So: where is the $14,400 going to come from?

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As you've probably heard, the minimum wage increases from $4.25 to $4.75 per hour, 30 days after President Clinton signs a bill now sitting on his desk. It will then increase to $5.15 per hour next July 1st.

What you haven't heard—but can only speculate on—is the impact of this legislation on the nation, your operation in particular.

Economists disagree vociferously with each other. One academic study shows that increasing the minimum wage does not increase unemployment. A similar study with supposedly more accurate data reaches the opposite conclusion.

Another study suggests that raising the minimum wage also triggers recessions and a rise in poverty rates.

Republicans contend that increasing the minimum wage could force small businesses to lay off 100,000 to 500,000 workers over the next several years.

Granted, very few minimum wage jobs exist in this industry. Most line-level jobs pay $6 to $9 per hour, depending on the section of the country in which you're doing business. But Ben Bolusky of the American Association of Nurserymen believes the green industry will see a "trickle-up" effect, forcing companies (golf courses, too!) to pay crew members higher wages—maybe not the full 90 cents an hour of the official increase, but a percentage of it.

Consider this: The average small business with 10 minimum-wage employees working 40 hours a week for 40 weeks a year will pay *$14,400* more per year in wages if those employees receive a 90-cent an hour raise. We can all agree that's not a small amount.

And just where will that money come from?

Some could come from an additional provision of the bill that has been pretty much underpublicized: the government is offering $14 billion in tax relief to small businesses over the next 10 years, some of which will be for buying equipment.

The ceiling for equipment credits (not "deductions") is going up from $17,500 this year to $25,000 by the year 2003. Every dollar you spend to purchase equipment—under the ceiling that year—is a dollar you don't have to pay in income tax. Not a bad deal.

But some of the extra money you'll be paying employees will have to come from other lines in your budget. As we see it, here are four of your obvious options:

1) Pay good workers more, and figure out a way to get more production out of them.

2) Pay good workers more, but cut out some of their benefits.

3) Pay good workers more, and reduce your profit margins.

4) Fire one of every 15 workers now employed.

None of these is especially attractive to the business owner or golf/athletic field supervisor.

My guess is that the most judicious answer to the problem of higher payrolls might need to come from the manufacturing segment. Simply put, over the next few years they will have to supply new products that are faster, more efficient and easier to use—mowers, hedge-trimmers, fertilizer spreaders, herbicides, blade-sharpeners—whatever. This will mean that your employees, with the proper training, will be more productive.

In the meantime, because you work in a labor-intensive business, productivity remains the key to running a profitable operation. If you're not using the most efficient products on the market, and training your employees in their proper use, your competitors are getting a head start on you. **LM**

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