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February 7, 2019

The Honorable Bobby Scott
Chairman
Committee on Education and Labor
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
U.S. House of Representatives
2101 Rayburn House Office Building
Washington, DC 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 H.R. 582, the *Raise the Wage Act of 2019*. This legislation dramatically increases the federal minimum wage to \$15.00 per hour over the next five years and automatically increases the threshold every subsequent year.

The *Raise the Wage Act* will harm small business employment and the small business economy. NFIB estimates this legislation will cost the economy 1.6 million jobs, reduce real GDP by over \$980 billion, and reduce economic output by more than \$2 trillion by 2029.¹ The negative effects of the proposed legislation will fall disproportionately on small employers as businesses with fewer than 500 employees will account for 57 percent of job losses (over 900,000 lost jobs) and businesses with fewer than 100 employees will account for 43 percent of job losses (nearly 700,000 jobs).² Small businesses are less likely than larger businesses to have cash reserves or profit margins to absorb the increase in labor costs.

The NFIB Small Business Optimism Index has remained historically high throughout 2018 and early 2019. Record levels of small business owners are increasing employee compensation. Over the last 13 months, at least 30 percent of small business owners each month have reported compensation gains, a level that had been reached only once since 2001.³ With the

¹ NFIB Research Center, *Economic Effects of Enacting the Raise the Wage Act on Small Businesses and the U.S. Economy*, January 25, 2019.

² Ibid

³ NFIB Research Center, *NFIB Small Business Economic Trends*, January 8, 2019.

small business economy roaring, now is not the time to consider legislation that will be damaging to Main Street.

Small businesses employ nearly half of the private-sector workforce. More than doubling the federal minimum wage will have real and significant consequences for small business owners and employees, which is why in a recent NFIB member ballot, 92 percent of small business owners opposed an increase in the federal minimum wage to \$15.00 per hour.⁴

NFIB welcomes the opportunity to work on pro-small business policies in the 116th Congress, but opposes H.R. 582, the *Raise the Wage Act of 2019*.

Sincerely,

A handwritten signature in black ink that reads "Juanita D. Duggan". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Juanita D. Duggan
President & CEO
NFIB

⁴ NFIB Member Ballot, Mandate, vol 569, July 2016.