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July 17, 2020

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Newsom:

SB 3 (Leno) from 2016 established stepped up increases to California's minimum wage. Importantly, the legislation provided the Governor the ability to postpone by a year any of the annual increases in the event of a major economic recession or state budget crisis. This was a key provision of the bill.

Listening to our 15,000 NFIB members, we are in a crisis. The majority of our members were closed in the Spring and are now experiencing economic losses for second time with the just announced shut down. We cannot think of a worse time for small business in the immediate history of California and believe conditions meet the criteria for postponement. The purpose of assessing the economy, in the words of the statute, is to "to ensure that economic conditions can support a minimum wage increase."

The minimum wage law is designed to follow the economy; if postponement is not warranted now, then just when would an offramp apply?

We do not envy your situation and the many decisions that are forced upon you daily. That said, you can help distressed small business owners and their employees by using your power as Governor by August 1 to postpone for one year the upcoming increase to the minimum wage. This would greatly assist some of the most distressed small businesses get back on track and keep their valued workers.

Small businesses are reeling and already face future increased costs and burdens as a result of this pandemic and that does not include whatever additional measures the legislature may impose. Even during this health and economic crises, the Legislature is considering imposing new mandatory protected leaves of absence, new consumer privacy requirements, and according to the Department of Industrial Relations website, there have been over 2,000 new PAGA claims filed within the past three months.

Should an analysis by the Department of Finance at the end of this month determine economic conditions allow for suspension of the minimum wage increase, then we strongly urge you to postpone the 2021 increase in the minimum wage until 2022. The businesses and jobs they support are necessary to the health and vitality of the California economy.

Sincerely,

A handwritten signature in black ink that reads "John Kabateck". The signature is fluid and cursive.

John Kabateck  
California State Director  
National Federation of Independent Business