



Testimony on behalf of the VT Raise the Wage Coalition

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Good morning. My name is Isaac Grimm, Political Engagement Director with Rights & Democracy Vermont. Thank you for the opportunity to speak to you all today and for your efforts to find solutions to the issues of poverty and inequality facing our state.

I'm testifying today on behalf of the Raise the Wage Coalition, consisting of nearly thirty organizations - groups focusing on women's rights, children's well-being, racial justice, hunger and homelessness, low income Vermonters, and the majority of union members in our state, who all share a common goal of raising up the wages of over 80,000 Vermonters with economy boosting jobs, jobs that will allow working people to meet the basics to support their families. When these families can better provide for themselves and their loved ones, their spending will create more jobs on Main Streets throughout Vermont and help our communities thrive.

We support the bills introduced this spring which would move Vermont's minimum wage to \$15 an hour by 2022 - [H. 93](#) and [S. 40](#). A gradually phased-in \$15 minimum wage would deliver broad benefits for one in three working Vermonters¹, raising their pay by an average of \$2,000 a year and beginning to reverse decades of pay inequality.² Of the 87,000 workers who would receive raises with this legislation, 87 percent are adults, 56 percent are women, 59 percent work full time, and one in five are parents.

¹ <http://www.epi.org/files/2017/MW-State-Tables.pdf>

² <http://www.epi.org/publication/15-by-2024-would-lift-wages-for-41-million/>

Raising wages is one key step the Legislature can take to enact policy that works for all Vermonters, not just our wealthiest and well-connected. Because it's clear, in our state where the income of our top 5% (over \$330,000) is twelve times that of our bottom twenty percent (below \$28,000), where one in ten Vermonters are living below the federal poverty line, and where wages have not kept pace with basic expenses like food, housing, childcare, and healthcare, that Vermont is not working for all of us.³

Most of us are working harder than ever, just to get by. While we have made some important steps forward in raising wages for the most vulnerable in our state, we are still below the peak minimum wage in the 1960s and well below a minimum that is equivalent to a livable wage.

In the 1980s, Vermont's students striving to advance themselves through higher education could afford those costs by working part time at minimum wage. Today students must work twice as many hours to afford higher education at Vermont's higher education institutions.⁴ Raising the minimum wage will give young people in Vermont a boost when they are just getting started, leading to better earnings that will benefit our state's economy now and for years to come.

While inadequate wages are holding back younger Vermonters from affording the higher education they need to advance in the workforce, and failing to attract young families to our state, this is in no way just a "young person's problem." The average working person who would receive a raise with a \$15 minimum wage is 38 years old and those with families earning below \$15 on average provide more than half of their family's income.

Poverty wages is an issue disproportionately impacting women and people of color in our state. It's ridiculous that today half of paramedics, pre-school teachers and nursing

³ <http://publicassets.org/library/publications/reports/state-of-working-vermont-2016/>

⁴ Ibid

assistants are paid less than \$15/hr. Not coincidentally, many of our lower paying jobs, those I just mentioned, and notably the foodservice industry, tend to employ more women than men. Almost half - 45% - of women in Vermont are earning under \$15 an hour. Paying women in Vermont more adequately will mean more money invested directly into their families and local economies, spurring improved outcomes for children and local economic growth.

Almost 60% of African Americans in Vermont are earning under \$15.⁵ African Americans in Vermont facing the dual barriers of disproportionately low wages and disproportionate traffic stop⁶ and incarceration rates, ten times the rate of white Vermonters, the third worst rate in the country.⁷ If we want to live up to our reputation as an inclusive and equitable state, raising the wage minimum wage will go a long way toward addressing our deeply entrenched racial and gender disparities.

Inadequate wages are also impacting too many young children in our state. More than 43,000 Vermont children live in a household supported by someone earning less than \$15 per hour, and nearly 30,000 children live in a household supported by someone earning less than \$12 per hour.

But times aren't tough for everyone: the rich are not only getting way richer, they are grabbing a bigger share of the wealth that we *all* helped to create.

It's not like the economy didn't move forward over the past 30 years. If corporations had shared our nation's economic progress fairly with their employees, the average family would take home \$23,000 more a year. The minimum wage would be more than \$19 an hour.

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[https://www.bostonfed.org/publications/community-development-issue-briefs/2016/a-\\$15-minimum-wage-in-new-england-who-would-be-affected.aspx](https://www.bostonfed.org/publications/community-development-issue-briefs/2016/a-$15-minimum-wage-in-new-england-who-would-be-affected.aspx)

⁶ http://www.uvm.edu/giee/pdfs/SeguinoBrooks_PoliceRace_2017.pdf

⁷ <http://www.sentencingproject.org/publications/color-of-justice-racial-and-ethnic-disparity-in-state-prisons/>

What powers our prosperity? Working families and the middle class – we are the engines of the economy. It's not the stock market or corporate profits that make the economy work for people. When we have good paying jobs, we can educate our kids, care for our families, afford health care, shop in our own neighborhoods and retire in security; we move the economy forward.

Inequality doesn't have to be the norm. You can take the necessary steps to alleviate the inequities that are holding back our state's economy and holding back working people's' ability to spend locally and drive local economic growth. Raising the minimum wage so that it is equivalent to a livable wage is critical to create an economy that works for all of us, not just the wealthy.

Vermont's current minimum wage of \$10 an hour is totally inadequate to support a family on. While the legislation passed in 2014 that gets our minimum wage up to \$10.50 by next year, and then links it to the cost of living is an important step forward, it remains far below a family-supporting wage.

According to the Joint Fiscal Office (JFO) annual report on the living wage in Vermont, a single person, sharing a house, would have to have been paid \$14.46 in Vermont's urban areas and \$12.98 in rural areas just to meet the basic in 2016. If she was raising a child by herself, as thousands of Vermont women do, she would need to have been paid \$25.11, and that's in the country. It was \$29.50 in our cities.

The JFO is not alone in calculating that the minimum wage today is far below what it takes to make ends meet. According to the Economic Policy Institute's [Family Budget Calculator](http://www.epi.org/resources/budget/), a single adult (with no children at home), working full-time year-round in Vermont, would have to earn \$15.66/hr to achieve a modest but adequate standard of living.⁸

⁸ <http://www.epi.org/resources/budget/>

Simply allowing for the minimum wage to rise with the COLA after 2018 would not bring our state up to that dollar amount until the 2030s, by which time inflation will have eroded workers' purchasing power and our lowest earners will still be struggling to afford basic necessities. We have decades of stagnant wages to overcome, and statewide policy is the most effective way for us to reach a truly livable minimum wage.

As you know, raising the minimum wage so families can meet the basics will interact with another policy aimed at helping families afford child care, the Childcare Financial Assistance Program (CCFAP). As Deb Brighton from the JFO said in her report on benefits and wages, "The minimum wage increase does nothing to exacerbate the benefit/work incentive issue—but it doesn't solve the problem."⁹

According to Harold Schwartz of the Dept. of Human Resources, the cost to the state if the minimum wage were immediately brought up to \$15/hr would be \$1,068,239.¹⁰ However, the Joint Fiscal Office's preliminary estimates of increased income tax revenue (\$7 Million), VT Earned Income Tax Savings (\$1 Million) and savings in the Vermont share of Medicaid as people move off Medicaid and on to the exchange (\$6 million) would mean about \$14 million dollars in savings for the state. These savings present a critical opportunity to move gradually toward a \$15 minimum wage over the next five years *and* address the issues for working parents presented by the benefits cliff. Deb Brighton of the JFO outlined a proposal this spring¹¹ to address cliff by shifting the drop in the Childcare Financial Assistance Program (CCFAP) from starting at 100% of the Federal Poverty Level to 129% (equal to the % wage increase with \$15 by 2022) and using the savings from a \$15 min wage (approx \$14 million) to offset the price of higher CCFAP costs (approx \$12-15 million).

⁹<http://legislature.vermont.gov/assets/Documents/2018/WorkGroups/House%20General/Labor%20and%20Employment/Minimum%20Wage/W~Deb%20Brighton~Benefits%20and%20Minimum%20Wage%20-%20RAFT%20ESI~3-29-2017.pdf>

¹⁰http://www.leg.state.vt.us/jfo/Minimum_Wage_Study_Committee/MWSC%20-%20September%202017/Minimum%20Wage%20Study%20Comittee%20Data%20%20-%20Schwartz.pdf

¹¹http://www.leg.state.vt.us/jfo/Minimum_Wage_Study_Committee/Minimum%20Wage%20and%20the%20Child%20Care%20Financial%20Assistance%20Program%20032217%20-%20Brighton.pdf

It is already true that as wages rise for some families in Vermont now, they lose some support in childcare financial assistance and other state and federal benefits. The legislature has a clear obligation to be sure that the parents of those children, and others who are paid wages too low afford child care, keep child care subsidies that allow parents to work and provide the best possible future for their children. The existence of a problem we've known about for decades does not mean we should not take action to raise wages, it means we should both raise wages and make the investments necessary to eliminate this flaw in our benefits structure, a flaw which is already disincentivizing thousands of working parents from taking raises or promotions, or working more hours to raise themselves up out of poverty.

Raising wages to \$15 over the next five years and ensuring it's continued link to the cost of living will improve wages for more than 80,000 Vermonters. That is over 80,000 more workers who can afford to invest in their families and their towns, and build stronger & healthier communities across our state.

There's a big misconception out there that the minimum wage is for teenagers and just for entry level jobs. But 94% of Vermonters who would see a raise with this legislation are 20 or older, and almost 60% are over age 30. Half the women in Vermont earning under \$15 an hour are 40 or older. That means too many adults, too many men and women, too many people of color, are stuck at low-wage jobs, even after their teen years.

They also like to tell us that raising the minimum wage will hurt small business and cost jobs. In fact, numerous studies – based on real minimum wage increases across the country - show that increases in the minimum wage will not cause employers to eliminate jobs.¹² Instead, it will increase consumer demand, which will create more jobs. Hard-working Vermonters will

¹²<https://www.businessforafairminimumwage.org/news/00135/research-shows-minimum-wage-increases-do-not-cause-job-loss> and <http://voxeu.org/article/minimum-wage-increases-and-earnings-low-wage-jobs>

have more money to spend and local businesses will benefit from it. It's a win-win for everybody.

Increasing our minimum wage does mean price increases, but projections for other state's show that those increases would be very modest and offset by the benefits for low income workers. In NY, it's estimated that \$15 by 2021 would raise business costs – and hence consumer prices if 100% of it were passed on – by 0.7% over 5 years.

So let's get it done. Every working family should be able to care and support their families, to build a better future for their children. Every working parent should get paid enough to care for their kids and set them off toward a great future.

This is your duty as legislators. The time is right now. Join with working people, supportive business owners and your constituents and raise the wage for nearly a third of our workforce.

Help us make the Green Mountain State a leader again for working families and the middle class. Help us make Vermont's economy an economy that works for all of us. Thank you.

Several workers wanted to testify today but were not able to take time off work. Here are brief statements from each:

“J” in Burlington (32 year old African American male w/a bachelor’s degree)

- I work in the foodservice industry in Burlington, and the need for a rise in the minimum wage is about more than a paycheck to me. It's about being able to enjoy life rather than working to make ends meet and being too exhausted from work to enjoy life. It's about not living paycheck to paycheck and living with the stress which will make me sick, knowing I can't afford sick days. It's about being able to be more generous with others who have fallen on hard times, like family and friends, or people in places being ravaged by climate change, because sharing what I have is important to me. It's about living in a society where everyone does their part as they're able. A fairer society, not one where I feel I will never get ahead because I'm not making at least \$15/hr. I want to live a good, active, productive life in Vermont, not just work and exist here.

Hilarie Mitchell (Working mother of 4, Staff at UVM Medical Center, South Hero, VT)

- “As a low-wage household, I worry about my children’s future, college, transportation, extracurricular opportunities and stability. No parent wants their child to struggle just to get their basic needs met. With a better wage, we wouldn’t have to choose between one spouse working and another staying home. I would have a lot more in retirement and wouldn’t have to take as long to earn my college degree. Our family could put more back into our local community and use our earnings to support local businesses, raise money to improve recreational activities for children and people in our town and contribute to essential programs such as the food shelves in Vermont that have helped our family in a time of need.”