

# California Small Businesses and The Minimum Wage

Mark Herbert  
California Director  
Small Business Majority  
April 28, 2016

# 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

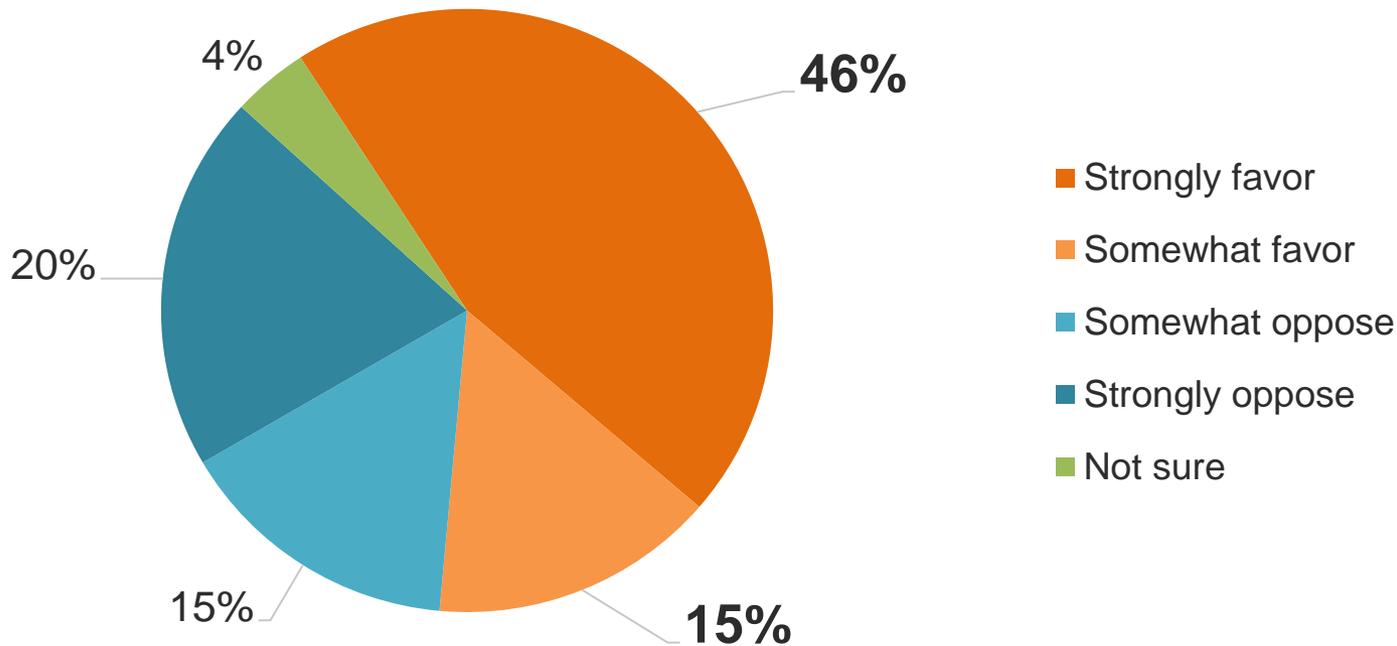


- **More than 96% of businesses** are small businesses and they employ roughly half of the labor force.
- Small businesses create roughly **2/3rds** of all new jobs
- Success of a **local economy** is critical for the success of a small business.
- A small business owners perspective on employee wages 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

- 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.



# Economic case for raising the wage

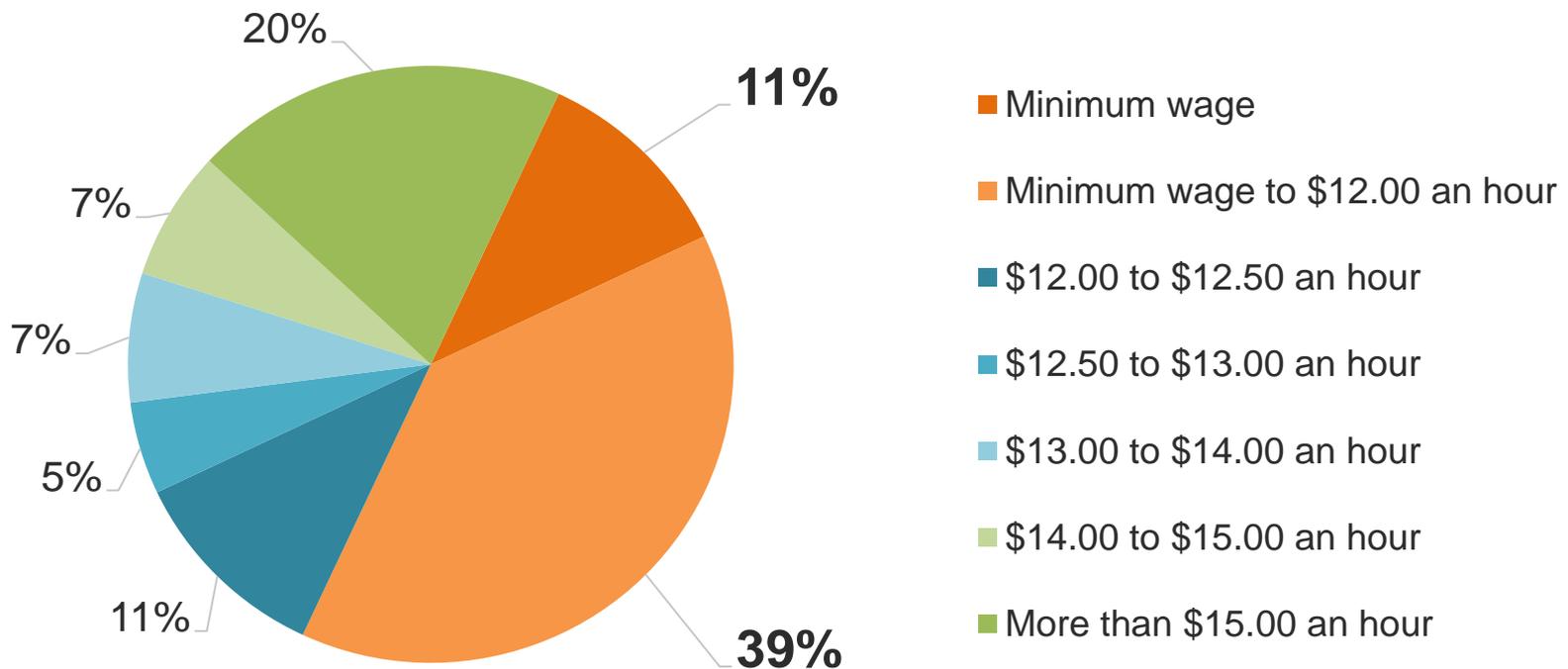


- A mere **11% of small businesses** nationwide currently pay the current federal minimum wage of \$7.25/hour
- Raising the minimum wage to \$12 by 2020 would directly or indirectly lift wages for 35.1 million workers—**more than one in four U.S. workers.**
- This increase would provide low-wage workers 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

# Half of small businesses pay more or equal to \$12 per hour



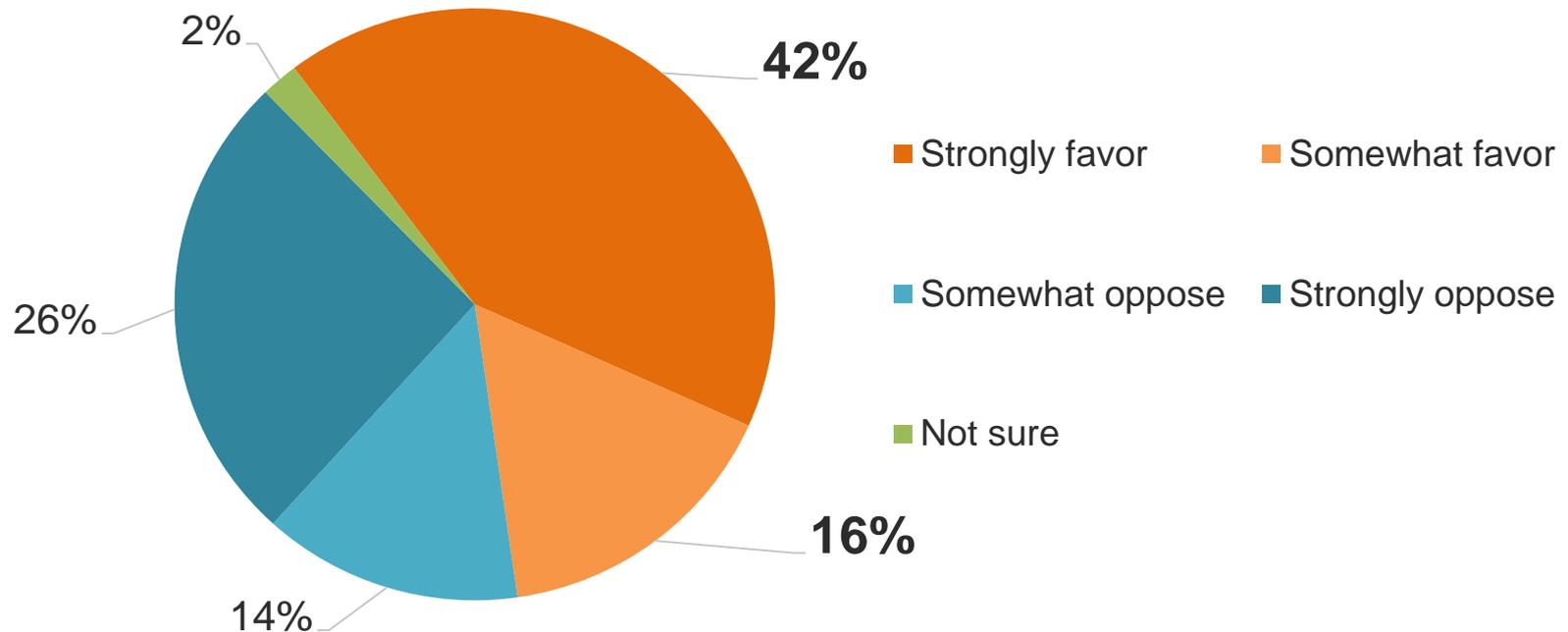
Half of poll respondents (50%) pay their lowest paid employee more than or equal to \$12 per hour.



# 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.



# Small Business and the Minimum Wage



- 60% of small businesses support raising the minimum wage to \$12
- Almost 9 out of 10 small business owners already pay more than the Federal 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?



Mark Herbert

California Director

Mherbert@smallbusinessmajority.org

916-668-9630

**Connect with us!**



**@SmlBizMajority**



**Small Business Majority**