

March 29, 2018

Ashley Moore, Interim State Director
Main Street Alliance of Vermont



Re: Testimony related to S.40, an act related to increasing the minimum wage.

To: House Committee on General, Housing and Military Affairs

MSA-VT Mission & Vision:

Main Street Alliance of Vermont is a statewide network of over 600 small, locally-owned Vermont businesses. Our mission is to elevate the voices of small business owners on important public policy issues in Vermont. We are committed to bringing business owners to the table to engage in and develop policies that reflect the interconnected nature of small businesses and the communities they serve. We want to make Vermont the best place to own a small business and work for a small business by creating the conditions in this state where small businesses, their employees, and their communities can thrive. State policy has an important role to play in ensuring we can achieve this habitat.

Over the past four years, we have brought business owners to the table to engage in and support pragmatic paid sick days legislation, reasonable workplace accommodations, the green mountain secure retirement program, and – our current priority - family and medical leave insurance – among other issues. A healthy workplace and a healthy, connected local economy is a priority for our members and we challenge ourselves to help chart a pragmatic path forward toward a basic standard of livable jobs in VT.

Vermont is a small business state and we're glad it is. We believe that our downtowns are a fundamental part of what makes Vermont the truly special state it is. We want to make Vermont the best place in the US for small business – and that means making it the best place for small business employment too – because if we want small business to thrive, then we need to make sure that small business employment works for Vermont families. Accomplishing this goal requires balance. It means that we need to make sure people can meet their needs and be sensitive to the unique needs and challenges facing small businesses.

MSA-VT Approach to Business Engagement:

Policy and programs have an important role to play to create this ideal habitat for small businesses. For example - paid sick days was, as some of you will remember, was initially a tough ask for many businesses. For businesses that weren't providing paid time off – it meant a projected 2-3% increase in payroll. But MSA-VT strongly supported it and helped to lead the effort because we understand that everyone needs some time off and so a minimum standard of paid sick time is a sensible part of a minimum compensation standard.

The legislation finally garnered enough support to pass - largely because it was designed in partnership with business owners and in such a way that the 3% increase to payroll would be absorbed over a three-year phase in - and provided support to roughly 60,000 people who didn't have.

That's a success story and the same kind of engagement our members are bringing to this discussion.

MSA-VT Business Engagement on Minimum Wage:

Over the past two years, we have conducted a survey of small business owners up and down main streets across the state to better understand, among other things, how another minimum wage increase would impact them. You can find the published 2016 report on our website, but I'll share those numbers with you now as well as what we found in our 2017 survey of 230 business owners:

When asked about the impact of raising the minimum wage to \$12.50, respondents said:

	2016 Survey	2017 Survey
No Impact	65%	58%
Modest Impact	16%	15%
Significant Impact	19%	28%

When asked about the impact of raising the minimum wage to \$15.00, respondents said:

	2016 Survey	2017 Survey
No Impact	50%	47%
Modest Impact	12%	10%
Significant Impact	38%	43%

When asked whether they would support raising the minimum wage to \$12.50 in 2018, respondents said:

	2016 Survey	2017 Survey
Support	71.5%	n/a
Oppose	18%	n/a

When asked whether they would support raising the wage to \$15.00 over time, respondents said:

	2016 Survey	2017 Survey
Support	61.5%	58%
Oppose	35%	40%

Over the fall of 2017, we also engaged our members in many one on one conversations and convened a working group on the issue. This working group considered our survey data, the data available on wages in VT, recent studies on the minimum wage and the livable wage, as well the implications of the benefits cliffs as they were articulated in JFO's studies among other resources and delivered feedback and recommendations to our Board for consideration.

MSA-VT Position on Minimum Wage:

Main Street Alliance of Vermont supports gradually increasing the minimum wage. The study committee report established a goal of getting to \$15/hour. We support this goal and so will limit our recommendation to the trajectory.

The current minimum wage is tied to inflation or 5% whichever is less. We suggest that the statute could be changed to increase the minimum wage annually by inflation or 5% whichever is more until it arrives at your goal – or a comparable timeline be established.

Comparison of Minimum Wage Proposal - Projections

	Current Law*	5% Annual
2017	\$10.00	\$10.00
2018	\$10.50	\$10.50
2019	\$10.71	\$11.03
2020	\$10.92	\$11.58
2021	\$11.14	\$12.16
2022	\$11.37	\$12.76
2023	\$11.59	\$13.40
2024	\$11.82	\$14.07
2025	\$12.06	\$14.77
2026	\$12.30	\$15.51

* Current law increases the minimum wage annually consistent with CPI Inflationary index or 5%, whichever is less. For the purposes of this chart, we are showing annual 2% increases.

We believe that the trajectory of the increase is of paramount importance because covering the cost of this increase will be a challenge for many businesses and they will need the time and a reasonable progression to successfully navigate such a significant increase.

Having gotten so far behind a livable wage – we need to catch up and we need to do it in a way that our small businesses are able to manage with success. Finding the right balance for the minimum wage is a part of making sure that all jobs in Vermont are good jobs. But we also know that the minimum wage alone won't solve the bigger problem of income security.

In conclusion, Main Street Alliance of VT supports changes to the state's minimum wage toward a livable wage and urges the committee to structure any increases in a way that takes into account the limitations of many of our state's successful small businesses.

Thank you for your time.

Ashley Moore
Interim State Director
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