Small Business
and
The Minimum Wage

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About Small Business Majority

- **Small business education and advocacy organization** – founded and run by small business owners. Been in business ten years.

- **National** – 11 offices in Washington, D.C., California, Colorado, Illinois, Maryland, Michigan, Missouri, New York, Ohio and Virginia

- **Focus on issues of top importance to small businesses** (<100 employees) and the self-employed, including access to capital, workforce, healthcare, retirement, taxes, technology and energy savings.

- Work supported by extensive research
Small Business and the Economy

• More than 96% of businesses are small businesses and they employ roughly half of the labor force.

• Small businesses create roughly 2/3rds of all new jobs.

• Success of a local economy is critical for the success of a small business.

• A small business owners perspective on employee wages and benefits can often be different than a large business perspective.
SBM polling: Small businesses support raising the minimum wage

60% of small businesses nationwide support gradually raising the federal minimum wage to $12 per hour by 2020 and adjusting it annually to keep pace with the cost of living. Nearly half of small businesses (46%) strongly support increasing the minimum wage to $12 per hour.
Economic case for raising the wage

- A mere **11% of small businesses** nationwide currently pay the current federal minimum wage of $7.25/hour.

- Raising the minimum wage to $12 by 2020 would directly or indirectly lift wages for 35.1 million workers—more than one in four U.S. workers.

- This increase would provide low-wage workers with $80 billion in increased wages, putting more money in their pockets to spend at local small businesses.

- Average affected worker would earn roughly $2,300 more per year more each year, money that would be funneled back into the economy.
Economic case for raising the wage

- Puts more money in the pocket of low-wage workers who will then spend the money on necessities at local businesses.

- This boost in consumer demand will help stimulate the economy and help create opportunities.

- What’s more, the money gets funneled back to small businesses that would need to hire more workers to keep up with increased consumer demand.
Half of small businesses pay more or equal to $12 per hour

Half of poll respondents (50%) pay their lowest paid employee more than or equal to $12 per hour.
Small business owners favor raising the minimum wage

Of those paying $12 per hour and under, the group that would be directly impacted by a minimum wage increase, nearly 6 in 10 (58%) support raising the minimum wage to $12 per hour.

- **42%** Strongly favor
- **26%** Somewhat favor
- **16%** Somewhat oppose
- **14%** Strongly oppose
- **2%** Not sure
60% of small businesses support raising the minimum wage.

Almost 9 out of 10 small business owners already pay more than the minimum wage.

56% retail and restaurant industry combined support raising the minimum wage.

Of those paying less than the proposed increase, roughly 6 out of 10 still support raising the minimum wage even though it impacts them directly.

A higher statewide minimum wage would level the playing field for all businesses and drive consumer demand.
Questions?

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