

## Cover Story

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# One Size Does Not Fit All

Jennifer Polanz

*(To see all of the charts, go to our digital edition.)*

Our 8th Annual *Green Profit* Wage & Benefit Survey shows while it's business as usual for now, minimum wage increases and potential new overtime rules could shake things up a bit in the coming years.

Our readers were very vocal about their thoughts on a minimum wage hike and the impacts of a new overtime regulations that, as of press time, have been delayed indefinitely. And in both cases, many viewed them as threats to their livelihood, saying wide-sweeping federal rules on wages could put them out of business.

Due to a snafu in our survey, readers who answered via the electronic survey were asked about how a \$15 federal minimum wage would affect them (which looks less likely under the incoming Trump administration), while respondents to a faxed survey were asked what impact the new overtime rules from the Department of Labor would have. Virtually everyone who responded answered their essay question, showing both of these topics are worthy of continued discussion.

### **A Living Wage vs. Inexperienced Labor**

The arguments surrounding the minimum wage issue are complex and vary from both extremes ("I think people need a wage they can support their families on" to "Put us straight out of business. If not, then we would have to raise prices 25%.") with most of the responses landing somewhere in the middle. In the case of some, they're already paying significantly higher than the national minimum of \$7.25 due to competition and tight employment markets. Many made the case to let the markets dictate the minimum wage, particularly in low-cost-of-living areas. Here's a sampling of the responses:

"I am a small business. It will be devastating. I believe you should be paid \$15 an hour when you bring an education and experience to the workplace. It is a wage amount to work up to, not start out with. I think the minimum wage should be bracketed somehow. A 16-year-old and a 40-year-old do not need to be on the same wage bracket. A dependent living at home and a provider for a family don't have anything in common as far as income requirements go. Why would they need the same wage? This wage increase will only increase the cost of doing business, thus the cost of product will have to go up. It will take more of that \$15 an hour paycheck to buy anything. It's just a vicious circle!"

"It's a large jump, but that's because it's been so long since an adjustment has been made. If it had been tied to the rate of inflation over the years it would be well over \$20 an hour. Although a financial burden, I also think it will allow

employees to contribute better to the economy (and spend it at our business as well)."

"It would be hard on our profit margin. I am so seasonal that it would be hard to find employees to have the experience to pay them high wages."

"It is clear that the folks that want this increase have never run a business and made a profit. It is not just about the \$15. \$15 is more like \$30 after you factor in payroll taxes, worker's comp, liability insurance, the new overtime rules, etc. Can't do it."

"It will increase our choices of staff that apply, but also makes us raise prices. The entire industry needs to do it together so that no one gets priced out."

### **Salaried vs. Hourly**

On the topic of overtime, the impact wasn't as clearly pronounced, and several business owners thought it either would not impact their business or that it would have minimal impact with some adjustments. The new rules were supposed to go into effect December 1, but a federal judge issued an injunction before Thanksgiving, halting the regulations. However, according to a recent survey from small business network Manta, 84% of small businesses were going ahead with plans to implement overtime changes anyway.

The new rules would have required businesses to pay overtime to anyone making under \$47,476, which was expected to increase the earnings of 4.2 million workers. Here are some of the comments from our readers about those regulations:

"It will cost the business a lot of money. I will have to raise prices."

"As our business has increased, we are doing more with fewer employees. The overtime law will increase our costs, translating to higher costs to the customer. It will be important for us to increase efficiency of the labor force to reduce impacts from the overtime rule."

"It will make my managers/salary staff go back to punching a clock, which they don't like. It will also make us change retail hours to make sure we don't go way over on OT hours for said managers. So good concept, but not going to help employees or small businesses."

"The new threshold for exempt employees is definitely too high for our location." **GP**