record high. There are now more than 1.4 million more job vacancies than there are unemployed workers, and the economy is responding by bringing people from the sidelines and into the workforce. This strong economy has prompted businesses to remain competitive by raising wages. Compensation is rising at near its fastest pace in a decade. Median household income has reached an all-time high. Wages are also rising faster for production and non-supervisory workers than for workers overall.

A \$15.00 an hour minimum wage would reverse this economic progress and hurt workers. H.R. 582 would more than double the Federal minimum wage—raising it 45 percent above its inflation-adjusted historical high. Recent research found Seattle’s \$13.00 minimum wage caused hiring to fall so much that total wage payments fell across the city, offering a powerful warning of the devastating effects a \$15.00 Federal minimum wage could have on communities across America. The Congressional Budget Office, for example, recently estimated that H.R. 582 could eliminate up to 3.7 million jobs. Further, many workers who remain employed would see their compensation fall as hours are reduced and fringe benefits like vacation time are lost.

H.R. 582’s changes to tipping rules also would negatively affect restaurant employees. Preventing tips from counting toward minimum-wage obligations could discourage tipping. Maine and Washington, D.C., recently repealed similar policies after servers protested that they would cut their pay. Relatedly, this legislation would disrupt well-established compensation structures by prohibiting cooks and dishwashers from sharing in the tips their often unseen work helps generate.

The successful efforts to reduce taxes, eliminate regulations, and implement fairer trade deals are driving economic growth and increasing workers’ take-home pay far more effectively and

efficiently than legislation like H.R. 582, which would eliminate jobs and reduce total wages for American workers.

If H.R. 582 were presented to the President in its current form, his advisors would recommend that he veto it.

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