

Senate Committee On Economic Development, Housing, and General Affairs

Notes on Minimum Wage

Minimum Wage (DOL)

- Conversation specific to a bill that would create an artificial increase to the minimum wage to reach \$15 an hour by 2025
- Must be cautious about artificially increasing the minimum wage:
 - It doesn't necessarily take into account the economy and what businesses can afford.
 - Do not want to create a situation where employers have to lay off employees to pay minimum wage.
- Definition of Artificial:
 - State minimum wage is indexed up and recalculated every January.
 - Artificial means that the progression will not follow the natural indexing of the calculation and instead the legislature will impose an increase that is not in line with the calculations.
 - Sen. Clarkson has a problem with the term artificial because the legislature sets the minimum wage and then it is able to naturally progress from that point.

Important comments from Matt Barewicz and following discussion

- From an economist's point of view, regulated wage rates do not increase overall economic well-being.
 - In this sense, he defined economic well-being as creating economic independence for individuals.
- There are whole populations of individuals dropping out of the workforce because they view working the minimum wage as beneath them.
 - There is a stigma with minimum wage.
 - Raising the minimum wage exposes more people to this stigma and creates wage compression.
 - Vermont has a lot of people in the lower-wage occupation.
 - Employers have to make tough decisions about how to compensate their staff which compresses wage distribution across an organization.
 - Raising the minimum wage will always cause a ripple effect.
- Sen. Clarkson argues that economic well-being means that individuals have their basic needs met and disagrees with the statement that raising the minimum wage will not increase economic well-being.
 - Senator Cummings brought up concerns that inflation could disrupt this argument.
 - Housing is expensive because labor is expensive.
 - If that floor rises so does the cost of housing (a basic necessity).
 - Sen. Harrison pushed back on this and said demand pushes up the price of housing, not wages.
 - She does not want to use housing as an example in this debate.

