

BUSINESS for a **FAIR MINIMUM WAGE**

Pennsylvania Senate Labor and Industry Committee Hearing on Raising the Minimum Wage

Written Testimony of Alissa Barron-Menza, Vice President, Business for a Fair Minimum Wage

Position: SUPPORT

**Harrisburg, PA
May 5, 2015**

Thank you, Chairman Baker, Senator Tartaglione, and members of the Senate Labor & Industry Committee for the opportunity to testify in favor of raising the minimum wage.

My name is Alissa Barron-Menza and I am the Vice President 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 including small business owners across the country; many large companies like Costco, Ben & Jerry's, Eileen Fisher, Stonyfield, and Pennsylvania-based Dansko footwear; and business organizations such as the South Carolina Small Business Chamber of Commerce, Greater New York Chamber of Commerce, the Main Street Alliance and the American Sustainable Business Council (ASBC), which with its member organizations represents more than 200,000 businesses. In Pennsylvania, our members across the state come from industries including retail, restaurant and food service, manufacturing, insurance, energy, construction and building trades, auto repair, and more.

As business owners and executives, we support raising Pennsylvania's minimum wage. It's good for business, customers and our economy. The minimum wage has been stuck since 2009 at \$7.25 an hour – just \$15,080 a year for health aides, childcare workers, cashiers and other minimum wage workers.

We can't build a strong economy on a falling wage floor. Pennsylvania lags behind 29 states, including all of our neighboring states, which have minimum wages above \$7.25. With less buying power than it had in the 1960s, today's minimum wage impoverishes working families and weakens the consumer demand businesses depend on to survive and grow.

Raising the minimum wage makes good business sense. We shouldn't forget that workers are also customers. Minimum wage increases boost sales at businesses as workers buy needed goods and services they could not afford before. Put simply, our businesses need customers with money to spend. And nothing drives job creation more than consumer demand.

Businesses also see cost savings from lower employee turnover and benefit from increased productivity and customer satisfaction. The most rigorous studies of the impact of actual minimum wage increases show they do not cause job loss or increased business closures.¹

Raising the minimum wage will keep more dollars circulating in our local economy and reduce the strain on our social safety net caused by inadequate wages.

Costco CEO Craig Jelinek spotlights other benefits in explaining their support for raising the minimum wage: "At Costco, we know that paying employees good wages makes good sense for business. We pay a starting hourly wage of \$11.50 in all states where we do business. Instead of minimizing wages, we know it's a lot more profitable in the long term to minimize employee turnover and maximize employee productivity, commitment and loyalty."

Despite what you may hear from the opposition, we are not in the minority with this perspective. Polls consistently show a majority of small business owners nationally support increasing the minimum wage above \$7.25 an hour.

A recent scientific national opinion poll¹¹ shows that 61 percent of small business owners with employees support increasing the federal minimum wage to \$10.10 and adjusting it yearly to keep pace with the cost of living. A majority of small business owners believe that a higher minimum wage would benefit business by increasing consumer purchasing power, decreasing employee turnover and increasing productivity and customer satisfaction. A majority of small business employers also say raising the minimum wage would help the economy.



As Amy Edelman, Co-Owner of Night Kitchen Bakery in Philadelphia, put it, "It's absurd that the minimum wage is still just \$7.25, while people have rising expenses from rent and transportation to tuition and student loan repayments. When employers pay decent wages, businesses do better, customers are happier and our neighborhoods are stronger. Raising the minimum wage is an essential ingredient in Pennsylvania's progress."

Josh Knauer, CEO of Rhiza, one of Pittsburgh's fastest growing companies, agrees. He notes, "When you invest in your employees, they invest in your business. When costs go up, but wages stagnate, it hurts workers and customers, undermines consumer demand, stresses our public safety net and erodes our tax base. Raising the minimum wage is a critical investment in our state's economy."

We urge the Committee members to vote yes on a phased increase of Pennsylvania's minimum wage to at least \$10.10 an hour and to indexing wages thereafter so the minimum wage keeps up with the cost of living rather than falling behind. You will have the support of most business owners in the state.

Thank you,

Alissa Barron-Menza
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¹ See "Research Shows Minimum Wage Increases Do Not Cause Job Loss", Business for a Fair Minimum Wage, March 2015, available at <http://bit.ly/BFMWresearch>. For a full review of the economic literature on the employment impact of minimum wage increases, also see John Schmitt, "Why Does the Minimum Wage Have No Discernable Effect on Employment?", Center for Economic and Policy Research, February 2013, available at <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>.

² Poll of small business employers was conducted by Lake Research Partners, June 4-10, 2014, and commissioned by Business for a Fair Minimum Wage and the American Sustainable Business Council. The scientific nationwide live telephone survey included owners of for-profit small businesses with 2 to 99 employees. See "Small Business Owners Favor Raising Federal Minimum Wage: Results from a Scientific National Phone Poll of Small Business Owners with Employees," by Business for a Fair Minimum Wage and American Sustainable Business Council, July 2014, available at <http://bit.ly/MinWageBizPoll>.

Small Business Owners Favor Raising Federal Minimum Wage

RESULTS FROM A SCIENTIFIC NATIONAL PHONE POLL OF SMALL BUSINESS OWNERS WITH EMPLOYEES

July 2014

Top Finding:

61% of small business owners with employees support gradually increasing the federal minimum wage from \$7.25 to \$10.10, and then adjusting it annually to keep pace with the cost of living.

Poll report produced by:



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Summary

The federal minimum wage was last increased five years ago to \$7.25 an hour in July 2009. This new nationwide telephone poll of small business owners with employees finds strong support for increasing the federal minimum wage to \$10.10. A striking 61% of small business employers supports increasing the federal minimum wage in three stages over two and a half years, and then adjusting it annually to keep pace with the cost of living. This finding is higher than reported in previous small business polling, indicating growing support for a \$10.10 federal minimum wage.

Small business owners believe that a higher minimum wage would bring several benefits. Solid majorities say that raising the minimum wage will increase consumer purchasing power and help the economy. In addition, they expect a higher minimum wage to benefit businesses by reducing employee turnover, increasing productivity and boosting customer satisfaction.

A plurality of poll respondents were Republican, reflecting the Republican tilt of small business owners nationally. Among those surveyed, 43% identified themselves as Republican or independent-leaning Republican, 28% as Democrat or independent-leaning Democratic, and 19% as independent.

The nationwide live telephone survey of the owners of for-profit small businesses with 2 to 99 employees was conducted by Lake Research Partners, June 4-10, 2014.

Key Findings

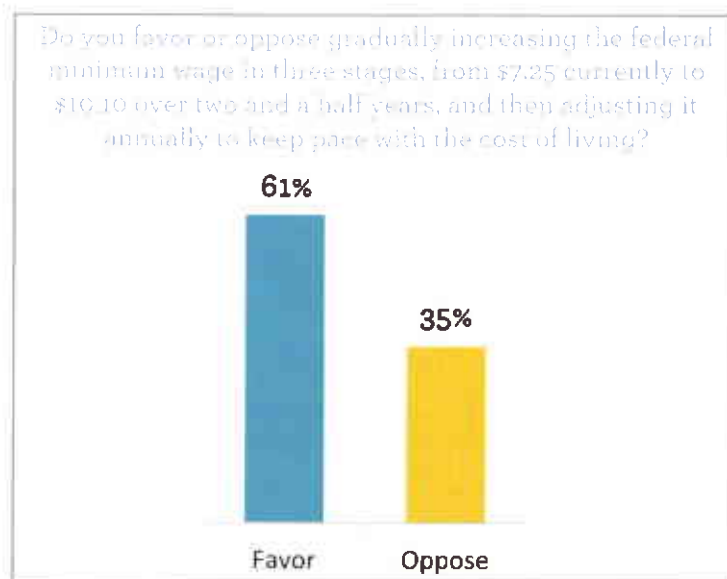
- 61% of small business owners with employees support gradually increasing the federal minimum wage in three stages, from \$7.25 currently to \$10.10 over two and a half years, and then adjusting it annually to keep pace with the cost of living.
- 58% of small business employers say that raising the minimum wage would increase consumer purchasing power in the economy.
- 56% of small business employers say raising the minimum wage would help the economy.
- 53% of small business owners agree that with a higher minimum wage, businesses would benefit from lower employee turnover and increased productivity and customer satisfaction.
- Small business support for raising the federal minimum wage is strong across the United States. Respondents favor raising the minimum wage to \$10.10 by a 67% majority in the Northeast, 61% in the Midwest, 60% in the West and 58% in the South.

Detailed Findings

Small Business Owners Strongly Support Raising the Minimum Wage to \$10.10 and Adjusting it for the Cost of Living in Future Years

The federal minimum wage was last increased five years ago, in July 2009, to \$7.25 an hour. This scientific national poll of small business owners with 2 to 99 employees shows strong support for raising the minimum wage.

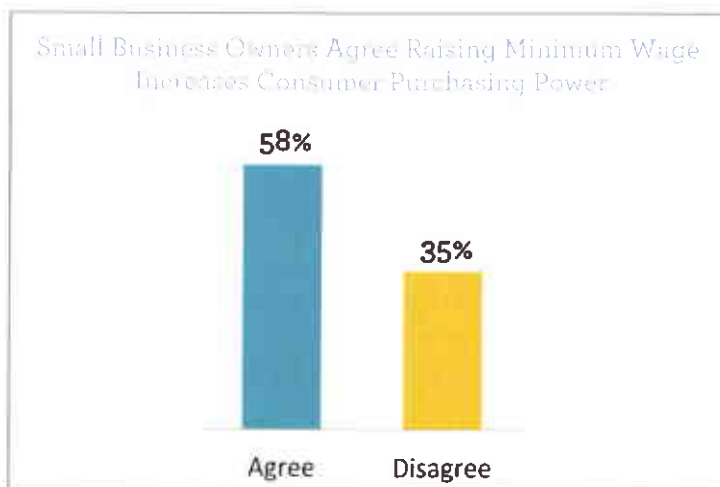
61% of small business employers support increasing the federal minimum wage in three stages, from \$7.25 currently to \$10.10 over two and a half years, and then adjusting it annually to keep pace with the cost of living. Only 35% oppose this.



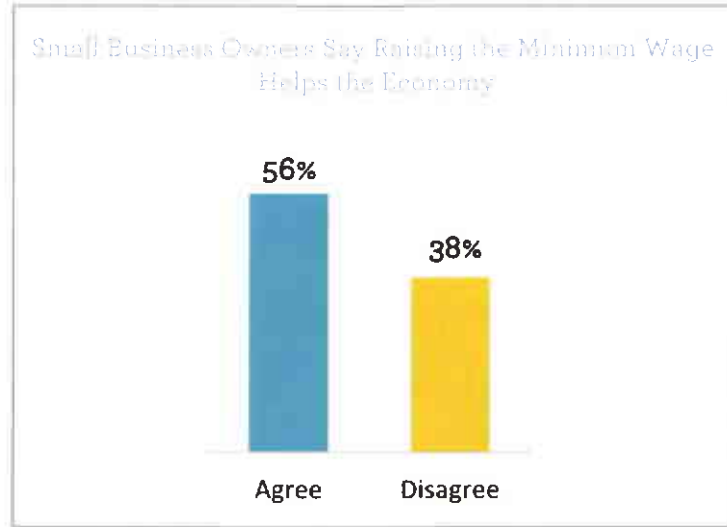
Small Business Employers Say Raising the Minimum Wage Will Increase Consumer Purchasing Power and Help the Economy

Weak wage growth has constrained consumer spending, which accounts for more than two-thirds of U.S. economic activity. Workers with the lowest incomes are most likely to spend additional earnings, boosting sales at businesses.

58% of small business employers agree with the statement, "Raising the minimum wage would increase consumer purchasing power in the economy."



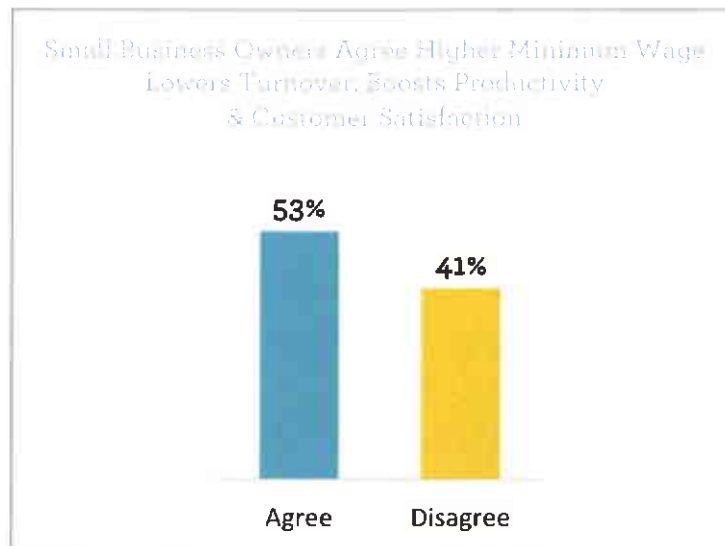
56% of small business employers believe that “raising the minimum wage would help the economy.”



Businesses Expect Lower Turnover and Increased Productivity, Customer Satisfaction with Higher Minimum Wage

Small business employers see important business benefits from raising the minimum wage in addition to increased consumer spending. They expect a higher minimum wage to decrease employee turnover, increase worker productivity and boost customer satisfaction.

53% of small business employers agree with the statement, “With a higher minimum wage, businesses would benefit from lower employee turnover and increased productivity and customer satisfaction.”



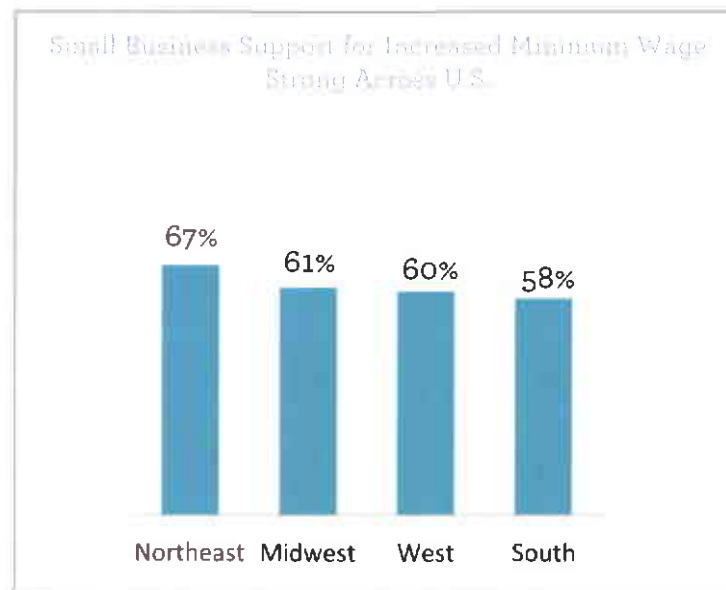
Small Business Owners Less Partisan than Congress on Minimum Wage

The plurality of poll respondents were Republican, reflecting the Republican tilt of the national U.S. small business owner population. 43% of respondents identified themselves as Republican or independent-leaning Republican, 28% as Democrat or independent-leaning Democratic, and 19% as independent.

Contrary to common perception, Republican small business owners are evenly split – with 49% against and 49% in favor of increasing the minimum wage to \$10.10 and adjusting it for the cost of living in future years. Not surprisingly, support for raising the federal minimum is strongest among Democratic respondents, with 84% favoring, and independents, with 61% favoring.

Strong Support Across Regions

Small business owners across the United States support raising the federal minimum wage to \$10.10. Respondents favor raising the minimum wage by a 67% majority in the Northeast, 61% in the Midwest, 60% in the West and 58% in the South.



In short, small business employers, like the American public generally, strongly support increasing the federal minimum wage to \$10.10 and adjusting it for the cost of living in future years.

Methodology

Results for this scientific poll are based on a nationwide live telephone survey of 555 owners of for-profit small businesses in the U.S. with 2 to 99 employees, conducted by Lake Research Partners, June 4-10, 2014. The data were weighted slightly by gender, region, party identification, ethnicity and business size to match the sample of small business owners to the national population of small business owners. The survey's margin of error is +/-4.2%.

Toplines

1. Just to confirm, are you the owner of a “for-profit” business?

Yes	100%
No	0%

2. How many people are directly employed by your business, including yourself?

TERMINATE IF OVER 99 EMPLOYEES OR UNDER 2 EMPLOYEES

2-4 Employees	42
5-9 Employees	28
10-19 Employees	16
20-49 Employees	9
50-99 Employees	5

I am going to read you several statements about the federal minimum wage, which is currently set at seven dollars and twenty five cents an hour, or approximately fifteen thousand dollars a year for full-time work. For each one, please answer whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the statement.

3. Raising the minimum wage would increase consumer purchasing power in the economy.

Strongly agree	27
Somewhat agree	31
Somewhat disagree	15
Strongly disagree	20
Don't Know/Refused	7

Agree	58
Disagree	35

4. With a higher minimum wage, businesses would benefit from lower employee turnover and increased productivity and customer satisfaction.

Strongly agree	22
Somewhat agree	31
Somewhat disagree	19
Strongly disagree	22
Don't Know/Refused	5
Agree	53
Disagree	41

5. Raising the minimum wage would help the economy.

Strongly agree	27
Somewhat agree	29
Somewhat disagree	15
Strongly disagree	23
Don't Know/Refused	6
Agree	56
Disagree	38

6. Raising the minimum wage would hurt the economy.

Strongly agree	24
Somewhat agree	19
Somewhat disagree	21
Strongly disagree	28
Don't Know/Refused	8
Agree	43
Disagree	50

7. Raising the minimum wage would decrease the need for taxpayer-financed government assistance.

Strongly agree	19
Somewhat agree	28
Somewhat disagree	19
Strongly disagree	27
Don't Know/Refused	8
Agree	47
Disagree	45

8. Do you favor or oppose gradually increasing the federal minimum wage in three stages, from seven dollars and twenty-five cents currently to ten dollars and ten cents over two and a half years, and then adjusting it annually to keep pace with the cost of living?

[IF FAVOR/OPPOSE] And do you [favor/oppose] that proposal strongly or not so strongly?

Strongly agree	30
Somewhat agree	31
Somewhat disagree	16
Strongly disagree	19
Don't Know	4
Refused	0
Favor	61
Oppose	35

Finally, I would like to ask you a few questions for statistical purposes only.

9. Generally speaking, do you think of yourself as a Republican, a Democrat, an independent, or something else?

[IF REPUBLICAN OR DEMOCRAT:] Do you consider yourself a strong (Republican/Democrat) or a not-so-strong (Republican/Democrat)?

[IF INDEPENDENT:] Would you say that you lean more toward the Republicans or more toward the Democrats?

Republican	43
Independent	19
Democratic	28
Strong Republican	16
Not-so-strong Republican	13
Independent - lean Republican	15
Strong Democratic	11
Not-so-strong Democratic	9
Independent - lean Democratic	9
Other	3
DO NOT READ, BUT RECORD VOL: Libertarian	3
Don't Know	2

10. What is your age?

IF REFUSED: I am going to read you some categories. Stop me when we get to your category.

18-24 years	3
25-29	7
30-34	6
35-39	8
40-44	11
45-49	12
50-54	15
55-59	12
60-64	12
65-69	8
70-74	3
over 75	1
Refused	0

11. Just to make sure we have a representative sample, could you please tell me whether you are from a Hispanic, Latino, or Spanish-speaking background?

[IF "NO", ASK:] What is your race--white, black, Asian, or something else?

DO NOT READ

White/Caucasian	81
Black/African American	6
Latino/Hispanic	5
Asian/Pacific Islander	5
Native American	1
Other	1
Don't know/Refused	1

Minority owned flag on file

Yes	24
No	76

Gender

Men	67
Woman	33

Region

New England	5
Mid-Atlantic	14
East North Central	15
West North Central	8
South Atlantic	19
East South Central	5
West South Central	11
Mountain	6
Pacific	16

Industry Code from File

Retail trade	16
Construction	15
Other services (except public administration)	13
Professional, scientific, and technical services	10
Arts, entertainment, and recreation	7
Real estate and rental and leasing	6
Health care and social assistance	5
Finance and insurance	5
Accommodation and food services	5
Manufacturing	5
Information	4
Agriculture, forestry, fishing and hunting	3
Wholesale trade	3
Educational services	2
Transportation and warehousing	2
Administrative and support and waste management and remediation services	1
Utilities	0
Mining, quarrying, and oil and gas extraction	0
Management of companies and enterprises	0
Public Administration	0
Industries not classified	0
No NAICS Provided	0