Small Business Survival

Recovery for small business is fragile. **Don't let Congress break it.**

A $15 Minimum Wage Would Threaten Small Business Survival.

A $15 minimum wage mandate will significantly impact many small businesses. The increase in labor costs must be covered through changes to operations. In this example, a mandated wage increase would require the owner to go find $100,000 in cost cutting from employees, ingredients, or by raising prices – all options that could negatively impact jobs, operations, and lead to a decrease in income.

A YEARLY LOOK AT JOE'S PIZZA PARLOR

For Example $10 WAGES

Anticipated Sales

Based on 100 pizzas/day @ $10/pizza.
$365,000 annually

Current Operational Costs

Labor · Based on 10 employees @ $10/hr, 2000 hrs/yr total
-$200,000 annually

Other · Rent, utilities, supplies, misc, legal, and taxes
-$100,000 annually

Business income: $65,000

$15 MINIMUM WAGE

Anticipated Sales

Based on 100 pizzas/day @ $10/pizza.
$365,000 annually

Current Operational Costs

Labor · Based on 10 employees @ $15/hr, 2000 hrs/yr total
-$300,000 annually

Other · Rent, utilities, supplies, misc, legal, and taxes
-$100,000 annually

Business income: -$35,000

To maintain a consistent income, the owner would implement all or some potentially negative changes:

Lay off at least 3 employees. This would increase the work required by the remaining employees, and reduce business income to $55,000 ($10,000 less than today). As business income continues to decrease, the incentive to keep the business open also decreases.

Raise prices 25%. To rely on prices alone to make comparable income, the owner would need to raise prices by at least 25% to at least $12.50, risking customer loyalty.

Use less expensive ingredients. This may change the recipe and quality of the product, risking customer loyalty.

NFIB research shows a $15 minimum wage would result in 1.3 million lost jobs in the U.S., as businesses reduce staff to adjust for higher labor costs. Small businesses would bear the majority (55%) of those job losses.