

BUSINESS for a FAIR MINIMUM WAGE

February 14, 2017

The Honorable Rep. Virginia Foxx, Chair, Committee on Education and the Workforce
The Honorable Rep. Bradley Byrne, Chair, Subcommittee on Workforce Protections
2176 Rayburn House Office Building
Washington, DC 20515

Cc: The Honorable Rep. Robert C. “Bobby” Scott, Ranking Member, Committee on Education and the Workforce
The Honorable Rep. Mark Takano, Ranking Member, Subcommittee on Workforce Protections

Regarding Hearing on “Federal Wage and Hour Policies in the Twenty-First Century Economy,”
February 16, 2017

Dear Representatives Foxx and Byrne,

I am the CEO of Business for a Fair Minimum Wage, a national network of business owners and executives who believe that a fair minimum wage makes good business sense. We have thousands of members across the country including small- and medium-sized businesses, large corporations, and business organizations.

We support raising the federal minimum wage because it is good for business, customers and our economy. The minimum wage has been set since 2009 at \$7.25 an hour, which amounts to just \$15,080 a year for full-time workers. That is far below the inflation-adjusted value of the minimum wage at its peak in 1968 – \$11.03 in 2016 dollars, according to the Bureau of Labor Statistics Inflation Calculator.

As Scott Fleming, president of Replacements, Ltd, based in North Carolina, told us, “Our employees drive our success, so it is important that we pay a livable wage. No person should struggle to make ends meet after putting in 40 or more hours a week.”

Workers are also customers. We can’t build a strong economy on a weak wage floor. When the minimum wage is set too low it not only hurts workers and their families, it undermines the consumer demand at the heart of our economy.

Raising the minimum wage boosts the economy as low-wage workers are the most likely to spend any additional pay. Their increased buying power translates into more purchases at businesses large and small, and helps boost aggregate consumer demand.

Angela O’Byrne, Louisiana’s 2016 Small Business Person of the Year and president of Perez, APC, said, “Our country’s minimum wage, which applies to Louisiana, has been stagnant for too long. Paying fair wages boosts consumer spending, which drives job creation and forges stronger

businesses and communities. Gradually increasing the federal minimum wage will create an economic ripple effect benefitting businesses large and small.”

Bill Phelps, CEO of Wetzel’s Pretzels, which has more than 100 locations across California and more than 300 nationwide, said, “We’ve experienced strong sales growth after minimum wage increases.” Same-store sales doubled in the months following California’s minimum wage increases in 2014 and 2016, and Phelps is “looking forward to continued growth for our business and the economy with future state and federal raises.”

Mike Callicrate, owner of Ranch Foods Direct in Colorado Springs, puts it this way: “A fair minimum wage that not only allows people working full-time to take care of themselves and their families, but goes right back into local business coffers when those same workers spend their paychecks, makes good business sense.”

Raising the minimum wage makes good business and economic sense in other ways. Businesses that are more invested in their employees have employees that are more invested in the business.

Low pay typically means high employee turnover. With reduced turnover, businesses see significant savings on recruiting and training costs. They see less product waste and greater customer satisfaction. Employees often make the difference between repeat customers and lost customers.

Radha Patel, owner of Holiday Inn Express & Suites in Pacifica, CA, says, “I rely on my employees to deliver the quality customer service our business depends on. Paying a fair wage helps me retain employees and avoid the increased hiring and training costs and customer dissatisfaction that comes with high turnover.”

Michael Lastoria is founder and CEO of &pizza, a fast-growing chain with locations in Washington DC, Virginia, Maryland and Pennsylvania, and opening soon in New York. He says, “It’s a simple, but critical, concept: take care of your people and they will take care of your customers.”

When workers are paid enough to live on they don’t have the continual stress of worrying how they will make rent or afford other basics. They are happier and more productive.

Judy Amabile, co-owner of Polar Bottle, a Colorado-based manufacturer, saw how raising their own entry pay from \$8 to \$12 “has been great for our bottom line. Our employees are more productive. They can afford repairing their cars and securing reliable child care. Absenteeism and turnover decreased dramatically. Our per-unit labor costs actually went down. As our experience in a highly competitive industry shows: Raising the minimum wage is good for business.”

Raising the minimum wage also reduces the strain on our public safety net that arises from inadequate wages. Low-wage workers often need public assistance to get by despite working fulltime.

Edwin Zoe, owner of Zoe Ma Ma restaurants in Denver and Boulder, said, “I’ve been a fiscally conservative Republican since I was a young man. Raising the minimum wage is good business and good government. It will reward work and strengthen the free market by expecting businesses to compete fairly and not count on taxpayers to subsidize them through public assistance for employees who are paid too little to live on.”

Margo Walsh, Maine’s 2016 Small Business Person of the Year and owner of MaineWorks LLC in Portland says, “When employees are compensated fairly for their work, they’re more productive and our businesses, our customer base, our tax base and our communities are healthier.”

Business support for raising the minimum wage is widespread. For example, Manta surveyed 2,409 small business owners in April 2016. The poll showed that 59 percent of small business owners are in favor of a higher minimum wage. A 2016 survey of 1,000 business executives across the country conducted by LuntzGlobal for the Council of State Chambers found that 80 percent of respondents said they supported raising their state's minimum wage.

As the federal minimum wage has stagnated, more states have acted and 29 states now have minimum wages that are above the federal \$7.25 level. State action is important, but not sufficient. If the federal minimum wage is not increased, July 24 will mark eight years without a raise. We need federal action to strengthen the floor under our economy nationwide and assure an adequate minimum wage wherever people live and do business.

Gradually phasing in a robust minimum wage increase will enable lower-wage companies to adjust to raises over time, and experience benefits such as lower turnover and increased consumer spending as they do.

I have attached some recent op-eds from Business for a Fair Minimum Wage members that provide further perspective on why raising the minimum wage is smart policy.

Sincerely,



Holly Sklar
CEO
Business for a Fair Minimum Wage
holly@businessforafairminimumwage.org

Enclosures: Op-Eds by Bill Phelps, CEO of Wetzel’s Pretzels; Angela O’Byrne, president of Perez, APC; Edwin Zoe, owner of Zoe Ma Ma restaurants; Kevin J. Daly, owner of Mountain Sun Pubs and Breweries; Jerome Dodson, president of Parnassus Investments.