



555 12<sup>th</sup> St NW, Suite 1001  
Washington, D.C. 20004

1-800-552-5342  
NFIB.com

February 9, 2021

The Honorable Bobby Scott  
Chairman  
Committee on Education and Labor  
U.S. House of Representatives  
2328 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Virginia Foxx  
Ranking Member  
Committee on Education and Labor  
U.S. House of Representatives  
2101 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Scott and Ranking Member Foxx:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in opposition to certain provisions in Subtitle B of the *Committee Print to comply with reconciliation directives included in section 2001 (b) of the Concurrent Resolution on the Budget for Fiscal Year 2021*. Principally, NFIB opposes inclusion of Section 2101, Raising the Federal Minimum Wage, which contains the *Raise the Wage Act of 2021*. This section, like the standalone legislation, immediately increases the federal minimum wage by more than 30%, dramatically increases the federal minimum wage to \$15 per hour in four years, automatically increases the federal minimum wage threshold every subsequent year, and eliminates the federal minimum tipped wage.

NFIB continues to survey the impact of the COVID-19 pandemic on small businesses in a series entitled, *Covid-19 Small Business Survey*. Unfortunately, our research paints a stark picture of the current situation that many small businesses are facing. Almost eleven months have passed since the declaration of a national emergency concerning the COVID-19 outbreak.<sup>1</sup> Many small businesses are still struggling to survive as economic conditions and business restrictions remain serious challenges, with 15% reporting that they will have to close their doors if current economic conditions do not improve over the next six months.<sup>2</sup> Moreover, according to NFIB's latest monthly survey, small business optimism dropped further below its historic 47-year average. Small business owners expecting better business conditions over the next six months fell to the lowest level since November 2013. The net percent of owners expecting better business conditions has fallen 55 points over the past four months.<sup>3</sup>

---

<sup>1</sup> *Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak*, Federal Register, Proclamation 9994 of March 13, 2020, <https://www.federalregister.gov/documents/2020/03/18/2020-05794/declaring-a-national-emergency-concerning-the-novel-coronavirus-disease-covid-19-outbreak>.

<sup>2</sup> Holly Wade, *PPP, ERTC, the Economy, the Vaccine, and Minimum Wage*, NFIB Research Center, January 28-31, 2021, <https://assets.nfib.com/nfibcom/Covid-19-15-Questionnaire.pdf>.

<sup>3</sup> William C. Dunkelberg and Holly Wade, *NFIB Small Business Economic Trends*, NFIB Research Center, January 2021, <https://www.nfib.com/surveys/small-business-economic-trends/>.

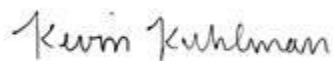
Section 2101 will eliminate hundreds of thousands of small business jobs. The nonpartisan Congressional Budget Office confirms that this legislation will damage the small business economy, estimating that employment will be reduced by 1.4 million workers.<sup>4</sup> The NFIB Research Center estimated that that similar legislation will cost the economy 1.6 million jobs, reduce real Gross Domestic Product (GDP) by over \$980 billion, and reduce economic output by more than \$2 trillion by 2029.<sup>5</sup>

Small businesses employ nearly half of the private-sector workforce. Yet, the negative effects of the proposed legislation will fall disproportionately on small employers and their workers as businesses with fewer than 500 employees will account for 57% of job losses (over 900,000 lost jobs) and businesses with fewer than 100 employees will account for 43% of job losses (nearly 700,000 jobs).<sup>6</sup> Small businesses are far less likely than larger businesses to have cash reserves or profit margins to absorb the increase in labor costs.

In a recent survey, 74% of small business owners reported that increasing the federal minimum wage to \$15 per hour would negatively impact their business.<sup>7</sup> Of those impacted, 58% report that they would reduce the number of employees, 60% would reduce employees' hours, 67% would leave open positions unfilled, and 56% would increase the use of less expensive or part-time employees. Moreover, in an NFIB member ballot, 92% of small businesses opposed an increase in the federal minimum wage to \$15 per hour.

This provision directly contradicts an amendment, approved by voice vote, to the Senate budget resolution opposing an increase to the federal minimum wage during a global pandemic, including a prohibition to more than doubling the federal minimum wage.<sup>8</sup> At a time when small businesses are confronted with the worst pandemic in more than 100 years, Congress should not saddle them with a costly new mandate that will further damage the fragile economic recovery. Therefore, NFIB opposes including Section 2101 in *the Committee Print to comply with reconciliation directives included in section 2001 (b) of the Concurrent Resolution on the Budget for Fiscal Year 2021*.

Sincerely,



Kevin Kuhlman  
Vice President, Federal Government Relations  
NFIB

cc: Members of the House Committee on Education and Labor

---

<sup>4</sup> Congressional Budget Office, *The Budgetary Effects of the Raise the Wage Act of 2021*, February 2021, <https://www.cbo.gov/system/files/2021-02/56975-Minimum-Wage.pdf>.

<sup>5</sup> Michael J. Chow and Paul Bettencourt, *Economic Effects of Enacting the Raise the Wage Act on Small Businesses and the U.S. Economy*, NFIB Research Center, January 25, 2019, [https://www.nfib.com/assets/NFIB\\_BSIM\\_RAISETHEWAGEACT-1.pdf](https://www.nfib.com/assets/NFIB_BSIM_RAISETHEWAGEACT-1.pdf).

<sup>6</sup> *Ibid.*

<sup>7</sup> Holly Wade, *PPP, ERTC, the Economy, the Vaccine, and Minimum Wage*, NFIB Research Center, January 28-31, 2021, <https://assets.nfib.com/nfibcom/Covid-19-15-Questionnaire.pdf>.

<sup>8</sup> Amendment 767 to S. Con. Res. 5, *To establish a deficit-neutral reserve fund relating to prohibiting an increase in the Federal minimum wage during a global pandemic to \$15 per hour*, offered by Senator Joni Ernst (R-IA).