

# NFIB

The Voice of Small Business.®

April 1, 2014

The Honorable Helen Head, Chairwoman  
House General & Military Affairs Committee  
State House  
Montpelier, VT 05602

**RE: Minimum Wage Proposal – Breaks Deal with Small Businesses**

Dear Representative Head:

On behalf of NFIB/VT's members, I'd like to make clear our opposition to current legislative proposals aimed at raising Vermont's minimum wage. All of these proposals would ignore the 2007 compromise agreement that was reached so that debates over minimum wage rates wouldn't need to occur in the future.

Since 2007, Vermont's minimum wage has increased annually with inflation as a result of a compromise reached with the business community. In 2007, advocates on both sides of the issue wanted to move away from annual debates over this issue. The compromise also said that in no one year would there be an increase of more than 5%. As you know, Vermont currently has the 3rd highest minimum wage rate (\$8.73) in the country (Washington at \$9.32 and Oregon at \$9.10 are the only states higher).

Additionally, despite arguments by proponents for an additional increase, [Vermont is not an outlier, but rather has been a leader on this issue](#); 19 states match the federal rate of \$7.25, 4 states have rates below the federal rate, 5 states haven't adopted a minimum wage and one state repealed the state's minimum wage and left the reference to the federal rate. Three states have scheduled future increases that would exceed Vermont's current rate; New York to \$8.75 on 12/31/14 and to \$9.00 on 12/31/15, Connecticut to \$9.00 on 1/1/15, and California to \$9.00 on 7/1/14 and to \$10.00 on 1/1/16.

An increase to \$10.10 (the low end of current proposals), even spread out over time, will surely factor into the future hiring decisions of small business owners across Vermont and will likely make small businesses think about shifting hours and numbers of employees.

As you know, the minimum wage increase is one of myriad proposals under consideration in the Vermont legislature, each of which will increase the cost of doing business in Vermont. Increased costs will strain Vermont's small businesses, impede growth, and hurt the ability of small businesses to add jobs in Vermont's high cost and increasingly anti-business climate.

Without a vibrant economy and healthy/solvent small business sector, policymakers will no longer be able to meet the high expectations that they have set for Vermonters. Vermont's current high cost of business climate and policies continue to draw the lifeblood from those small businesses that can least afford to pay.

NFIB/VT believes the wrong message is being sent to our state's small businesses. We therefore urge you to set aside current minimum wage increase legislation.

Sincerely,



Shawn Shouldice

cc: Members of the House General Committee  
Governor Peter Shumlin  
Lt. Governor Phil Scott

Senate President Pro Tempore John Campbell  
Speaker of the House Shap Smith  
NFIB/VT Leadership Council

## VERMONT'S MINIMUM WAGE DEBATE

YEAR	Vermont			New York			New Hampshire		
	Min Wage Rate	Percent of CPI Increase	Consumer Price Index (inflation)						
2020	\$9.80*	1.92%	266.70***						
2019	\$9.62*	1.92%	261.67***						
2018	\$9.44*	1.92%	256.73***						
2017	\$9.26*	2.10%	251.89**						
2016	\$9.07*	2.02%	246.71**						
2015	\$8.89*	1.82%	241.82**	\$9.00 scheduled 12/31/15 increase					
	Min Wage Rate	Percent of Wage Increase	VT GSP (Billions) [% Change]	Min Wage Rate	Percent of Wage Increase	NY GSP (Billions) [% Change]	Min Wage Rate	Percent of Wage Increase	NH GSP (Billions) [% Change]
2014	\$8.73	1.5%	\$28.7 [2.9%]	\$8.00 scheduled to increase \$8.75 on 12/31/14	10.3%	\$1269.8 [2.7%]	\$7.25	0%	\$67.5 [2.3%]
2013	\$8.60	1.6%	\$27.9 [2.2%]	\$7.25	0%	\$1236.7 [2.6%]	\$7.25	0%	\$66.0 [2.0%]
2012	\$8.46	1.7%	\$27.3 [3.0%]	\$7.25	0%	\$1205.9 [3.1%]	\$7.25	0%	\$64.7 [2.2%]
2011	\$8.15	1.1%	\$26.5 [2.7%]	\$7.25	0%	\$1169.4 [2.9%]	\$7.25	0%	\$63.3 [2.0%]
2010	\$8.06	0.0%	\$25.8 [5.7%]	\$7.25	1%	\$1136.4 [5.2%]	\$7.25	0%	\$61.1 [3.6%]
2009	\$8.06	4.9%	\$24.4 [0.0%]	\$7.15	0%	\$1080.4 [0.1%]	\$7.25	11.5%	\$59.0 [0.9%]
2008	\$7.68	2.0%	\$24.4 [1.7%]	\$7.15	0%	\$1079.7 [0.3%]	\$6.50	6%	\$58.5 [1.0%]
2007	\$7.53		\$24.0	\$7.15		\$1076.3	\$5.15		\$57.9

Sources: <http://www.dol.gov/ebsd/minwage/america.htm> <http://www.bls.gov/research/labor-and-employment/state-minimum-wage-chart.aspx>  
 Gross State Product (GSP) - [http://www.usgovernmentspending.com/compare\\_state\\_spending\\_2007b20a](http://www.usgovernmentspending.com/compare_state_spending_2007b20a)  
 \*Projected based on CPI growth  
 \*\*Projected CPI Growth - <http://www.statista.com/statistics/244993/projected-consumer-price-index-in-the-united-states/>  
 \*\*\*Assumes continued average CPI growth

