

VIRGINIA'S MINIMUM WAGE

SAVE JOBS & OPPOSE THE INCREASE

The Commonwealth's current minimum wage reflects the federal minimum wage standard of \$7.25 per hour. There is legislation pending before the General Assembly that would raise Virginia's minimum wage to \$15 per hour.

The business community is in agreement that too many Americans are living at or near the poverty line; however, raising the minimum wage to \$15 fails to solve this problem and will only create new problems for workers and business owners. Instead, our legislators should advance solutions that encourage quality education and job-skills obtainment, which will do more to increase the earning power of individuals than mandated pay increases that would smother small business across the Commonwealth.

JOB LOSS AMONG LOW-SKILL WORKERS

- A 2014 study from the non-partisan Congressional Budget Office found that if the minimum wage were increased to even \$10.10 per hour, up to 500,000 jobs nationally could be lost.
- Of those jobs lost, studies have shown that the individuals with fewer skills are most likely to be affected. In other words, an increase in the minimum wage would harm those who need the most support.

HARDER TO FIND ENTRY-LEVEL WORK

- Businesses would not be able to afford to hire as many low-skill workers if required to pay a \$15 minimum wage, thus creating a higher hurdle for individuals to clear when entering the workforce. In a survey conducted by The University of New Hampshire Survey Center, 80 percent of economists surveyed expressed that employers will hire entry-level positions with greater skills.
- Because it is harder to enter the workforce, individuals cannot obtain the experience needed to secure a job that pays a higher wage. Less experience means a lower likelihood of advancing beyond minimum wage jobs.

NO SILVER BULLET TO REDUCE POVERTY

- An increase in minimum wage will not affect the majority of those living in poverty, the demographic this policy proports to address.
- In a 2014 report by the Congressional Budget Office, only 19 percent in the increased earnings from a higher minimum wage would go to low-income families nationally, yet 29 percent would go to families earning more than three times the poverty threshold.

HIT TO SMALL BUSINESSES

- A minimum wage increase to \$15 will disproportionately impact small businesses across Virginia, especially those with razor-thin margins and whose payroll costs are a significant portion of their operating costs. These businesses would likely be unable to afford a 100 percent increase in their entry-level labor costs, forcing them to close their doors if unable to increase their prices or cut costs elsewhere.
- In a survey taken by The University of New Hampshire Survey Center, nearly 7 out of 10 economists expressed they feel a minimum wage increase will make it more difficult for small businesses to keep their doors open.

RISK TO FUTURE ECONOMIC DEVELOPMENT

- Businesses considering whether to relocate to Virginia may decide to move to another state, such as North Carolina, Tennessee, or Georgia, where the minimum wage rate is not as high.
- CNBC and Forbes consider the cost of wages and labor when publishing their business climate rankings measuring economic competitiveness. Increasing the minimum wage would negatively impact Virginia's rankings, which factor into firms' business decisions, and would be detrimental to attracting investment from new companies and achieving Virginia's goal to be the best state in the country to do business.

Virginia must support initiatives that encourage job creation, champion innovation and entrepreneurship, support job training and foster increased earning potential rather than across-the-board mandates that raise the cost of labor. Ensuring Virginia remains one of the best states to do business is of the utmost importance to secure Virginia's position as a leader in job creation, innovation, and economic growth. The adverse effects of raising the minimum wage to \$15 will cost jobs and create barriers to obtaining entry-level jobs and inevitably, make it harder to obtain the experience needed to increase workers' earning potential.

**WE RESPECTFULLY ASK YOU TO
VOTE AGAINST ANY INCREASE
TO MINIMUM WAGE**