



Central Vermont Chamber of Commerce

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Central Vermont Chamber of Commerce

Statement by William D. Moore

Before the

State of Vermont House Committee on General, Housing and Military Affairs

Hearing on Minimum Wage

February 16, 2017

Chairman Head, Representative Tate, Honorable Members of the House Committee on General, Housing and Military Affairs:

My name is William D. Moore. I am the President and CEO of the Central Vermont Chamber of Commerce. The Central Vermont Chamber of Commerce is the largest business organization serving Washington County and a portion of Orange County. Our diverse membership consists of some of the largest businesses in Vermont as well sole proprietorships. Virtually every sector of Vermont’s economy is represented in our membership.

Thank you for the opportunity to appear before you and discuss proposals to increase the minimum wage.

In 2014, the business community agreed to a stepped increase in the minimum wage from \$8.73 an hour, (nearly a dollar above the federal minimum) to \$9.60 in 2016, \$10 in 2017 and \$10.50 in 2018. The agreement also called for indexing the minimum wage. Beginning in 2019, the minimum wage will be indexed to the rate of inflation.

These increases were agreed to by all parties interested in workers’ wages and enacted by the general assembly. One of the primary reasons for the agreement was to allow businesses to plan and prepare for increases and, by indexing increases annually, to avoid the constant battles over increasing the minimum wage. It was a compromise, an agreement that is working and has been working for two years now.

H64, recently introduced by Rep. Paul Poirier (I-Barre/Washington 3) will increase the minimum wage in years 2018 to 2020 to 11.66, 13.32 and 15.00 respectively. Under H93 introduced by Rep. Curt McCormack (D-Burlington/Chittenden 6-3), the minimum wage will increase in successive years starting at \$12.50 in 2019 and topping off at \$15.00 in 2022. After 2022, the increase will be the lesser of 5% or the increase in the Consumer Price Index. These measures undermine the nature and intent of the agreement.

Minimum wage jobs are generally those at the entry level. They are intended to be short term until the employee gains the necessary skills and experience to take on more responsibility. Minimum wage jobs were never intended to be a permanent wage for anyone. More experience and responsibility leads to a better job which leads to increased wages.

How will the proposed increases in the minimum wage affect the state budget? How many state jobs are at the minimum wage level? Raising the minimum wage from \$10.00 to \$15.00 per hour will add an additional payroll expense of approximately \$3.60 per employee to the state's costs, just as it will to private employers. How many state employees are currently paid between the minimum wage and the proposed minimum wage? Those too will see the increase, just as in the private sector. What will be the result of the upward pressure on those currently earning \$15.00 per hour? How much of an increase can they anticipate receiving? Surely the state will have to address that, just as the private sector will.

It is time to take a different approach to raising wages.

Automatically increasing wages does not address the core issue. What can be done to improve skills, that will create a workforce that possesses the necessary tools to move away from low wage jobs?

We need to be creating a workplace that is assured the productivity commensurate to the increases in the minimum wage.

Education and training are the keys to success. Educating students to be prepared for the jobs of the twenty-first century. Moving students who may not be college-bound into technical training and apprenticeships. Strengthening Vermont Technical College (VTC) and the Community College of Vermont (CCV) will present better opportunities for those looking for high paying careers.

When was the last time that the state took a hard look the money being spent on its workforce training and re-training programs? What are the real outcomes? Are those who are in workforce training programs really preparing for the jobs that are out there? Are those who successfully complete those programs still employed after three, six and twelve months? If not, why not? Are programs available for re-training that will give potential employees the ability to meet employers' needs?

There are good paying jobs going for the asking across Vermont today. Employers that I have spoken with tell me that those jobs are not being filled because the applicants are not meeting the necessary job requirements.

Increasing the minimum wage to \$15.00 per hour is a lofty goal, but it does not solve the problem. Increasing the minimum wage can stifle job growth, and even limit employers' ability to create new jobs.

Better education, the right training and re-training of the workforce for today's jobs will help to ensure a minimum wage well in excess of \$15.00 per hour.