**Discussion on a Living Wage**

**By** [**Michael LaMarque**](http://www.michaellamarqueblog.com)

As you know, as part of a “grand bargain” bill passed in 2018, state lawmakers approved a provision to gradually raise the state’s hourly minimum wage from $11 to $15 by 2023, essentially creating a “living wage” in Massachusetts (DeCosta-Klipa, 2019).

The fear is that the bigger picture is not being seen and that small businesses are not being considered in the fight to create a living wage in Massachusetts. Many small businesses cannot support a living wage. And if the businesses cannot support the wage, what does that mean?

It means, lay-offs and short staffing just to start. What was once expected of two employees will now be expected of one because ownership cannot afford to keep that second employee on staff.

It means a decline in overtime for employees who currently rely on more than a 40-hour work week. A company may be able to pay overtime at $19.13/hour but cannot support overtime at $22.50/hr or $25/hr. Employees in these situations may be making more an hour, but they will be taking home less in their checks.

How is a new business supposed to get off the ground if they can’t afford to hire people to get the business going?

According to a 2019 National Survey by SCORE and OnDeck:

* 55% of business owners believe a higher minimum wage would hurt their business.
* 44% responded that an increased minimum wage would result in cutbacks to investments in their business.
* 37% said they would raise other employee wages proportionately.

A living wage increase would skew the numbers even more.

The numbers don’t lie. If you hurt the business, you ultimately hurt the employee. If the business can’t grow, then the employees can’t grow. If a business can’t hire more staff, then those employees currently on staff will be expected to carry the load.

No one is saying that employees don’t deserve to be fairly compensated. According to the same 2019 survey , 58% of small business owners pay their employees more than minimum wage (Weston 2019).

Small business owners understand what it’s like to do the dirty work or to be undervalued. Many small business owners built their companies from the ground up. Before they could afford to hire staff, many owners had to do the very jobs that their employees now do. For this reason, many small business owners understand what fair value is for the services which they are requesting.

The goal is to fairly compensate employees while still allowing a business to thrive. If a business is not allowed to thrive, no one will prosper.

Sources

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[Michael LaMarque](http://www.MichaelLaMarqueBlog.com) was born and raised in Holliston, MA. He attended Holliston High School and graduated with high honors. In high school, he was captain of the football team and played linebacker. He also played defense on the lacrosse team! He attended Bridgeton Academy for prep school, where he continued to play football. He also continued his academic excellence making the Dean’s list. He later attended Quincy College, where he was on the Dean’s list once again, and earned his Associates Degree in Natural Science. He went on to attend The University of Massachusetts Boston, where he again was on the Dean’s list, and majored in Management.

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