



April 29, 2014

Dear Senator:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I am writing in strong opposition to S. 2223, the *Minimum Wage Fairness Act*, a bill to increase the minimum wage to \$10.10 and permanently index it to inflation. NFIB opposes any effort to increase the federal minimum wage, and **a vote on S. 2223 will be considered an NFIB KEY VOTE for the 113th Congress.**

Like most government mandates on business, raising the minimum wage will have a deep and disproportionate impact on the small-business sector because small businesses are the least able to absorb such a dramatic increase in their labor costs. The small-business sector has historically created two-thirds of net new private jobs in the U.S. economy, but has failed to recover in recent years because of a series of policies that increase the burden on small-business owners — increases to healthcare costs, higher taxes, more costly regulations, and now the minimum wage increase proposal.

The minimum wage directly affects small businesses because a large amount of their earnings go directly to pay for operating expenses, such as equipment, supplies, property costs, inventory and employee wages and benefits. Increasing labor costs does not incentivize growth or hiring — they make it nearly impossible. Permanently indexing the minimum wage, like S.2223 proposes, would ensure that it would rise every year, further adding to the burden placed on employers and placing them at a competitive disadvantage. S. 2223 also increases the minimum cash wage for tipped employees until it reaches 70% of the federal minimum wage. *Raising the cost of labor creates incentives for employers to find ways to use less labor.*

The latest Congressional Budget Office (CBO) report supports NFIB's Research Foundation findings: significant job loss as a result of increasing the minimum wage. NFIB's Research Foundation analyzed the potential economic impact of raising the California, Illinois, New Jersey and New York minimum wages, and the results were telling. An increase of California's minimum wage to \$9.25 per hour would cost the state 68,000 jobs — 63% of which are in the small business sector — and a \$5.7 billion reduction in real economic output. Illinois would lose 21,000 jobs (67% in small businesses) and \$4.5 billion in economic output from an increase to \$10.65 per hour. A New Jersey proposal to increase the minimum wage to \$8.25 would cut 31,000 jobs from the state (59% in small businesses) and \$17.4 billion in lost economic output. The New York study concluded a loss of 68,000 jobs (more than 70% in small businesses) and \$2.5 billion in lost economic output.

The job killing effects of this minimum wage hike are obvious. Small business cannot afford another economically devastating mandate from the federal government. **NFIB urges you to vote NO on S. 2223 and will consider it an NFIB KEY VOTE for the 113th Congress.**

Sincerely,

A handwritten signature in black ink that reads "Susan Eckerly". The signature is fluid and cursive, with a long, sweeping underline.

Susan Eckerly
Senior Vice President
Public Policy