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MANY BUSINESSES SUPPORT A MINIMUM-WAGE INCREASE – JUST NOT BIDEN’S \$15-AN-HOUR PLAN

While Congress debates higher national wage floor, many large employers have already raised wages.

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A debate to raise the federal minimum wage has tied Congress in knots, but many large employers and business groups wouldn't mind an increase.

Most businesses across the country are already paying above the federal wage floor of \$7.25 an hour, and some business groups support lifting it, though not as much as the \$15 level proposed by President Biden.

Now members of Congress are considering policies including a smaller increase to \$10 an hour and delaying or phasing in increases over a long period of time. Senate Democrats have dropped a briefly considered plan to raise workers' wages through tax penalties and incentives.

Those compromises could prove more palatable to employers and win business support.

"It's completely reasonable to look at increasing the federal minimum wage," said Glenn Spencer, head of the US Chamber of Commerce's Employment Policy Division. "But we view 15 as a number based on politics, not sound economic analysis."

The Business Roundtable, an advocacy group for large companies now chaired by Walmart Inc. Chief Executive Doug McMillon, supports raising the minimum wage but is concerned about the \$15-an-hour proposal.

"We believe that the increase should be thoughtfully designed to reflect regional differences in wage rates and not undermine small-business recovery," Roundtable President Joshua Bolten wrote in a letter to congressional leaders. Mr. Bolten was President George W. Bush's chief of staff.

Large employers such as Amazon.com Inc. and Costco Wholesale Corp., start workers at \$15 an hour or more. And Walmart, the nation's largest private employer, last month said it would lift its average hourly pay above \$15 but keep its minimum at \$11. Some smaller businesses and restaurants are wary of large minimum-wage increases, but few pay as low as the federal floor of \$7.25 an hour.

Still, a higher minimum wage puts pressure on smaller businesses that can't raise wages as easily as large companies, which can adapt by deploying labor-saving technology or modestly adjusting hours for large workforces, said Jonathan Meer, an economist at Texas A&M University.

"It's a lot harder for Joe's Hardware," he said. "We should take note that Amazon – the place with no cashiers – is the one calling for a higher minimum wage."

Fewer than 250,000 people in the nation's workforce of 140 million last year were paid exactly the federal minimum wage, which hasn't changed since 2009, the Labor Department said last week.

Mr. Biden and most Democrats in Congress want a \$15-an-hour federal minimum wage. The most direct path to accomplishing that goal – placing it in a \$1.9 trillion Covid-19 relief bill – was likely cut off last week for Senate procedural reasons.

The nonpartisan Congressional Budget Office last month said that raising the federal minimum wage to \$15 an hour by 2025 would cost 1.4 million Americans their jobs but could deliver raises for up to 27 million workers and lift 900,000 Americans above the poverty threshold. The numbers of jobs lost and raises delivered would be less if the wage was lifted to a level below \$15, the CBO said in a separate study.

A number of big employers are paying workers more but balk at \$15 an hour as a starting wage.

Walmart's Mr. McMillon has said the company supports raising the federal minimum but that there are parts of the country where it should be lower than in others, and increases should be gradual.

McDonald's Corp. Chief Executive Chris Kempczinski said the burger chain could manage a minimum-wage increase if it is done in stages and without exemptions for certain workers or markets. Wages at McDonald's are largely set by independently owned franchises. At company-owned stores, the average starting wage for nonmanagerial workers is nearly \$11 an hour.

"We're able to balance between judicious pricing on the menu, as well as just thinking about productivity savings that we can manage through this," Mr. Kempczinski said during an earnings call last month about the possible minimum-wage increase.

Some smaller companies and restaurants are asking Congress to limit minimum-wage increases, saying they would be disproportionately affected.

The National Federation of Independent Business, which represents small businesses, said only 20 percent of its members employ workers who are paid the federal minimum wage. But it forecasts that a \$15-an-hour level would cause 900,000 jobs to be lost at businesses with fewer than 500 workers.

"Small businesses are far less likely than larger businesses to have cash reserves or profit margins to absorb the increase in labor costs," said Kevin Kuhlman, the federation's vice president of federal government relations, in a letter to lawmakers last month.

The federation is against a \$15-an-hour minimum wage and hasn't taken a position on lower levels, a spokeswoman said.

Robert Maynard, chief executive of Charlotte, NC-based Famous Toastery restaurants, said that raising the minimum wage and eliminating a subminimum wage for tipped workers would hurt his 26-unit chain while it is experiencing higher costs and lower sales because of the pandemic.

"No one wants to hire a 17-year-old to pay them \$15 off the bat with no experience," Mr. Maynard said, adding that he supports a smaller increase based on regional living costs.

"It's not meant to be a lifelong wage. It is meant to be a minimum wage to incentivize people to move up to do other things."

Some larger employers are raising wages further and calling on corporate peers to join them.

Costco Chief Executive Craig Jelinek told Congress at a hearing last week that the retailer was raising starting pay to \$16 an hour and that hourly employees are paid an average of \$24 an hour. Costco has about 180,000 full-time and part-time US employees.

"This isn't altruism," Mr. Jelinek said. "It helps in the long run by minimizing turnover, maximizing employee productivity, commitment and loyalty." Under questioning from senators at the hearing, Mr. Jelinek said "wages usually don't put people out of business. How you run your business will put you out of business." He said he didn't support a specific legislative proposal.

Amazon supports raising the federal minimum wage to \$15 an hour. The e-commerce company, with warehouses across the country, raised its starting wage to \$15 an hour in 2018. Amazon simultaneously did away with certain incentive pay and stock compensation for hourly employees.

Passing a \$15-an-hour minimum wage, "would increase incomes for millions of employees and revitalize the national economy," said Jay Carney, Amazon's senior vice president for global corporate affairs, in a post on the company's site. Mr. Carney was previously press secretary for President Barack Obama.

Amazon's support for a higher minimum wage, including advertising in Washington-focused publications, comes as the company is facing union-organizing efforts at an Alabama warehouse.

Other large employers, including Target Corp., Best Buy Co. Inc. and Hobby Lobby, also have a starting wage of at least \$15 an hour.

Rebecca Hamilton, co-chief executive of W.S. Badger Co., a New Hampshire maker of skin-care products with about 90 employees, is among the business owners advocating for a \$15-an-hour minimum wage. She said Badger and local businesses studied what a living wage in the mostly rural community would be, and determined it was \$15 an hour.

That is now the starting wage for jobs at Badger, including packing and shipping jobs, and entry-level manufacturing positions. New Hampshire follows the federal minimum wage of \$7.25 an hour.

Ms. Hamilton said she thinks her state's low minimum wage causes young people to leave New Hampshire, making it harder for companies like hers to find needed employees.

"The cost of living here is relatively low," she said. "I can't imagine there's anywhere in the country where \$7.25 an hour would be sufficient."