

Californians Seek \$18 Minimum Wage, Maryland and Atlanta Businesses Might See More Relief



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Gene Marks:

Hey, everybody, welcome to another episode of "On the Mark." I'm your host Gene Marks, and I'd like to share some thoughts on some of the news that's impacting your small business this week. But listen, before I start, we'd also like to hear from you. Tell us what topics you'd like more information about or advice that you would like help with your business or even some suggested guests that you'd like to have on our other Thrive podcast. Please visit me at payx.me/thrivetopics. That's P-A-Y-X dot M-E /thrivetopics, and that way you can give your suggestions to me, and hopefully we can take that into consideration and provide you with the kind of advice you need to run your business. So, let's get into the news.

We've got stories from all around the country this week, from Maryland, from New York City, from Atlanta. But we're going to start today in California, where guess what? The state of California may be raising their minimum wage to as much as \$18 an hour. I mean, this is just months after a federal \$15 an hour minimum wage failed to take shape in Washington. Californians are saying, hey, "We want to increase our wages in this state."

So, there's a measure to raise the state's minimum wage to \$18, which began to collect signatures in February. If the campaign, which is called The Living Wage Act of 2022, gets 700,000 signatures, it will be on California's November ballots. Now, remember California is eighth among Paychex's data in hourly wages, showing about a 4.5% increase in wages over the prior year. Which is good news from a wage standpoint, but just be aware that California still has a way to go. Let's also note that in many parts of California, the cost of living is certainly a lot higher, and there are a lot of workers that are affected.

According to Paychex, there are 14 million workers in California, and Paychex's data has shown that the fastest-growing industries are healthcare, and construction, and technology, and hospitality and agriculture. So, should they be getting a minimum wage of \$18 per hour?

Well, listen, that's California's business, and I've interviewed lots of senators and congressmen about the minimum wage and whether or not we should be raising our federal minimum wage, which is only \$7.25 an hour, to something higher, even as high as 15, even as high as \$18 an hour. What I've found is this. Although just about all the senators and congressmen that I've interviewed have agreed that the federal minimum

wage really is pretty low, most of them, particularly the Republicans, do not support an increase in the national minimum wage because most of them that I've spoken to believe that it should be held at a local level.

"Why," one Republican senator told me, "should my constituents in my state have to pay the same minimum wage as the constituents in a state with a much higher cost of living, like California or New York?" You know what? That senator did have a point.

So, will we see an increased minimum wage coming out of Washington anytime soon? Well, they failed to get it up to \$15 an hour, but we might see it somewhat higher than \$7.25. There is some bipartisan agreement on that, but really, if you're looking to see an increase in the minimum wage, you're going to be seeing that at the state level.

Do you think a \$18 an hour is too high? Well, depending on where you're located, it could be. But if California gets enough signatures and they vote on it and they feel that \$18 an hour is a reasonable starting minimum wage, so be it. It's a local decision. If you are a small business in California, be prepared for this and keep an eye on it, because obviously that's going to have an impact on your costs.

Next, let's move to Maryland, where a group of local entrepreneurs, many entrepreneurs actually, are getting behind Comptroller Peter Franchot's plan to use a portion of the state's budget surplus to provide \$500 million in small-business relief. Now, the state of Maryland, thanks to a lot of federal funding, has got a big surplus. So, the Comptroller of the state, Peter Franchot, who by the way, and not coincidentally, is running for governor this year as well, is saying, "Let's take half a billion of that money and let's get it to our Maryland small businesses." According to his office, Maryland has lost an estimated 40,000 small businesses because of the pandemic. Under his plan, small businesses, especially those who were shut out of federal and state aid, would receive direct financial assistance.

The Comptroller's office, that's his office, collects taxes and has records of all the businesses in the state, and he says he could deliver assistance within 24 hours if the funds were approved by the Maryland General Assembly and the governor.

"It needs to be immediate," he says. "It needs to target small businesses and hard hit industries, particularly minority-owned and women-owned entities." Okay. It is a great election year pitch for sure, but listen, that kind of money would be needed, sorely needed by many small businesses in the state of Maryland that were impacted by the pandemic.

The only thing I can say, and the only advice that I would give is, make it really, really targeted. In my experience, and among my client base, and I have many clients in Maryland as well as Delaware and Virginia, we have plenty of clients that actually weren't affected that much by the pandemic and were able to carry on at a profitable level. We also have a bunch of clients that were significantly affected, clients that are in the retail, in the restaurant and the travel industry.

So, Comptroller Franchot, if you're listening to this right now, if you do get this bill passed, target it at those industries, at those businesses that really, really need it. Don't make it broad based or general like the Paycheck Protection Program was back in February. If you're a Maryland business, keep your eyes open, because there could be some funding coming your way.

But it's not just Maryland. Let's move to Georgia, Atlanta actually, where Mayor Andre Dickens has relaunched the Resurgence Grant Fund, a program created in 2020 to help Atlanta's small businesses

recover from the effects of the COVID-19 pandemic. Small businesses there, and nonprofits, can apply for up to \$40,000 to reimburse the cost of business interruptions due to COVID-19. They can use the funds for any pandemic-related expenses, like personal protective equipment, cleaning supplies and other health measures to protect employees and customers. Payroll has also been added as an eligible item for reimbursement too, as well.

So, listen. If you are a business in Atlanta, you need to look up the Resurgence Grant Fund. There is money now available for you, up to \$40,000. Applications are going to be accepted between March 1 and April 29. Apply now and get your money. That's for businesses that are in the city of Atlanta.

Finally, in the city of New York, New York's new mayor, Eric Adams, wants to see remote workers return back to the office. He's announced his new preliminary budget, which actually has almost a \$3 billion gap in 2024. But he's optimistic with lots of savings that his budget has, but he says it all hinges on employees returning back to the office.

"People have to get back to work," he said. "We can't send mixed messages." There are huge firms that are based all throughout New York City. Most of the large corporations have had workers working from home all this time, and just now as Omicron begins to wane, some of those corporations are now making plans to have those workers come back to the office. Mayor Adams can't wait for that to happen, because think of the thousands of small businesses that depend on those workers coming into their jobs every day, that supply them with lunch, and food, and office services, and dry cleaning, and all sorts of different things that small businesses there in those areas benefit from, when those workers are there.

My only advice to you, if you're a small business and you think you might be impacted by all these employees hopefully returning back to work is, don't get your hopes up. I don't think we're going to be seeing employees returning to the same levels that there were before the pandemic. I think a lot of these corporations are going to have expanded work from home and remote working programs. I do think they are going to open up their offices pretty soon, within the next couple of months, and I do think you'll see a lot more people coming back to these buildings. But again, I don't think it's going to be the levels that we saw before the pandemic.

So, you have to prepare for that, if you're running your business down there. Your traffic still may be down, although not as bad as it was during the actual pandemic.

So, I've taken you to California, we've gone to Maryland, we've gone to Atlanta, and we've gone to New York. Those are four places in the country that have news coming out that affect your business. Not only if you're located there, but also if you're located elsewhere because you want to keep your eyes on the trends that are impacting your business, as well.

Hey guys, thanks for listening. My name is Gene Marks. If you're interested in gaining other insights, check out our other Paychex podcast series, including Thrive for Business, and Pulse for HR. You have been listening to "On the Mark." I hope you find some of this information helpful to run your business. We'll be back with more news next week that will help you also run your business and be aware of things that are impacting your business. Thanks for joining us. We'll see you soon.

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