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IMPACT OF INCREASING THE FEDERAL MINIMUM WAGE

SURVEY OF US ECONOMISTS

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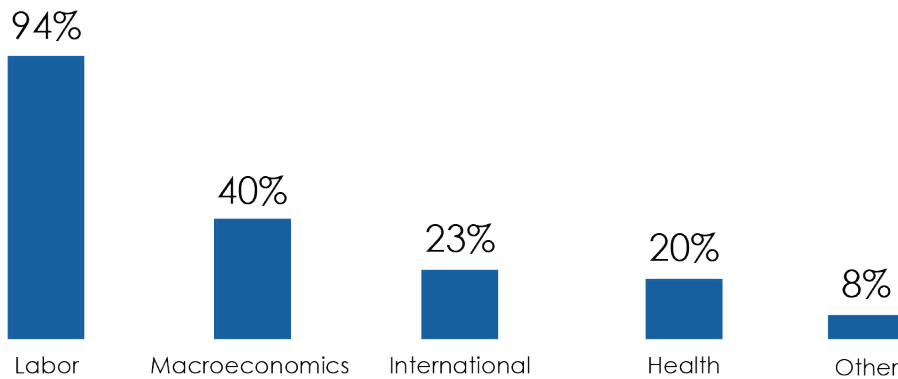


A Survey of US Economists on the Impact of up to \$15, up to \$20 and more than \$20 Minimum Wage

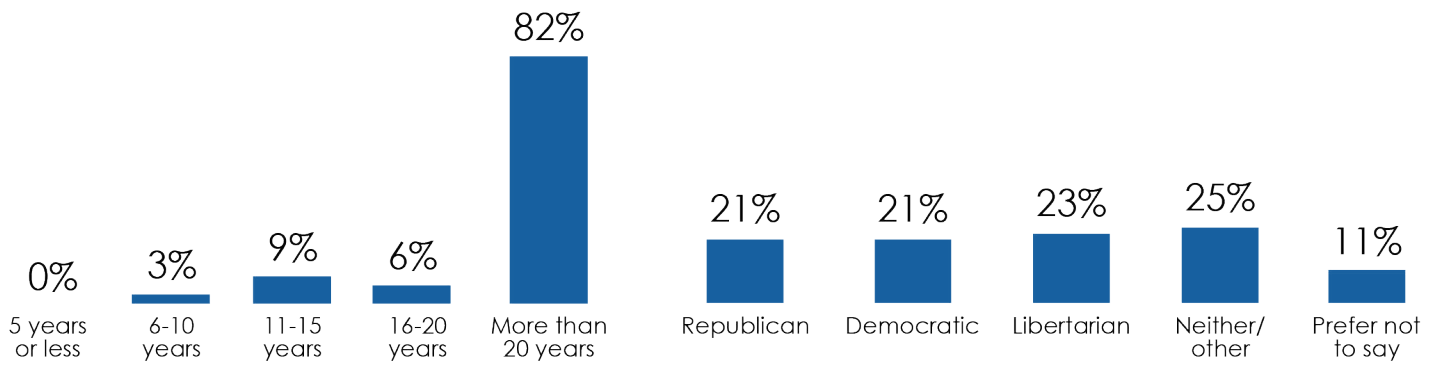
An online survey of 166 US economists was conducted in March and April 2026¹. Table 1 provides a summary of the participants. Most consider labor (94%) their area of specialty, followed by macroeconomics (40%), international (23%), health (20%) or some other area (8%). Four-in-five (82%) have been working as economists for more than 20 years. By political affiliation, respondents are split between Republican (21%), Democratic (21%) and Libertarian (23%), with 25 percent saying they are not affiliated with either major party and 11 percent saying they prefer not to say. Most (74%) work in academics, while 12 percent are retired and six percent work for think tanks.

¹Nicole Bertan and Sabrina Amann-Ross of CorCom, Inc. assisted with this study. CorCom, Inc. is a research and consulting firm headquartered in Pittsburgh, PA. It was founded by Dr. Lloyd Corder, who holds faculty appointments at Carnegie Mellon University and the University of Pittsburgh.

Table 1
Respondent Profile

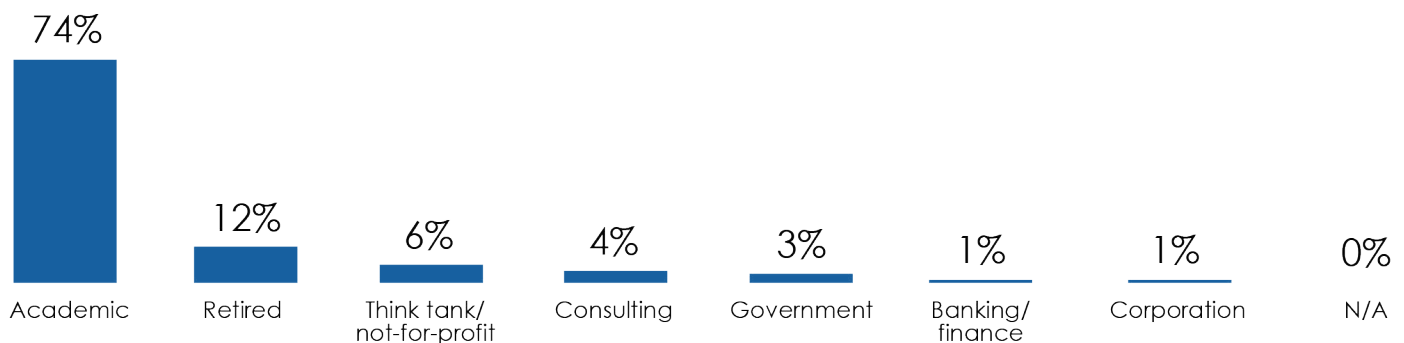


What do you consider to be your area(s) of specialty in economics?



How many years have you worked as an economist?

Do you lean toward a political party?



Which of the following best describes the organization(s) you are associated with? Please indicate your primary role (full-time).

Youth Jobs (Age 19 or Younger)

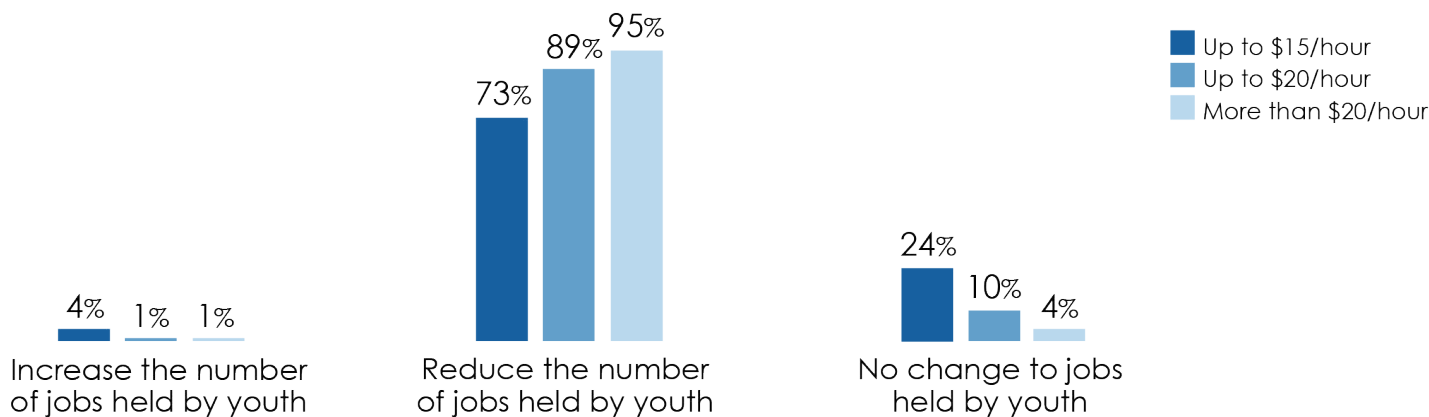
A majority of economists agree that any raise to the minimum wage is likely to reduce the number of jobs held by youth, regardless of the increase. Table 5 presents these results and shows that at up to \$15/hour only four percent of the economists think jobs will increase, while 73 percent say they will decrease and 24 percent say there will be no change.

At up to \$20/hour, only one percent think it will increase the number of jobs, but 89 percent say the number of jobs will decrease, while 10 percent think there will be no change.

At more than \$20/hour, only one percent say that it will increase jobs, 95 percent think there will be fewer youth jobs while four percent do not think there will be any change from current employment levels.

Table 5
Impact on the Number of Jobs Held by Youth

Overall, how do you believe the number of jobs held by youth (age 19 or younger) will be affected by a federal minimum wage of:



Skill Requirements for Entry-Level Hiring

As employers are expected to pay more for entry level workers, will they also expect more skilled employees? Table 6 shows these results, and finds that at up to a \$15/hour federal minimum wage, 60 percent of surveyed economists say employers will require greater skills, 40 percent think they will require the same level of skill that they currently do. None think employers will require fewer skills.

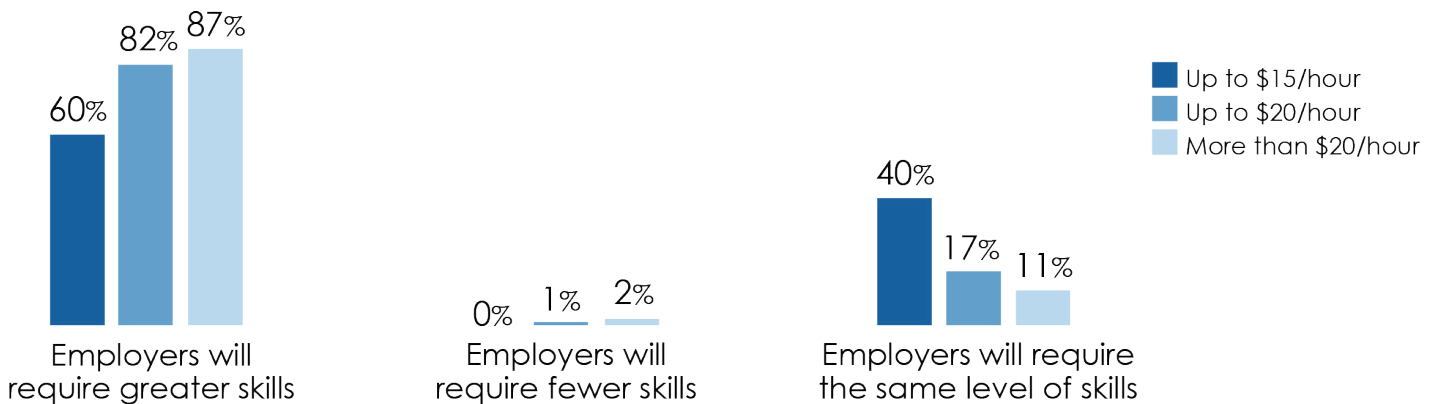
At higher federal minimum wage rates, most economists think employers will expect employees to bring more skills to the table. At up to \$20/hour, 82 percent think employers will require greater skills, while 17 percent think they will require the same level and one percent think they will require fewer skills.

At more than \$20/hour, 87 percent agree greater skills will be required, while 11 percent think they will require the same level and two percent say they will require fewer skills.

Table 6

Impact on Skill Requirements for Entry Level Hiring

Overall, how do you believe the skills requirement for entry-level hiring will be affected by a federal minimum wage of:



Number of Hospitality Jobs

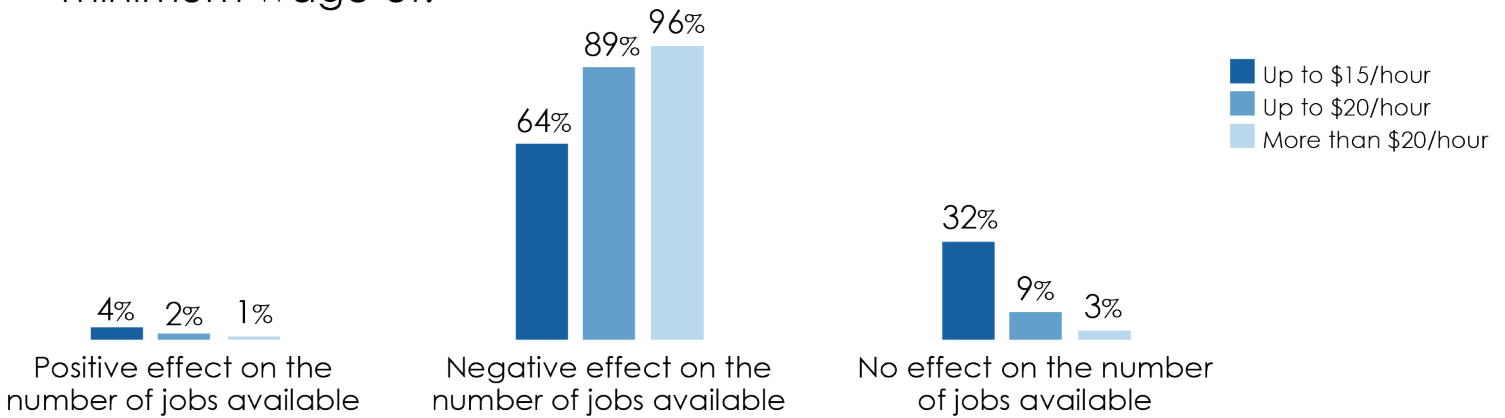
Because the hospitality industry employs the majority of minimum wage-earners, economists were asked about the impacts of raising the minimum-wage in this industry. Their responses are presented in Table 7. Sixty-four percent say a federal minimum wage up to \$15/hour will have a negative impact on the number of available jobs, while 32 percent say there will be no effect. Four percent say they will have a positive effect on the number of jobs.

More economists think the number of jobs available will be impacted at higher rates. At up to \$20/hour, 89 percent say that it will have a negative impact on jobs, while 9 percent say they will have no impact and two percent say there will be a positive effect.

At more than \$20/hour, 96 percent say the impact will be negative, while three percent say they will have no impact. One percent think the effect will be positive.

Table 7
Impact on the Number of Hospitality Jobs

According to the U.S. Department of Labor, the hospitality industry also employs the majority of minimum wage-earners. How do you believe the number of hospitality industry jobs available will be affected by a federal minimum wage of:



Automation

Replacing traditional employee tasks with automation, such as customer kiosks or automated food preparation, is a strategy some businesses have tried to lower costs. Table 8 presents the findings economists believe will be the impact of automation at differing minimum wages. A majority of economists agree that any potential increases will result in an increase in automation for employee tasks. At up to \$15/hour, 71 percent say that automation will increase, while 29 percent say that there will be no change and one percent say there will be a decrease for employee tasks.

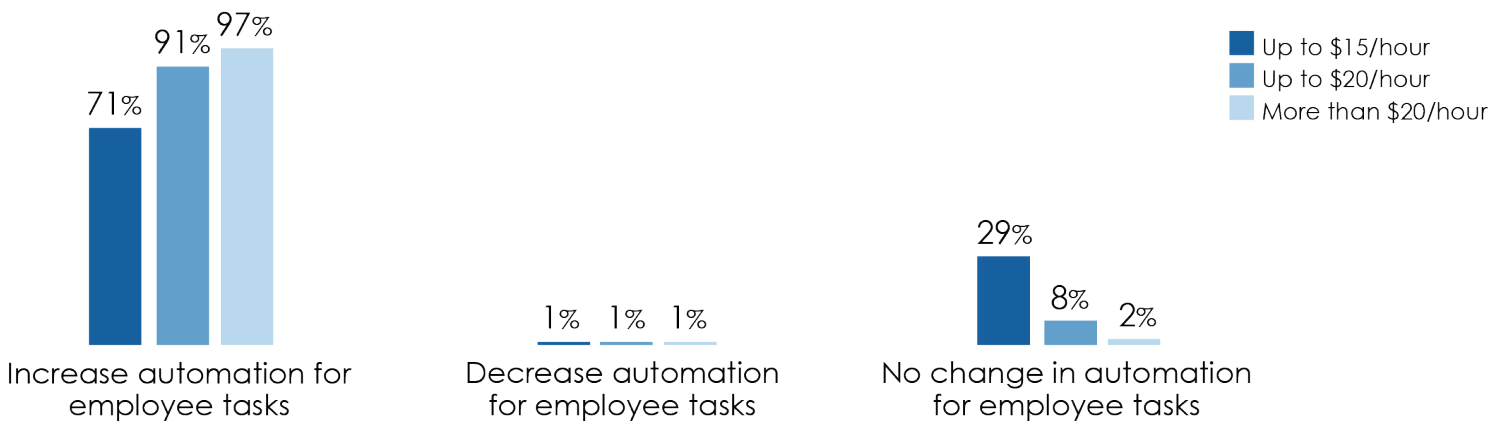
At up to \$20/hour, 91 percent of economists agree more businesses will use automation, while eight percent say there will be no change and one percent say there will be a decrease.

At more than \$20/hour, 97 percent agree that automation will increase, while two percent think it will stay the same and one percent think it will decrease.

Table 8

Impact on Automation for Certain Tasks Previously Completed by Employees

Some employers have piloted use of automation for certain tasks previously completed by employees, such as kiosks for customer check out or automated food preparation. Overall, how do you believe employers would utilize automation for a federal minimum wage of:





Cost of Living on Average Americans

Inflation has been a significant concern and has been rising nationally over the last several years. Table 9 shows economists' opinions of the impact of raising the federal minimum wage on the cost of living for average Americans. At up to \$15/hour, 59 percent of economists think this wage will increase the cost of living (significantly, 9%; somewhat, 50%), while two percent think it will decrease (somewhat, 1%; significantly, 1%) and 40 percent think it will have no change.

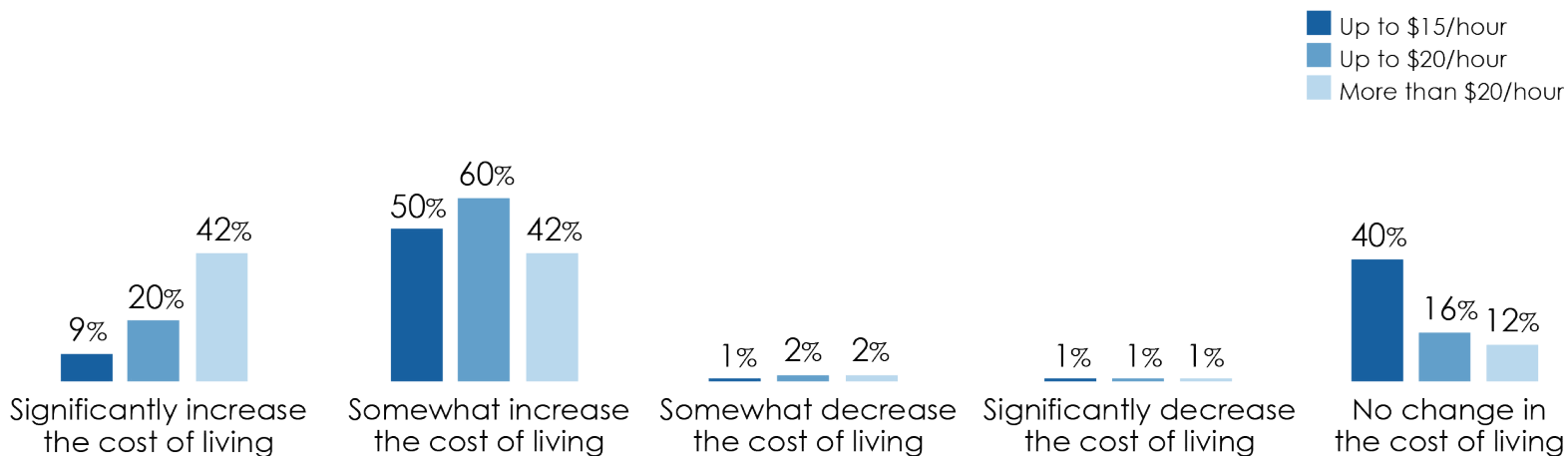
At up to \$20/hour, 80 percent think it will contribute to the cost of living (significantly, 20%; somewhat, 60%), while three percent think it will decrease (somewhat, 2%; significantly, 1%) or have no impact (16%).

At more than \$20/hour, 84 percent think the impact will cause an increase (significantly, 42%; somewhat, 42%), while three percent think it will decrease (somewhat, 2%; significantly, 1%) or have no change (12%).

Many economists who identify as Democratic agree that increasing the federal minimum wage will increase the cost of living (Up to \$15/hour, 18%; Up to \$20/hour, 70%; More than \$20/hour, 76%). Economists who identify as Republican are more likely to say a federal minimum wage increase will result in increases in cost of living (Up to \$15/hour, 79%; Up to \$20/hour, 90%; More than \$20/hour, 89%).

Table 9
Impact on Cost of Living on Average Americans

Based on recent events, inflation has been on the rise nationwide over the last several years. At the same time, various states and local areas are raising their minimum wages. How do you think the cost of living for average Americans would be affected by a federal minimum wage of:



Best Method for Setting Minimum Wage Policy

Table 12 presents the results for economists' opinions on the best way to set minimum wage policy. Twelve percent think minimum wage should be set at the federal level, while twice as many (28%) say at the state level and 19 percent say at the local level. Forty-one percent say none of these.

Table 12
Best Policy for Setting Minimum Wage

In your opinion, which is the best way to set minimum wage policy?



Efficiency of Policies in Addressing Low Income Needs

Raising the minimum wage is one way to address the income needs of poor families, but as Table 13 shows, economists are split on its effectiveness. Six percent say that raising the minimum wage would be very effective, while 20 percent say somewhat effective and 74 percent say not at all effective.

Conversely, expanding the earned income tax credits (and similar wage supplements) is seen as more effective, with 84 percent saying they are effective (very, 40%; somewhat, 44%). Only 13 percent say they are not at all effective and three percent are unsure.

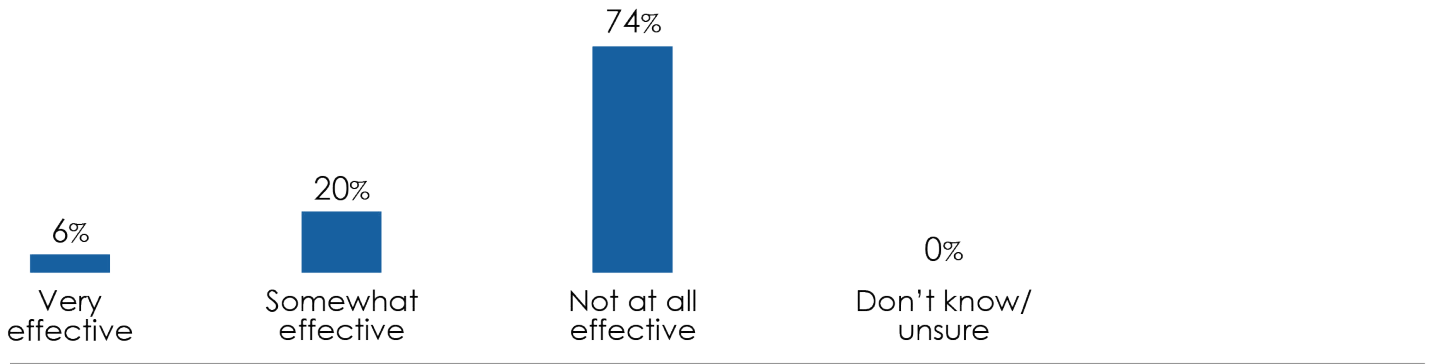
Many (62%) agree that boosting general welfare support (e.g., TANF, food stamps) is effective (very, 21%; somewhat, 41%), while 31 percent say that it is not at all effective and seven percent are unsure.

Table 13

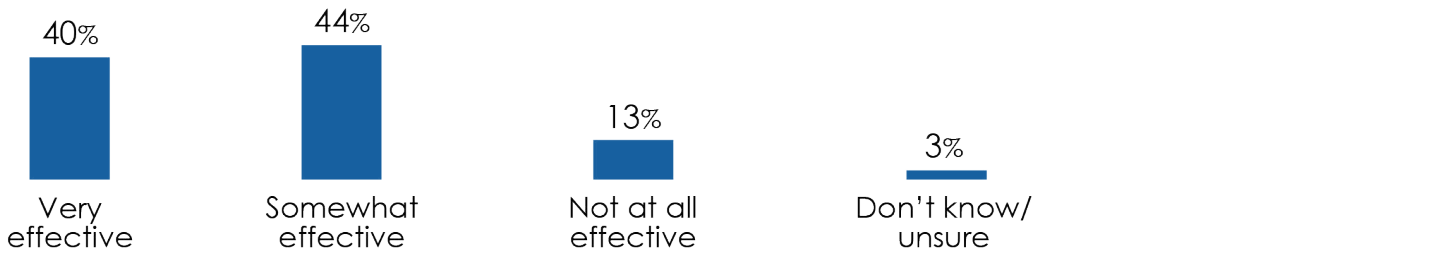
Efficiency of Policies in Addressing Low Income Needs

In your opinion, how effective would each of the following proposed policies be in addressing the income needs of poor families?

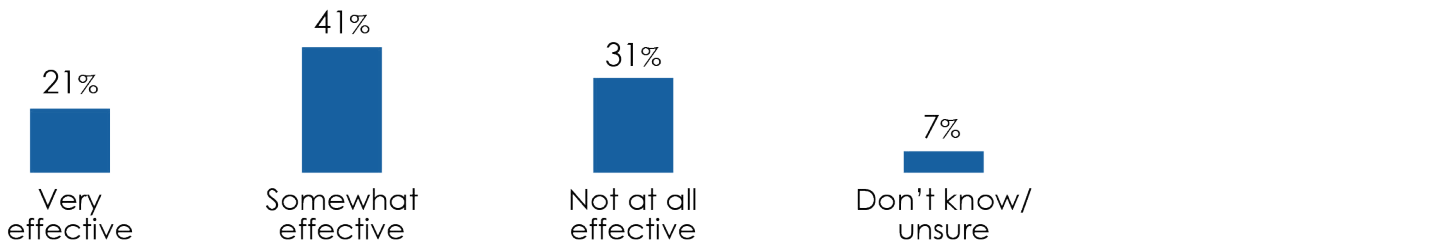
Raising the federal minimum wage




Expanding earned income tax credits (and similar wage supplements)



Boosting general welfare supports (e.g., TANF, food stamps)





9. In your opinion, how will small businesses (less than 50 employees) be impacted by a federal minimum wage of:

- Up to \$15/hour
- Up to \$20/hour
- More than \$20/hour
 - It will be easier to stay in business
 - It will be harder to stay in business
 - There will be no impact on staying in business

10. Currently, federal law allows restaurants to meet tipped employees' minimum wage requirements through a combination of a base wage and their tips. Legislation in Congress would eliminate this law (allowed in 43 states), effectively raising the federal minimum wage for tipped workers by over 600 percent. Overall, do you believe raising the base wage required for tipped employees would:

- Increase the number of tipped jobs in full-service restaurants
- Decrease the number of tipped jobs in full-service restaurants
- Keep the number of tip-eligible jobs in full-service restaurants the same
- Don't know/unsure

11. In your opinion, which is the best way to set minimum wage policy?

- At the federal level
- At the state level
- At the local level
- None of these

12. In your opinion, how effective would each of the following proposed policies be in addressing the income needs of poor families?

- Raising the federal minimum wage
- Expanding earned income tax credits (and similar wage supplements)
- Boosting general welfare supports (e.g., TANF, food stamps)
 - Very effective
 - Somewhat effective
 - Not at all effective
 - Don't know/unsure



13. In your opinion, which is the best way to set minimum wage policy?

- Health
- Labor
- Macroeconomics
- International
- Other: _____

14. Which of the following best describes the organization(s) you are associated with? Please indicate your primary role (full-time). Please select “N/A” if you are not associated with an organization.

- Academic
- Think tank/not-for-profit
- Corporation
- Government
- Banking/finance
- Consulting
- Retired
- N/A

15. How many years have you worked as an economist?

- 5 years or less
- 6 - 10 years
- 11 - 15 years
- 16 - 20 years
- More than 20 years

16. Do you lean toward a political party?

- Yes, Republican
- Yes, Democratic
- Yes, Libertarian
- Neither/other
- Prefer not to say



