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October 18, 2017

The Honorable Steve Mnuchin
Secretary of Treasury
Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Gary Cohn
Director, National Economic Council
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Kevin Hassett
Chairman, Council of Economic Advisers
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Secretary Mnuchin, Director Cohn, and Chairman Hassett:

I write to request clarification on the Trump Administration's position on the federal minimum wage, and to seek information on the policies that the President will pursue to ensure that all American workers can earn a living wage.

For 80 years, the federal minimum wage has ensured that Americans receive reasonable compensation for their work. But Congress has abdicated its responsibilities to working families and allowed the minimum wage's value to erode significantly, letting hardworking families across the country sink into poverty. As you know, the current federal minimum wage is merely \$7.25 an hour, which represents a decline of 37% in real terms since its peak in 1968.¹ That means that a full-time, minimum-wage worker earns only \$15,080 per year—below the poverty line even for a household of just two people.² If its growth matched increases in worker

¹ The minimum wage in February, 1968, \$1.60, has a real value of \$11.55 in September, 2017 dollars. See: "CPI Inflation Calculator." *Bureau of Labor Statistics* (accessed Oct. 12, 2017). Online at: <https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=1.60&year1=196802&year2=201709>.

² Cooper, D. "The Minimum Wage Used to Be Enough to Keep Workers out of Poverty—It's Not Anymore." *Economic Policy Institute* (Dec. 4, 2013). Online at: <http://www.epi.org/publication/minimum-wage-workers-poverty-anymore-raising/>. See also: "Poverty Guidelines." Office of the Assistant Secretary for Planning and Evaluation. *U.S. Department of Health & Human Services* (accessed Oct. 12, 2017). Online at: <https://aspe.hhs.gov/poverty-guidelines>.

productivity, it would be over \$19 per hour.³ In 2014, the Congressional Budget Office estimated that raising the minimum wage to just \$10.10 would lift nearly a million people out of poverty and increase the wages of low-income workers by \$31 billion annually.⁴

It should not be any surprise, then, that increasing the minimum wage has broad support among the American public. In fact, according to a 2016 Pew Research Center poll, most Americans support increasing the federal minimum wage to \$15 per hour.⁵ And in the 2016 election, voters approved minimum wage ballot initiatives even in Republican areas.⁶ For example, Arizonans voted for President Trump and, by a 17-percentage-point margin, to increase Arizona's minimum wage to \$12 by 2020.⁷

Given the importance of the minimum wage in reducing poverty and increasing economic growth, I was pleased to see Mr. Trump support increasing the minimum wage during the 2016 presidential campaign. In May 2016, he said that he was "looking at" raising the minimum wage, that he was "open to doing something with it," and that he was "actually very different from most Republicans" in how he thought about the policy, because "you have to have something that you can live on."⁸ In July 2016, he said that "the minimum wage has to go up" and that "I would like to raise it to at least \$10."⁹ Later in the same press conference, Mr. Trump explicitly stated that he was referring to raising the *federal* minimum wage, as opposed to encouraging states or cities and towns to do so.¹⁰ He also accused Senator Bernie Sanders, who at the time was also a candidate for President, of lying when Senator Sanders claimed that Mr. Trump wanted the federal minimum wage to be lowered or repealed. "Where did he come up with that

³ Cooper, D. "Another year of congressional inaction has further eroded the federal minimum wage." *Economic Policy Institute* (July 24, 2017). Online at: <http://www.epi.org/publication/another-year-of-congressional-inaction-has-further-eroded-the-federal-minimum-wage/>.

⁴ "The Effect of a Minimum-Wage Increase on Employment and Family Income." *Congressional Budget Office* (Feb. 2014). Online at: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/44995-MinimumWage.pdf>.

⁵ "Issues and the 2016 Campaign." *Pew Research Center* (Aug. 18, 2016). Online at: <http://www.people-press.org/2016/08/18/5-issues-and-the-2016-campaign/#clinton-and-trump-supporters-at-odds-over-15-minimum-wage>.

⁶ Johnston, K. "Wide support across party lines for raising minimum wage." *The Boston Globe* (Nov. 24, 2016). Online at: <https://www.bostonglobe.com/business/2016/11/24/wide-support-across-party-lines-for-raising-minimum-wage/XX7IX9N8u30eMX5XbvUuTL/story.html>; Long, H. "Even Trump voters want the minimum wage raised." *CNN Money* (Feb. 14, 2017). Online at: <http://money.cnn.com/2017/02/14/news/economy/donald-trump-minimum-wage/index.html>.

⁷ Rai, A. B. "Prop. 206: Arizona voters approve \$12 minimum wage." *The Arizona Republic* (Nov. 8, 2016). Online at: <http://www.azcentral.com/story/news/politics/elections/2016/11/08/arizona-minimum-wage-proposition-206-election-results/92970650/>; "2016 General Election." Michele Reagan, Secretary of State." *State of Arizona* (Nov. 21, 2016). Online at: <http://results.arizona.vote/2016/General/n1591/Results-State.html>

⁸ Diamond, J. "Kasich 'doing the right thing' by dropping out, Trump says." *CNN* (May 4, 2016). Online at: <http://www.cnn.com/2016/05/04/politics/donald-trump-john-kasich/index.html>; Flores, R. "Donald Trump hints at changing stance on minimum wage." *CBS News* (May 5, 2016). Online at: <https://www.cbsnews.com/news/donald-trump-im-open-to-doing-something-on-minimum-wage/>.

⁹ Kludt, T. "Donald Trump says he'd support \$10 minimum wage." *CNN* (July 27, 2016). Online at: <http://www.cnn.com/2016/07/27/politics/donald-trump-minimum-wage/index.html>; Bump, P. "Donald Trump's falsehood-laden press conference, annotated." *The Washington Post* (July 27, 2016). Online at: <https://www.washingtonpost.com/news/the-fix/wp/2016/07/27/donald-trumps-falsehood-laden-press-conference-annotated/>.

¹⁰ *Id.*

one?" Mr. Trump asked.¹¹ Mr. Trump's campaign-trail expressions of support for raising the minimum wage seemed to be consistent with his promises to be a president "who will protect [workers] and fight for them,"¹² "get wages up,"¹³ be "the greatest jobs president that God ever created,"¹⁴ and make every policy decision based on whether or not "it create[s] more jobs and better wages for Americans."¹⁵

But Mr. Trump's expression of support for minimum wage increases were muddled by contradictory statements on the same subject. He made the wildly out-of-touch statement that "wages are too high" in the United States,¹⁶ and he suggested at various points that he might actually prefer leaving the federal minimum at its current level or leaving the minimum wage up to states.¹⁷ He also implied that he wanted to repeal the federal minimum wage altogether.¹⁸

Since taking office, President Trump's actions have broken his promise to look out for the interests of workers: he has appointed numerous anti-worker executive branch officials and rolled back basic protections that ensure workers are paid fairly for their work.¹⁹ He also proposed a budget that would gut numerous programs that support workers, especially those that help workers improve their skills and earn higher wages with job training.²⁰ In addition, two of President Trump's appointees to the Council of Economic Advisers—Kevin Hassett and Richard Burkhauser—have a history of advocating against even small increases to the minimum wage.²¹ Mr. Hassett has called raising the minimum wage to just \$9 per hour "a bad idea."²²

Given the contradiction between President Trump's support during his campaign for significantly raising the federal minimum wage and his actions since taking office, I respectfully request that you—the Administration's top economic policy staff—clarify the President's position on the federal minimum wage and the prospect of raising it, so that Congress and the

¹¹ Kludt, T. "Donald Trump says he'd support \$10 minimum wage." *CNN* (July 27, 2016). Online at: <http://www.cnn.com/2016/07/27/politics/donald-trump-minimum-wage/index.html>.

¹² "FACT CHECK: Trump's Speech On the Economy, Annotated." *NPR* (June 28, 2016). Online at: <http://www.npr.org/2016/06/28/483883321/fact-check-trumps-speech-on-the-economy-annotated>.

¹³ Trump, D. "I will bring jobs back and get wages up. People haven't had a real wage increase in almost twenty years. Clinton killed jobs!" [tweet]. *Twitter* (July 23, 2016). Online at: <https://twitter.com/realDonaldTrump/status/756883131685273605>.

¹⁴ Bomey, N. "Trump gets his chance to be 'greatest jobs president.'" *USA Today* (Nov. 9, 2016). Online at: <https://www.usatoday.com/story/money/2016/11/09/donald-trump-jobs-impact/93541900/>.

¹⁵ Berenson, T. "Read Donald Trump's Speech on Jobs and the Economy." *TIME* (Sept. 15, 2016). Online at: <http://time.com/4495507/donald-trump-economy-speech-transcript/>.

¹⁶ Kamisar, B. "Trump doubles down on debate claim: 'Wages are too high.'" *The Hill* (Nov. 11, 2015). Online at: <http://thehill.com/blogs/ballot-box/presidential-races/259813-trump-doubles-down-our-wages-are-too-high>.

¹⁷ Jacobson, L. "Donald Trump gets a Full Flop for stance on minimum wage." *Politifact* (July 28, 2016). Online at: <http://www.politifact.com/truth-o-meter/statements/2016/jul/28/donald-trump/donald-trump-gets-full-flop-stance-minimum-wage/>.

¹⁸ *Id.*

¹⁹ "Not Working for Workers: How President Trump has betrayed America's workers and undermined the middle class." *Office of Senator Elizabeth Warren* (Sept. 2017). Online at: https://www.warren.senate.gov/files/documents/Labor_Day_Report_2017.pdf.

²⁰ *Id.*

²¹ "Richard Burkhauser." College of Human Ecology. *Cornell University* (accessed Oct. 12, 2017). Online at: <https://www.human.cornell.edu/people/rvb1>.

²² "The minimum-wage debate." *Los Angeles Times* (March 10, 2013). Online at: <http://articles.latimes.com/2013/mar/10/opinion/la-oe-hassett-the-case-against-the-minimum-wage-20130310>.

American people can better understand the Administration's views on this critical issue for working families. Specifically, I request a response to the following questions no later than November 1, 2017:

1. Does the President support raising the federal minimum wage? If so, to what level and on what schedule does he believe it should be raised?
2. Has the President asked you or your staff to advise him on a proposal to raise the minimum wage?
3. Have you or your staff provided the President with recommendations and analysis on the feasibility and effectiveness of raising the minimum wage? If so, please provide a summary of those recommendations and analysis.

As the President and his staff explore this topic, I strongly urge you to consider the wealth of evidence showing that increases of the minimum wage reduce poverty,²³ reverse increases in income inequality,²⁴ increase consumer spending,²⁵ reduce reliance on safety net programs,²⁶ increase worker productivity,²⁷ and stimulate the economy.²⁸ In the United States today, wages are stagnant,²⁹ but corporate profits are at record highs.³⁰ The top one percent of

²³ Dube, A. "Minimum wages and the distribution of family incomes in the United States." *Washington Center for Equitable Growth* (Apr. 2017). Online at: <http://cdn.equitablegrowth.org/wp-content/uploads/2017/04/24114945/042517-dube-minwage.pdf>.

²⁴ DiNardo, J.; Fortin, N. M. & Lemieux, T. "Labor Market Institutions and the Distribution of Wages, 1973-1992: A Semiparametric Approach." *Econometrica*, 64(5), pp. 1001-1044 (Sept. 1996). Online at: <http://www.uh.edu/~adkugler/DiNardoetal.pdf>.

²⁵ Fillion, K. "Increases in minimum wage boost consumer spending." *Economic Policy Institute* (May 27, 2009). Online at: http://www.epi.org/publication/snapshot_20090527/; Aaronson, D. & French, E. "How does a federal minimum wage hike affect aggregate household spending?" Chicago Fed Letter. *The Federal Reserve Bank of Chicago* (Aug. 2013). Online at: <https://www.chicagofed.org/~media/publications/chicago-fed-letter/2013/cflaugust2013-313-pdf.pdf>; Aaronson, D.; Agarwal, S. & French, E. "The Spending and Debt Responses to Minimum Wage Increases." *The Federal Reserve Bank of Chicago* (Feb. 8, 2011). Online at: <https://www.chicagofed.org/~media/publications/working-papers/2007/wp2007-23-pdf.pdf>.

²⁶ Cooper, D. "Raising the Federal Minimum Wage to \$10.10 Would Save Safety Net Programs Billions and Help Ensure Businesses Are Doing Their Fair Share." *Economic Policy Institute* (Oct. 16, 2014). Online at: <http://www.epi.org/publication/safety-net-savings-from-raising-minimum-wage/>.

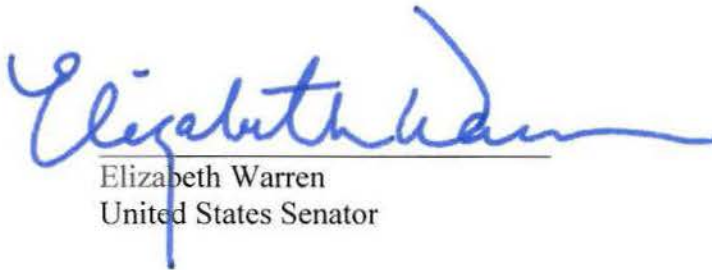
²⁷ Bucila, L. & Simon, C. J. "Minimum Wages, Sickness Absenteeism, and Non-Sickness Absenteeism." *SSRN Electronic Journal* (Apr. 12, 2010). Online at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1588294; Wolfers, J. & Zilinsky, J. "Higher Wages for Low-Income Workers Lead to Higher Productivity." *Peterson Institute for International Economics* (Jan. 13, 2015). Online at: <https://piie.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity>; Rizov, M.; Croucher, R. & Lange, T. "The UK National Minimum Wage's Impact on Productivity." *British Journal of Management* (May 23, 2016). 27:819-835. Online at: <http://onlinelibrary.wiley.com/doi/10.1111/1467-8551.12171/full>.

²⁸ "Over 600 Economists Sign Letter In Support of \$10.10 Minimum Wage." *Economic Policy Institute* (Jan. 14, 2014). Online at: <http://www.epi.org/minimum-wage-statement/>; "The importance of raising the minimum wage to boost broad-based U.S. economic growth." *Washington Center for Equitable Growth* (May 10, 2017). Online at: <http://equitablegrowth.org/research-analysis/the-importance-of-raising-the-minimum-wage-to-boost-broad-based-u-s-economic-growth/>.

²⁹ Desilver, D. "For most workers, real wages have barely budged for decades." *Pew Research Center* (Oct. 9, 2014). Online at: <http://www.pewresearch.org/fact-tank/2014/10/09/for-most-workers-real-wages-have-barely-budged-for-decades/>.

Americans control nearly 40 percent of the nation's wealth.³¹ It is unconscionable that Americans working full-time, in one of the wealthiest countries in the world,³² still live in poverty. The President himself seemed to agree when he said that "you have to have something that you can live on" and promised Americans he would fight for their interests and improve the lives of working families. He has a policy imperative and a moral obligation to fulfill that promise. I look forward to learning how he plans to do so.

Sincerely,



Elizabeth Warren
United States Senator

³⁰ "Corporate Profits After Tax (without IVA and CCAAdj)/Gross Domestic Product." FRED Economic Data. *Federal Reserve Bank of St. Louis* (accessed Oct. 13, 2017). Online at: <https://fred.stlouisfed.org/graph/?g=1Pik>.

³¹ Frank, R. "The top 1% of Americans control 38% of the wealth." *CNBC* (Sept. 27, 2017). Online at: <https://www.cnbc.com/2017/09/27/the-top-1-percent-of-americans-now-control-38-percent-of-the-wealth.html>.

³² "Country Comparison: GDP Per Capita (PPP)." *The World Factbook. Central Intelligence Agency* (accessed Oct. 13, 2017). Online at: <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>.