



**Testimony before the House General, Housing and Military Affairs Committee
H.552, Minimum Wage
March 26, 2014**

These notes provide a general outline and considered background for the testimony by Vermont Chamber Government Affairs Program Manager Jessica Gingras on H.552. This is not meant to be a transcript nor a complete list of all topics covered.

H.552 – H.552 proposes to raise the minimum wage to \$12.50 by January 1, 2015, with an annual COLA/CPI increase (or 5%) every year after. The bill also changes the tipped wage to \$6.65, effective January 1.

Vermont – Vermont has a competitive minimum wage regionally, and is the third highest in the country (20% above Federal rate of \$7.25). We applaud Vermont for consistently setting the bar high in this respect, knowing that we have exceeded the Federal minimum wage since the mid-80's. In a survey the Vermont Chamber did of our membership, the small sample revealed that 50% of respondents supported a \$10.10 minimum wage, and 50% of respondents were against it. Our testimony will be focused on suggestions that will make any increase easier for the employers being impacted to absorb.

- Net impact
 - We encourage the Committee to consider a proposal that takes into consideration the net impact of mandating a minimum wage.
 - The cost to some employers will be zero, while some smaller employers could see increases of 16% under a proposal of adopted of \$10.10 and as high as 50% under a \$15.00 proposal.
 - Tom Kavet testified that the range of job losses could be anywhere from a few hundred to upwards of 3,200 – depending on the wage increase number and the effective date. This is concerning.
- Suggestions
 - Training/probationary wage – Our members who oppose the bill expressed concerns that it takes time to get someone up to speed on a new job and while they are in training. In industries and businesses where they hire many employees they consider “risky” – a training or probationary wage would be helpful in absorbing the cost impact of a job that would have previously been hired for less. We would suggest a 60-90 day training period. It also acts as a trial period to see if the worker will work out for the employer.
 - Exemption for students kept intact – In Vermont there currently exists an exemption in statute that allows businesses to pay high school students less than minimum wage. We would like this exemption to remain intact. This will allow businesses who

- currently hire students for the summer, seasonally, or otherwise to keep these individuals employed and see less impact on margins.
- \$10.10 – If you do pass a bill, we would prefer to see the minimum wage be set at the Governor’s recommend of \$10.10 with a three year incremented phase in. Vermont’s minimum wage sees a COLA increase every January 1, and we are constantly hearing from employers that even that much of an increase in some years is hard. We would like to see a less dramatic incremented change so businesses are able to plan, prepare and provide a reasonable wage and hopefully grow their workforce. We would not want a substantial increase in the minimum wage to result in fewer jobs for the workers that this bill is intended to help.
 - Elimination of the COLA during the phase-in period of the minimum wage, assuming the Committee agrees on a phase-in measure.