



Vermont Businesses  
for Social Responsibility

## Livable Jobs and Minimum Wage

Vermont Minimum Wage Study Committee  
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**Testimony by Daniel Barlow  
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*Vermont Businesses for Social Responsibility (VBSR) is a non-profit, statewide business trade organization with a mission to advance business ethics that value multiple bottom lines- economic, social, and environmental. We strive to help members set a high standard for protecting the natural, human and economic environments of the state's residents, while remaining profitable. Founded in 1991, VBSR has more than 700 members across Vermont.*

Two of the major obstacles to continued economic growth are weak consumer demand and growing income inequality. Raising the minimum wage addresses both issues by ensuring that working families make enough money to pay their bills and to shop for food, goods and services at local businesses.

Income insecurity places tremendous stress of the families of working Vermonters and strains our economic, social, educational and public health systems. Working Vermont families need the ability to independently survive and we need to invest in solutions that prevent these long-term costs to our economy.

**The wealthiest 5% of Vermont households have an average income 9.6% larger than the bottom 20% of households and 3.7% as much as the middle 20%.<sup>1</sup>**

<sup>1</sup> Economic Policy Institute:  
<https://www.cbpp.org/sites/default/files/atoms/files/Vermont.pdf>

### **Change in income from 1970s-mid-2000s in Vermont:**

**Poorest 20%: Increase of 32.5%**

**Middle 20%: Increase of 49.2%**

**Wealthiest 20%: Increase of 75.1%**

### **Increasing the Minimum Wage is an important tool to fight income inequality.**

- Thousands of low and moderate wage Vermonters would see an increase in their paycheck (up to 90,000 impacted under the \$15/2022 proposal).<sup>2</sup>
- Millions of dollars in economic activity generated as Vermonters increase their household spending ability.

### **Child Care Benefits Cliff Needs to be Addressed**

The cost of and access to childcare services is a major obstacle to the success of the Vermont economy. The business community is united in agreement about the nexus of childcare services to economic growth and stable families.

<sup>2</sup> Deb Brighton, Joint Fiscal Office:  
<http://legislature.vermont.gov/assets/Documents/2018/WorkGroups/House%20Ways%20and%20Means/Minimum%20Wage/W-Deb%20Brighton~Benefits%20and%20Minimum%20Wage~2-15-2017.pdf>

## **VBSR Supports LIVABLE JOBS**

We urge the Legislature to look beyond just wages. The benefits offered by businesses can be just as critical to improving the lives of working Vermonters, including access to employer-sponsored health insurance, paid time off, flexible work schedules, and career or education advancement.

In fact, the unsustainable employer-sponsored health insurance system is a main contributor to stagnant wage growth. For businesses, the cost of insuring employees grows unpredictably each year. About 30% of VBSR members pay more than 10% of their payroll for health insurance. Another 30% pay more than 20% for employee health insurance.

**A \$15,000 annual health care cost (per employee) for a business translates to an average hourly wage of \$7.25 (assuming 40-hour work weeks for a total annual work hours of 2,080).**

If Vermont or the United States had a universal health care system that is decoupled from employment and funded fairly and sustainably through taxes, VBSR believes more businesses would transfer this cost-savings to increased wages for employees as they compete to attract and retain talent in a new benefits landscape.

### **Conclusion**

VBSR is committed to working with the Vermont Legislature to find a way to increase the state's minimum wage in a way that works for employers of all sizes and pay scales and puts more money in the pockets of hard-working Vermonters.

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