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Nationwide bus tour highlights threats small businesses face

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At a rally in Flint, Michigan last week, a former U.S. president highlighted how American small businesses are “getting killed” by the Affordable Care Act. The ACA is just one of many recent regulations that is preventing American small businesses from thriving.

Beginning this year, businesses with 50 or more full-time equivalent employees became required by law to offer their employees health insurance. According to the Kaiser Family Foundation, the average employer portion of an individual insurance premium is \$5,300 (and \$12,900 for a family). Multiply this added cost across the entire workforce and the “getting killed” perspective is immediately understandable.

Small businesses are also facing other new regulations that are adding thousands of dollars of costs per employee. California and New York, which together make up almost 20 percent of the U.S. population, recently passed \$15 minimum wages, dramatically increasing the entry-level labor costs for businesses located there. (A \$15 minimum wage was also passed in New Jersey but was stopped by the governor’s veto.)

On Election Day, voters in four states – Maine, Colorado, Arizona and Washington – will face ballot initiatives asking if they want to follow suit by passing their own dramatic wage hikes. Numerous other

major cities like Seattle, Washington D.C., Baltimore and Minneapolis have passed or are considering their own \$15 mandates.

A few dollar increase in the entry-level wage may not sound like a huge burden on first glance, but multiplied across a full-time schedule, it can amount to nearly \$10,000 a year in extra labor and payroll costs per employee. For many small businesses this is an expense that cannot be absorbed.

Then there’s the Department of Labor’s new overtime rule that takes effect this December. It requires salaried employees who earn less than \$47,500 to be paid overtime pay for hours worked beyond 40 in a week. This doubles the previous overtime exemption threshold and amounts to a 150 percent marginal increase in labor costs.

In many cases, the costs of complying with these regulations swamp the value that the employee provides. The average profit-per-employee in the retail and restaurant sector is \$6,300, according to an analysis by Andy Puzder, CEO of CKE Restaurants and member of the Job Creators Network. In other words, if the costs of employing a worker trump the value that worker creates, that job will likely become redundant.

It’s no wonder then that employees bear the brunt of over-regulation. To avoid the ACA’s employer

mandate, many employees are seeing their hours cut to fewer than 30 per week (the “full-time” definition under the ACA). To absorb dramatic minimum wage increases, employees have been laid off or seen their shifts cut. And to comply with the new overtime mandate, employers are forced to switch their employees from a salary to hourly schedule, eliminating the flexibility and perks that come with salaried positions.

Over-regulation has broader consequences on the economy, job market and wages. Businesses try to comply with the costs of regulations by limiting expansion, job opportunities and pay raises. A recent JCN poll of small business owners finds that just one in five plan to hire additional employees over the next year. As a result, the country is experiencing almost no growth – the slowest post-recession recovery in U.S. history.

To address the over-regulation threat as well as other hurdles like over-taxation and lack of access to credit, the Job Creators Network is bringing small business owners, the public, and state and federal legislators together on a nationwide Bring Small Businesses Back bus tour this month, with 30 stops in 19 states. Recent events have featured legislators like Arizona Gov. Doug Ducey, Illinois Gov. Bruce Rauner, Wisconsin Gov. Scott Walker, and House

Ways and Means Committee Chairman Rep. Kevin Brady.

As recent high-profile comments about the ACA's impact on small businesses demonstrate, the importance of small businesses is a bipartisan issue. It's an American issue that needs to be brought to the forefront of public consciousness. By bringing small businesses and their legislators together, the BSBB bus tour is driving this issue forward.