

United States Senate

WASHINGTON, DC 20510

February 9, 2021

The Honorable Phillip Swagel, Ph.D.
Director
Congressional Budget Office
441 D St S.W.
Washington, D.C. 20515

Dear Dr. Swagel,

We write to thank you for your agency's recent analysis of S.53, the *Raise the Wage Act*, including your estimate that doubling the federal minimum wage during a pandemic would eliminate 1.4 million jobs, harm businesses, and raise prices for consumers. To expand on this analysis, we ask that the CBO promptly expand upon this analysis to take into account any potential unfunded mandates this legislation would place on the private and public sectors.¹

Given action in the U.S. House of Representatives to include this policy in a budget reconciliation package being marked up today—action to be taken one day after your analysis became public, and one day after the House Committee on Education and Labor made its reconciliation bill text available to the American public—it is of paramount importance that your agency provide Congress with complete information, as soon as possible, to provide a full picture of the impact of this policy.

To expand upon this request, we are concerned that the analysis issued by the Congressional Budget Office contains no references to unfunded mandates—be it federal, intergovernmental, or the private sector mandates. Under the CBO's 2019 score of the *Raise the Wage Act* (H.R. 582), your agency estimated that H.R. 582 would impose significant unfunded mandates, well above the thresholds under federal law. Specifically, CBO found that H.R. 582 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by requiring employers whose workers are covered under the Fair Labor Standards Act to pay a higher minimum wage. Under this 2019 analysis, your agency wrote that the intergovernmental threshold under UMRA is \$82 million and the private-sector threshold is \$164 million, and that under H.R. 582, the additional annual cost to private-sector employers would be \$48 billion. CBO added that, "Those amounts do not account for employers' possible responses to the higher wage requirements, which could include reducing hiring, among other responses."²

Congress takes its responsibilities for deterring unfunded mandates seriously. It is for this reason that Congress enacted into law the Unfunded Mandates Reform Act of 1995 (UMRA) to "control, if not eliminate, the imposition of unfunded intergovernmental and private-sector

¹ Congressional Budget Office, *The Budgetary Effects of the Raise the Wage Act of 2021* (Feb. 8 2021), <https://www.cbo.gov/publication/56975>.

² Congressional Budget Office, "H.R. 582, *Raise the Wage Act* As ordered reported by the House Committee on Education and Labor on March 6, 2019," April 22, 2019, <https://www.cbo.gov/system/files/2019-04/hr582.pdf>.

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federal mandates.”³ Under language unveiled by Democrats on the House Education and Labor Committee to implement *Raise the Wage* through a partisan budget reconciliation process, these wage mandates would be implemented more quickly—four years versus five years in H.R. 582. Since Budget Committee Chairman Bernie Sanders seems committed to speeding through a wage mandate that would be implemented faster than any previous legislative proposal, it is imperative that Congress have updated information on the burden this plan would place on job creators and governments.

Again, we appreciate your attention to this matter. Our staff is also available to speak further on this issue at any time.

Sincerely,



Richard Burr
Ranking Member
U.S. Senate Committee on Health, Education, Labor, and Pensions



Rob Portman
U.S. Senator, Ohio



Mike Braun
U.S. Senator, Indiana

³ Robert Jay Dilger, “Unfunded Mandates Reform Act: History, Impact, and Issues,” Congressional Research Service, (July 17, 2020).