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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 197 US economists was conducted in February 2019.

Key Findings

- Most (88%) think an acceptable federal minimum wage should be less than \$15, with 74% outright opposing raising it to \$15 (strongly oppose, 61%; oppose somewhat, 13%).
- A strong majority believe that a minimum wage of \$15 will have negative effects on youth employment levels (84%), the number of jobs available (77%) and adult employment levels (56%).
- When asked what effect a wage of \$15 will have on the skill level of entry-level positions, four-in-five (83%) believe employers will hire entry-level positions with greater skills.
- Economists are divided on whether a wage of \$15 will help or hurt poverty rates. One-third (38%) think an increased wage will lead to increased poverty rates, while 27 percent think it will be reduced, 19 percent say it will be unchanged and 16 percent are not sure.
- Many economists (64%) think the Earned Income Tax Credit (EITC) is a very efficient way to address the income needs of poor families. Only six percent believe a wage of \$15 would be very efficient, much less than the number of economists who also think general welfare supports (e.g., TANF, food stamps) would also be very efficient (24%).
- Two-in-five (39%) think the minimum wage should remain at \$7.25 or be lowered, with two-thirds in total (66%) believing the minimum wage should be \$10 an hour or less.

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 has become heated and some states and cities have already enacted increases they believe will benefit workers. While the true impact of these increases is still being discovered, recent surveys of businesses, franchises and other groups suggest that such minimum wage raises may actually harm 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.

To better understand how US economists view the likely impact of raising the federal minimum wage to \$15, a survey of 197 working economists was conducted in February 2019.

Methods

An online survey of 197 US economists was conducted January 31, 2019 and February 19, 2019. Table 1 provides a profile of the economists who responded to this survey. A total of 916 individuals were invited to participate based primarily on a contact list maintained by the Institute for the Study of Labor. This survey has a response rate of 22 percent.

Economists were primarily focused on labor (64%), employed by an academic institution (75%) and most have been working as an economists for more than 20 years (66%). Their political affiliations were split between Independent (46%) and Democrat (35%), with fewer Republicans (12%) or others (8%).

Table 1: U.S. Economists Profile

Base: 197

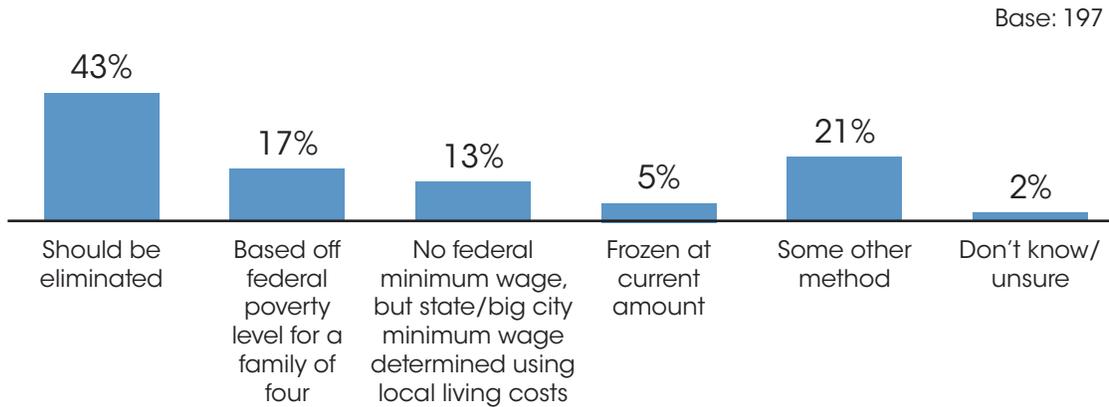
Specialty		Organization Type	
Labor	64%	Academic	75%
Macroeconomics	12%	Think tank/not-for-profit	11%
Health	10%	Other	22%
International	9%	Party Identification	
Other	26%	Independent	46%
Years as an Economist		Democrat	35%
Less than 10 years	11%	Republican	12%
11 to 20 years	23%	Other	8%
More than 20 years	66%		

Standards for Determining Federal Minimum Wage

Economists are divided on the best way to determine the federal minimum wage. This division is presented in Table 2.

Two-in-five (43%) believe it should be eliminated altogether, while a much smaller group believe minimum wage should be based on the federal poverty level for a family of four (17%). Fewer (13%) believe there should be no federal minimum wage because state and city minimum wages should be determined using local living costs. Five percent say it should be frozen at its current amount. One-fifth (21%) suggest some other method or a variation of a method previously listed and two percent say they do not know which method should be used.

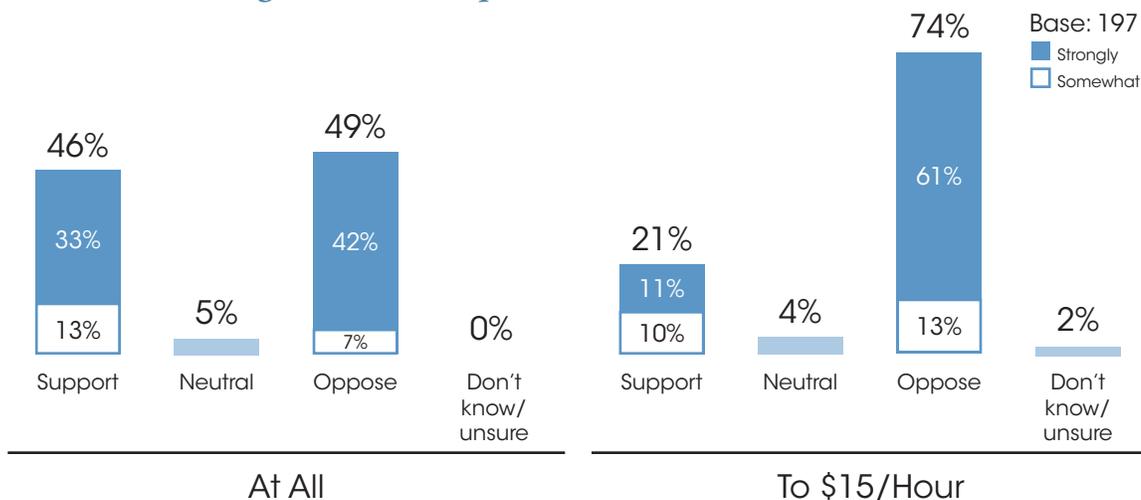
Table 2: Suggested Method to Determine Federal Minimum Wage
In your opinion, which of the following methods should be used for determining the federal minimum wage?



Opinions of Raising Federal Minimum Wage

Economists have differing opinions on whether the federal minimum wage should be increased and by how much (Table 3). When asked if they support or oppose raising the federal minimum wage at all, about half (46%) support (33% strongly, 13% somewhat) raising the federal minimum wage from its current rate of \$7.25 per hour. However, they don't support raising it to \$15; when asked their opinion on raising the federal minimum wage to \$15, 74 percent are opposed (61% strongly, 13% somewhat).

Table 3: Opinions on Raising Federal Minimum Wage
Currently the federal minimum wage is \$7.25 per hour, do you support or oppose raising the federal minimum wage at all? To \$15 per hour?



So, what would be an acceptable increase? Table 4 lists the percentage of economists who think the federal minimum wage should be set at the various levels between \$7.25 per hour and higher.

Table 4: Proposed Acceptable Rate for Federal Minimum Wage
In your opinion, what federal minimum wage would represent an acceptable rate?

Base: 197

Less than \$7.25/hr	27%	\$12.00/hr	7%
\$7.25/hr (current)	12%	\$12.50/hr	2%
\$7.50/hr	1%	\$13.00/hr	3%
\$8.00/hr	3%	\$13.50/hr	1%
\$8.50/hr	2%	\$14.00/hr	0%
\$9.00/hr	4%	\$14.50/hr	0%
\$9.50/hr	1%	\$15.00/hr	9%
\$10.00/hr	16%	\$15.50/hr	0%
\$10.50/hr	2%	\$16.00/hr	0%
\$11.00/hr	6%	\$16.50/hr	0%
\$11.50/hr	0%	\$17.00/hr or more	3%

- Two-in-five (39%) say the current rate of \$7.25 or less is the correct rate.
- Two-thirds (66%) believe an acceptable rate would be \$10 an hour or less.
- Only 12 percent think it should be raised all the way to \$15 or higher.

There are some interesting differences by political affiliation. For example, those who identify as a Democrat (89%) are more likely to support raising the federal minimum wage at all compared to other groups (independents/Republicans, 27%).

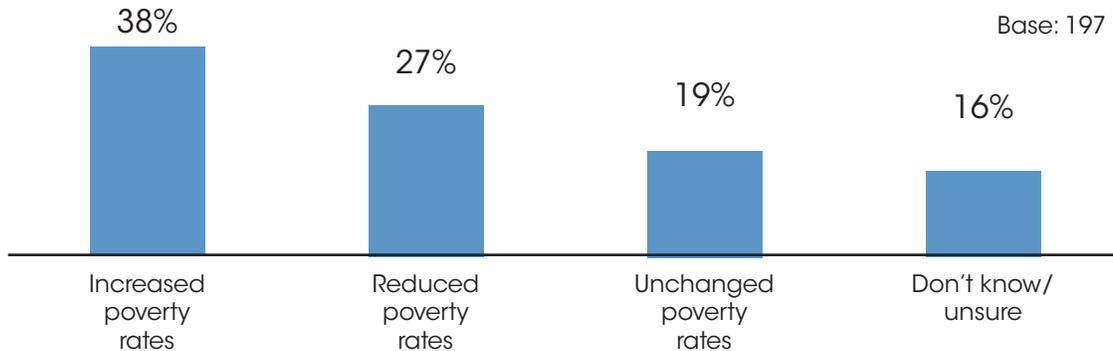
Impact of Raising Minimum Wage to \$15 on Poverty and Employment

Poverty Rates

Surveyed economists are divided on the impact that raising the federal minimum wage to \$15 would have on poverty rates (Table 5).

Table 5: Impact on Poverty Rates

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



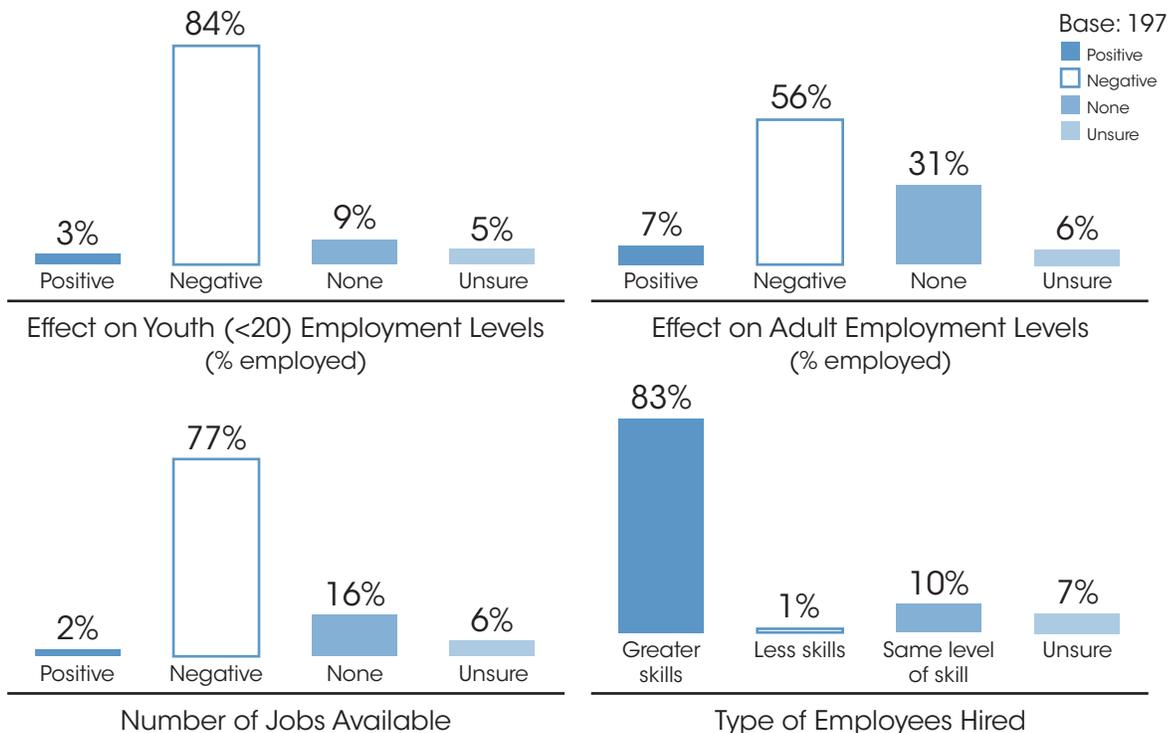
Slightly more than one-fourth (27%) believe raising the federal minimum wage to \$15 would lead to reduced poverty rates, while 38 percent say they would increase. Furthermore, one-fifth (19%) feel that poverty rates would remain unchanged and fewer (16%) said they do not know or are unsure.

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 6).

Table 6: Impact on Employment

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



Most (84%) 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 three percent think the impact would be positive, nine percent do not predict any demonstrable effect and five percent are unsure.

- Fewer—but still a majority—of economists who identify themselves as Democrats (66%) think the impact would be negative for youth employment, compared to 92 percent of all others.

Many expect adverse effects for adults too. More than half (56%) say there will be negative effects on adult employment levels, while only seven percent think the effects will be positive, 31 percent say there will be no demonstrable effect and six percent are unsure.

- Like the adverse impact on youth employment, one-third (34%) of Democrats think the impact would be negative for adult employment, compared to 67 percent of all others.

A majority (77%) agree that there will be fewer total jobs available if the minimum wage is raised to \$15, while only two percent think there will be more, 16 percent see no real impact and six percent are not sure.

- Finally, a majority of Democrats (53%) think there will be fewer jobs, compared to 89 percent of all others.

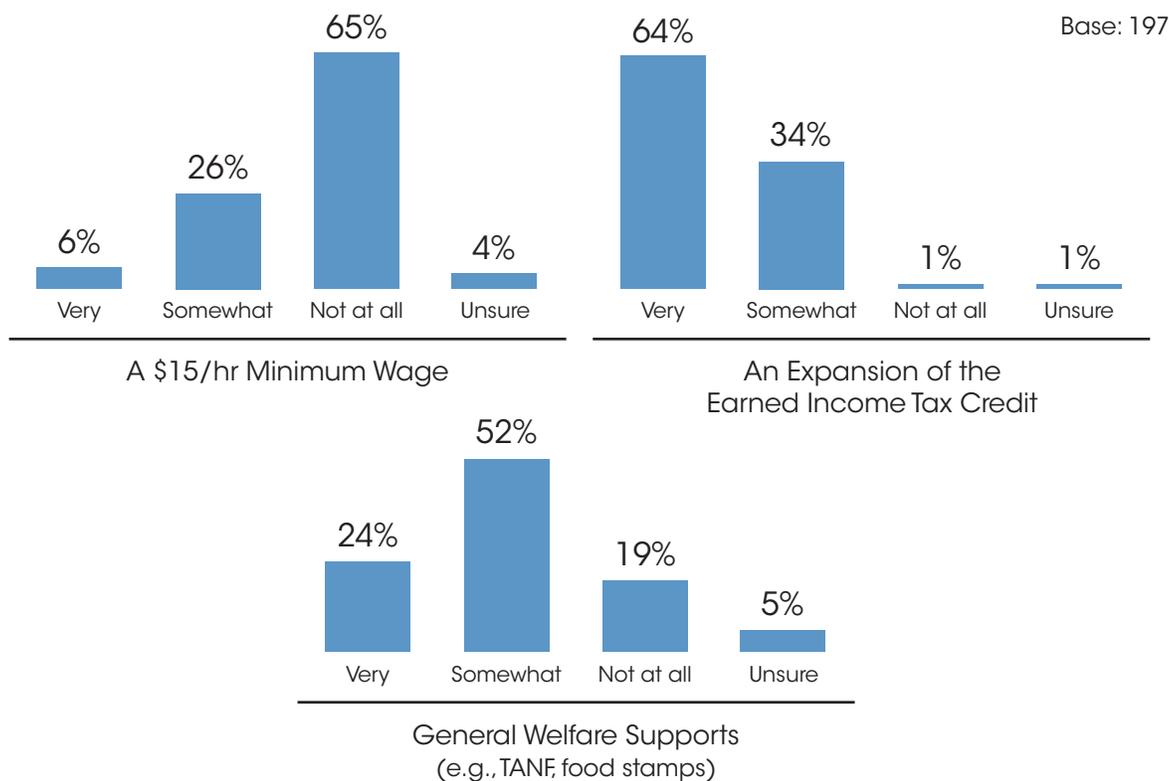
While most economists expect fewer jobs for youth, adults and in the economy, most (83%) also anticipate that those who do get jobs will need to have greater skills. Few (1%) think employees will need fewer skills, but 10 percent believe skills will be the same level and seven percent are unsure.

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 7).

Table 7: 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?



Interestingly, raising the minimum wage to \$15 is likely to be the least efficient method, with two-thirds (65%) saying it would not be at all efficient, while one-fourth (26%) say somewhat efficient, six percent very efficient and four percent who do not know.

Many (64%) think the Earned Income Tax Credits (and similar wage supplements) are very efficient, while 34 percent say they are somewhat efficient, few (1%) believe they are not at all efficient and one percent is unsure.

Likewise, a three-fourths (76%) believe general welfare supports (such as TANF and food stamps) are efficient (very, 24%; somewhat, 52%), while 19% do not believe they are and five percent are unsure.

Economist Minimum Wage Survey 2019

Q1) In your opinion which of the following methods should be used for determining the federal minimum wage?

- a) The federal minimum wage should be based on the federal poverty level for a family of four
- b) The federal minimum wage should be frozen at its current amount
- c) The federal minimum wage should be eliminated
- d) There should be no federal minimum wage, but state and big city minimum wages should be determined using local living costs
- e) Some other method should be used to determine federal minimum wage (please specify)
- f) Don't know/ unsure

Q2) Currently the federal minimum wage is \$7.25 per hour, do you support or oppose raising the federal minimum wage at all?

- a) Strongly support
- b) Support somewhat
- c) Neither support nor oppose
- d) Oppose somewhat
- e) Strongly oppose
- f) Don't know/ unsure

Q3) In your opinion, what federal minimum wage would represent an acceptable rate?

- a) Less than \$7.25 / hour
- b) \$7.25 / hour (**current rate**)
- c) \$7.50 / hour
- d) \$8.00 / hour
- e) \$8.50 / hour
- f) \$9.00 / hour
- g) \$9.50 / hour
- h) \$10.00 / hour
- i) \$10.50 / hour
- j) \$11.00 / hour
- k) \$11.50 / hour
- l) \$12.00 / hour
- m) \$12.50 / hour
- n) \$13.00 / hour
- o) \$13.50 / hour
- p) \$14.00 / hour
- q) \$14.50 / hour
- r) \$15.00 / hour
- s) \$15.50 / hour
- t) \$16.00 / hour
- u) \$16.50 / hour
- v) \$17.00 / hour or more

Q4) Currently the federal minimum wage is \$7.25 per hour, do you support or oppose raising the federal minimum wage to \$15 / hour?

- a) Strongly support
- b) Support somewhat
- c) Neither support nor oppose
- d) Oppose somewhat
- e) Strongly oppose
- f) Don't know / unsure

Q5) Overall, do you believe that a \$15 / hour minimum wage will lead to:

- a) Increased poverty rates
- b) Reduced poverty rates
- c) Unchanged poverty rates
- d) Don't know/ unsure

Q6) Overall, do you believe that a \$15 / hour minimum wage would have a:

- a) Positive effect on youth (under 20) employment levels (% employed)
- b) Negative effect on youth (under 20) employment levels (% employed)
- c) No demonstrable effect on youth (under 20) employment levels (% employed)
- d) Don't know / unsure

Q7) Overall, do you believe that a \$15 / hour minimum wage would have a:

- a) Positive effect on adult employment levels (% employed)
- b) Negative effect on adult employment levels (% employed)
- c) No demonstrable effect on adult employment levels (% employed)
- d) Don't know / unsure

Q8) Overall, do you believe that a \$15 / hour minimum wage would have a:

- a) Positive effect on the number of jobs available
- b) Negative effect on the number of jobs available
- c) No demonstrable effect on the number of jobs available
- d) Don't know / unsure

Q9) Overall, do you believe that a \$15 / hour minimum wage will cause employers to hire entry-level employees with:

- a) Greater skills
- b) Fewer skills
- c) The same level of skills
- d) Don't know / unsure

Q10) 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) A \$15/ hour minimum wage
 - a. Not at all efficient
 - b. Somewhat efficient
 - c. Very efficient
 - d. Don't know/ unsure
- b) Earned income tax credits (and similar wage supplements)
 - a. Not at all efficient
 - b. Somewhat efficient
 - c. Very efficient
 - d. Don't know/ unsure
- c) General welfare supports (e.g., TANF, food stamps)
 - a. Not at all efficient
 - b. Somewhat efficient
 - c. Very efficient
 - d. Don't know/ unsure

Employment Policies

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