

**AP**

## **LIFTING THE MINIMUM WAGE BIG DEAL FOR SMALL FIRMS**

By JOYCE M. ROSENBERG  
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*President Barack Obama walks with Ricky Banner, assistant general manager, right, and Emile (Ray) Quevedo, floor employee, at a Costco store in Lanham, Md., Wednesday, Jan. 29, 2014, before he spoke about raising the minimum wage. The president is promoting his newly unveiled plans to boost wages for some workers and help Americans save for retirement — no action from Congress necessary. (AP Photo/Charles Dharapak)*

NEW YORK (AP) — The dollar amounts may seem modest, but proposals to lift the minimum wage are a big deal for small businesses.

It's an issue that affects large and small companies. But larger companies are more likely to have the financial resources to absorb higher payroll costs.

Opponents say a higher minimum wage could force businesses to lay off workers. Supporters say a fatter paycheck will make employees happier and more productive, and help companies attract better workers.

The debate over the minimum wage has intensified. President Barack Obama said in his State of the Union address he'll sign an executive order requiring companies that have new federal contracts to pay their workers at least \$10.10 an hour, up from the current federal minimum of \$7.25. Voters in New Jersey approved, in November, a \$1 increase in the state's minimum wage, to \$8.25 an hour.

Bills to raise the minimum wage were introduced in more than 30 states last year, with increases approved in four. In his speech Tuesday, the president encouraged state and local lawmakers to raise

wages. Congress has deadlocked on most legislation amid partisan rancor ahead of the coming midterm elections.

"To every mayor, governor, state legislator in America, I say, you don't have to wait for Congress to act," Obama said "Americans will support you if you take this on."

About 3.6 million workers have wages at or below the federal minimum, according to the Labor Department. That makes up 4.7 percent of workers who are paid by the hour. It's not known how many work for small businesses.

The Associated Press spoke with small business owners, advocacy group leaders and business experts about the minimum wage debate. Here's their take:

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WHO: Steve Holand, owner of Carry Cases Plus, a manufacturer and distributor of carrying cases for tools and other equipment in Paterson, N.J. It has 31 employees, 12 at minimum wage.

WHERE HE STANDS ON HIGHER MINIMUM WAGE: Opposes.

WHY: "We've pretty much cut our expenses to the max. There's nowhere else to cut except to cut employees or raise prices. If we end up doing this (paying workers more), it puts us at a competitive disadvantage."

"If we raise our prices, we hope people will pay the higher costs. If they go elsewhere, we'll end up laying people off."

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WHO: Don Peebles, CEO of Peebles Corp., commercial real estate development company based in New York, has 97 employees, none at minimum wage.

WHERE HE STANDS ON HIGHER MINIMUM WAGE: Supports.

WHY: "You get what you pay for. If you have better paid workers that are working and earning a living wage, they will be more productive. If you have better financial incentives, you'll have better performance."

"Unhappy employees, unfocused employees are extremely costly to a business. Any owner facing this kind of situation where they're going to be paying their workers more, they'll improve the quality of the product, or deliver it in a more efficient manner. They will make more money doing it."

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WHO: John Arensmeyer, CEO of Small Business Majority, an advocacy group with 25,000 members.

WHERE HE STANDS ON HIGHER MINIMUM WAGE: Supports.

WHY: "We did research last year, a survey. Essentially, two-thirds of the respondents said they were in favor of it. Why? We're keeping money flowing through the economy. Second, it reduces the burden on taxpayers by having fewer people on public assistance."

"If people make more money, they're most likely to be using it at small businesses. It's all part of an economic cycle. Studies show it would put \$22 billion into the economy and would create jobs."

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WHO: Todd McCracken, president of the National Small Business Association, an advocacy group with 65,000 members.

WHERE HE STANDS ON HIGHER MINIMUM WAGE: Opposes.

WHY: "Owners are going to have to decide, do I have people not work as many hours, or have fewer people? It will put upward pressure on unemployment."

"For some companies just starting out and with their cash flow difficult, it can mean the difference between hiring an extra worker or two they need. They might not be able to do it."

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WHO: Tony Cherin, professor emeritus of finance at San Diego State University.

WHERE HE STANDS ON HIGHER MINIMUM WAGE: Supports.

WHY: "Employees will be more willing to do a better job, be more productive, uphold the business, promote the business to their friends."

"It gives the company an opportunity to hold itself forth as a company more than willing to pay more in order to make life better for their employees. It's good public relations; you can definitely hold yourself forth as being socially responsible."

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WHO: Joel Freimuth, president, Blue Pearl Consulting in Chicago. Many of its clients are small businesses.

WHERE HE STANDS ON HIGHER MINIMUM WAGE: Opposes.

WHY: "Businesses will cut workers' hours to part-time. They'll use freelancers and look for ways to outsource functions. It's not good for the company because there isn't a stable workforce."

"If there are layoffs and you keep your job, it's more demanding, you're more worn out, there's less room for advancement, less camaraderie