



Addessi Financial Partners

Michael V. Addessi, CFP®, AIF®, EA
 President & CEO
 16524 Pointe Village Drive
 Suite 200
 Lutz, FL 33558
 727-845-7572
 813-948-1343
info@AddessiFinancial.com
www.AddessiFinancial.com



ADDESSI
 FINANCIAL PARTNERS

September 20, 2019



What is the Congressional Budget Office?

The Congressional Budget Office is a nonpartisan agency that produces independent analyses of budgetary and economic issues to support the congressional budget process. Each year, the agency's economists and budget analysts produce dozens of reports and hundreds of cost estimates for proposed legislation.

CBO Report Looks at Effect of Raising the Federal Minimum Wage

The federal minimum wage (FMW), currently \$7.25 per hour, hasn't increased since 2009—the longest stretch with no federal increases since 1938, when the minimum wage was created. Several presidential candidates as well as proposed House Bill H.R. 582, Raise the Wage Act, would raise the FMW. What effect would a wage increase have on wage earners, families, employers, and the economy?

The Congressional Budget Office (CBO) released a new [report](#) that examined the impact of raising the federal minimum wage to \$10, \$12, or \$15 per hour by 2025 and how this would affect employment and family income.

According to the CBO, for the roughly 40 million wage-earners, the \$15 option would be the most impactful, boosting the wages of 17 million workers who would otherwise earn less than \$15 per hour. Another 10 million workers earning slightly more than \$15 per hour might see their wages rise as well. But 1.3 million other workers would become jobless, according to the CBO's median estimate. Also, there is a two-thirds chance that between zero and 3.7 million workers could be affected by a change in employment. However, the number of people with annual income below the poverty threshold in 2025 would fall by 1.3 million.

To summarize the CBO's findings, the \$15 option would:

- Boost workers' earnings through higher wages, though some of those higher earnings would be offset by higher rates of joblessness
- Reduce business income and raise prices as higher labor costs are absorbed by business owners and then passed on to consumers and
- Reduce the nation's output slightly through the reduction in employment and a corresponding decline in the nation's stock of capital (such as buildings, machines, and technologies).

Based on these possible outcomes and the CBO's estimate of the median effect on employment, the \$15 option would reduce total real (inflation-adjusted) family income in 2025 by \$9 billion, or 0.1%. It should be noted that there is considerable uncertainty about the size of any option's effect on employment, because future wage growth under current law is uncertain, and because the responsiveness of employment to an increase in the minimum wage is unclear.

Nevertheless, the CBO report seems to indicate that a wage increase would have both positive and negative ramifications. More families would have incomes above the federal poverty level. However, the cost of the wage increase could cause a reduction in the labor force. In addition, higher-income earners who buy more goods and services, could see those prices increase.

[Refer a friend](#)

To find out more click [here](#)

Michael V. Addressi, CFP®, AIF®, EA, Christine J. McLean, CFP®, EA,
Laura N. Woods, CFP®, Michael O. Addressi, Registered Representatives.

Addressi Financial Partners, 16524 Pointe Village Drive, Suite 200, Lutz, FL 33558
(727) 845-7572 (813) 948-1343 Fax (727) 845-5983

*Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser. Fixed Insurance products and services offered through Addressi Financial Partners or CES Insurance Agency. Tax and accounting services offered by Addressi Financial Partners are separate and unrelated to Commonwealth.

The accompanying pages have been developed by an independent third party. Commonwealth Financial Network is not responsible for their content and does not guarantee their accuracy or completeness, and they should not be relied upon as such.

These materials are general in nature and do not address your specific situation. For your specific investment needs, please discuss your individual circumstances with your representative.

Commonwealth does not provide tax or legal advice, and nothing in the accompanying pages should be construed as specific tax or legal advice.

This communication is strictly intended for individuals residing in the state(s) of FL. No offers may be made or accepted from any resident outside the specific states referenced.

Prepared by Broadridge Advisor Solutions Copyright 2019.

To opt-out of future emails, please click [here](#).