

Open letter to Vermont Legislators

February 13, 2017

Ref: Voicing an opinion on raising minimum wage

I am an owner of a small family grocery store in southern Vermont. If the minimum wage reaches the \$15.00 per hour rate as proposed, the future of small, independent stores like mine will be in jeopardy. I think we all would try to make it work, but my figures show it would be a futile attempt. I've attached three documents.

- **Document #1** is my 'PayData' payroll sheet, pay period from 01/24/2017 to 01/30/2017. Total payroll responsibility is \$7540.46. This figure is a typical payroll for this time of year. During holidays and times of increased business, that figure can reach as high as \$8500.00.
- **Document #2** breaks down the total figure of \$7,540.48. Please note the employer contribution this week was \$695.98 (OASDI, Medicare, FUI, VT-SUI....this does not include my weekly medical insurance fee <under Cobra>, which is roughly \$160.00 a week). I estimate my 'employers' yearly contribution to be between \$44,000.00 and \$52,000.00 a year.
- **Document #3** breaks down the employees and the hours. Most of my testimony will be on this document. To maintain confidentiality I have crossed out the employee's last name and part of the first name. This page shows the gross pay and hours worked. The total hours at the bottom of the page is 479.75. To begin my analysis, I subtracted the hours of the employees that currently earn over \$15.00 per hour, leaving 365 hours, which average to an hourly rate of \$11.86. Then I subtracted those gross wages, and mine and my wife's salary for a figure of \$4329.00. I multiplied 365 hours times \$15.00 which came to \$5475.00 or \$1,146.00 more each week in payroll. I added a conservative figure of \$200 on top of that to include the higher employer's contribution, workman's comp and added medical insurance fees. This comes to \$1,346.00 a week, or \$70,000.00 a year in additional payroll. In order to cover this additional payroll, I would have to increase my sales by \$5,485.00 a week or \$280,000.00. There is no way I could do this.  
From these figures, I am sure that you would not wish to be in my position. If you are a legislator facing this challenge, I would like to hear from you. I would like to know the affects it might have on your small business.

Along with the impossible increase in sales to meet payroll, I wish to make you aware of other factors.

- If someone is hired who has no work experience and is paid as much as my chef, my floor manager and my front end cashier, I fear motivation would be lost. Those people would understandably expect a pay raise.
- I believe in a merit system. The more motivated an employee is, the harder they will work. The motivated employee will get more hours and pay raises. I am not sure what the motivation would be if new, unskilled employees start off at a rate that such an employee worked hard to earn.
- The hardest hit would be the young workers, the high school and college students. Kids joining the workforce learn valuable life lessons, dignity and respect. I think that these young workers are less apt to abuse alcohol and drugs and I have always been pleased to offer them employment when I can. A minimum wage of \$15.00 per hour will make me unable to offer such opportunities to young people.

**Who are my employees that are currently earning less than \$15.00 per hour?** Ten are students, less than 21 years of age. Six are working part-time to supplement the family income. One is a special needs worker.

I do want to mention briefly some of the benefits I provide for my staff. All my staff have flexible hours, a meal provided at no charge during each shift, 10% off store purchases and paid sick time as newly mandated. The meal alone, each shift that they work, valued at a modest \$8.00 can amount to \$600.00 per week or \$31,200.00 a year. Four full time employees get 3 weeks paid vacations, time and half on holiday, and \$2,000.00 cafeteria plan.

By reading this I hope you will see the concerns that I have as a small business person. I do my best for my employees but there is also a financial limit. I take a special pride in those workers under age 21; my store is a great stepping stone towards future employment.

Thank you taking the time to read this.

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