



Raising the Minimum Wage - Will There be an Increase this Congress?

Center Forward Basics

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Overview

It has been more than a decade since Congress last passed an increase in the federal minimum wage, which is currently \$7.25 per hour. The most recent change was made in 2007. This basic will explore the prospects for raising the minimum wage during this Congress and considerations in addition to overall hourly wages that are impacting decision-making.

Background

The Fair Labor Standards Act (FLSA) of 1938 established the hourly minimum wage. Over the years, the minimum wage has been increased 22 times. The most recent example being the Fair Minimum Wage Act of 2007. Because the minimum wage is not indexed to inflation, any incremental increases must be approved by Congress and signed into law. A full-time worker making minimum wage currently earns \$15,080 annually. This basic addresses the federal minimum wage and some of the provisions of the FLSA that advocates would like retained or changed. Currently, 29 states and the District of Columbia have a higher minimum wage than the federal wage, ranging from \$8.65 to \$15 per hour.

Recent Federal Action

At the beginning of 2021, the Senate parliamentarian ruled that a provision incrementally raising the federal minimum wage to \$15 per hour did not comply with budget rules and could not be included in the [reconciliation bill](#). House and Senate Democrats introduced the Raise the Wage Act of 2021, legislation that proposes annual minimum wage increases until 2025. While action has been stalled legislatively, President Biden has taken measures to increase wages through executive action.

On April 27, 2021, President Biden signed an Executive Order requiring some federal contractors to pay workers on federal contracts a \$15 per hour minimum wage effective January 22, 2022. Additionally, federal agencies will be required to include the \$15 per hour minimum wage into requests for new contracts or contract extensions. The Order also ensured a \$15 minimum wage for contract workers with disabilities.

The FLSA, in section 14(c) originally authorized employers to pay a commensurate wage for workers who have a disability for the work they perform. Through the years, many changes have been made to this provision, the most recent of which occurred in 2014 when the Workforce Innovation and Opportunity Act (WIOA) was enacted. Its goal was to better enable individuals with disabilities' opportunities for competitive integrated employment. Advocates for commensurate wage, however, maintain that requiring individuals to pursue competitive integrated employment actually is contrary to the intent and puts workers with disabilities at a disadvantage because 90% of those workers would not be able to compete for the highest competitive wages for their skills. Commensurate wage is not an arbitrary wage but based on a calculated sliding scale that takes into

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Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit www.center-forward.org

Key Facts

- A full-time worker earning the federal minimum wage currently earns \$15,080 annually.
- Nearly 1400 organizations across the country are FLSA 14(c) certificate holders, allowing them to pay commensurate wages.
- The Wage Increase Fairness Act proposes to hold franchises to the same minimum wage standards as other businesses in their communities.

account an individual's ability to perform the work. Commensurate wage advocates would like to protect 14(c) programs and the success of individuals who have gained employment through that provision. Advocates would also like support for employers who are utilizing and complying with section 14 (c).

Another provision in addition to overall wages is the idea of "franchise fairness," an issue addressed by the proposed Wage Increase Fairness Act. This proposed legislation would amend the FLSA to ensure that all businesses are treated equally when raising the minimum wage. It would ensure that small business franchises cannot be discriminated against by way of business model when localities determine definitions of "large" versus "small" businesses based on revenue or employee count. Because franchises are locally owned and operated, proponents argue that they should be subject to the same minimum wage requirements as other businesses in their communities, rather than by aggregating corporate-owned and franchisee-owned locations into one business.

As Congress continues to debate legislative avenues for raising the minimum wage, companies from a wide range of industries have announced plans to voluntarily raise the minimum wage they will pay. Walmart, Amazon, Target, CVS Health, and Bank of America are among those who are raising wages.

As Congress continues to debate raising the federal minimum wage, expect additional action from the private sector and increased advocacy from groups looking for an opportunity to offer updates to the FLSA.

Links to Other Resources

- Access - [Eliminating Barriers to Employment: Opening Doors to Opportunity](#)
- Bureau of Labor Statistics - [Characteristics of minimum wage workers, 2019](#)
- [Coalition Support Letter to Members](#)
- Department of Labor - [14\(c\) Certificate Holders](#)
- International Franchise Association - [Wage Increase Fairness Act](#)
- Pew Research Center - [When it comes to raising the minimum wage, most of the action is in cities and states, not Congress](#)
- VOR - [VOR's Position on Sheltered Workshops](#)