

Here's How Many Jobs Your State Will Lose With a \$15 Minimum Wage

Following legislation in New York and California raising their statewide minimum wages to \$15 an hour, a new study has found that such statewide mandates would lead to hundreds of thousands of job losses.

According to a new study from The Heritage Foundation, proposals at the state and federal levels to raise the minimum wage to \$15 an hour would lead to job losses in nearly all states and the District of Columbia.

Conducted by James Sherk, a research fellow in labor economics, the study found that state minimum wage hikes would lead to the loss of 9 million jobs across the country.

States like Texas, California and Florida would see the highest number of job losses in 2021, with Texas and California losing more than 900,000 jobs, and Florida losing more than 700,000.

In California, 34 percent of wage and salaried workers would be impacted, compared to 38 percent and 40 percent of wage and salaried workers in Texas and Florida, respectively.

Additionally, though states like West Virginia and South Dakota would lose 52,000 jobs (West Virginia) and 22,000 jobs (South Dakota), more than 37 percent of those states' wage and salaried workers would be impacted.

Other states, like New York and North Carolina, could see job losses topping 434,000 and 367,000, respectively.

A federal minimum wage hike to \$15 an hour would lead to fewer job losses nationwide—approximately 7 million.

Sherk said this difference can be attributed to the statewide minimum wage proposals that have already been signed into law. States like California and New York, for example, would see fewer job losses since those states are phasing in state minimum wage hikes through 2022. By 2021, California's minimum wage will be \$14 an hour, according to state law, which means the state would lose 134,000 jobs that year.

Additionally, Sherk said federal minimum wage proposals typically exempt those in the agricultural sector, while state laws do not.

A \$15 an hour federal minimum wage would hit Texas the hardest, with the state projected to lose more than 900,000 jobs in 2021. Florida, meanwhile, would lose 594,000 jobs, according to Sherk's analysis.

"In general, it's bad for places like Texas that are low cost of living states," Vance Ginn, an economist at the Texas Public Policy Foundation, told *The Daily Signal*. "Employers are going to want to let go those who are the least skilled and the least educated, which ends up hurting the people we are trying to help along the way instead of letting the market forces work."

Both Sherk and Ginn agreed that a \$15 an hour minimum wage would impact states with lower costs of living—like Texas, Georgia and South Carolina—more than those that are more expensive to live in.

"In states with lower living costs and lower wages, you're going to see a strong effect," Sherk told *The Daily Signal*.

Sherk said that a worker would have to produce approximately \$ an hour in value or the company loses money in hiring them.

"Forcing businesses to pay starting wages at \$15 an hour makes less-skilled workers and less-experienced workers unemployable. The worker has to be able to produce at least as

much in value through their labor as they're getting paid in wages as well as the employer share of payroll taxes, unemployment insurance taxes, and the Obamacare mandate," he said.

"A \$15 an hour starting wage mandate means those workers are unemployable," Sherk continued. "Businesses would lose money hiring them and they're not going to do that."

Over the last few years, labor unions have been pushing to raise the minimum wage to \$15 an hour. Since then, groups like Fight for \$15, made up largely of fast-food workers, have staged strikes in cities nationwide to protest for wage hikes.

The group argues that while their employers are "multi-billion corporations," they are forced to live in poverty.

Earlier this year, Democratic Govs. Jerry Brown of California and Andrew Cuomo of New York signed bills in their respective states raising the minimum wage to \$15 an hour over the next few years.

California's wage hike will be phased in over a five-year period, bringing the state minimum wage to \$15 an hour by 2022. New York's \$15 an hour minimum wage will go into effect in New York City first by 2019, and will take hold statewide by 2021.

"This is about creating a little tiny bit of balance in a system that every day becomes more unbalanced," Brown said at the bill's signing.

Already, states and cities with a \$15 an hour minimum wage are beginning to see the impact of the higher minimum wage.

American Apparel, for example, said in April it is going to begin outsourcing some of its manufacturing, taking with it 500 Los Angeles jobs, according to the Los Angeles Times.

Additionally, small business owners in San Diego told *The*

Daily Signal earlier this year they would have to either raise prices or close their doors to compensate for the increased labor costs a \$15 an hour minimum wage would bring.

And some fast-food restaurants like McDonald's and Panera Bread have begun installing self-service kiosks.

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