

## The Unexplored, Unintended Consequences of S.40 for Vermonters

DeBanville's General Store & Café'  
47 VT RT 105  
Bloomfield, VT 09905  
802-962-5525  
[www.debanville's.com](http://www.debanville's.com)  
[debanvilles@gmail.com](mailto:debanvilles@gmail.com)

To those who legislate our great State of Vermont:

Greetings from the Northeast Kingdom. This letter is intended to provoke thoughtful discussion on the recent passing of S.40 regarding the minimum wage in the Senate and its current review in the House. This is a pragmatic & economic issue that has deep impacts across the State and region. While we hear often that we want people to have a "living wage" – we argue that not all jobs are intended to garner a living wage. We would like to know what problem this Bill is going to solve. We are very concerned that the solution proposed in S.40 is not going to deliver the results you have intended. In particular – we believe you have miscalculated the impacts on small business and especially those who try to do business in the most rural & eastern townships of Vermont. What might look good for Burlington may not be the same for Brattleboro or Bloomfield.

This letter comes to you from the most economically challenged part the State. From our dooryard – a cast of the pole has you fishing in the Connecticut River. Our neighboring State 200 yards away has no Income Tax, No Sales Tax, and \$7.25 minimum wage. They are ranked 7<sup>th</sup> in per capita and household median incomes. DeBanville's General Store & Café has been the site of a store since 1917. So, for over a 100 years a store has served the community. After rebuilding the original store in 2003 – the owners ran it until 2012 when the economy forced closure. It laid foul until 2017. Our business plan to reopen the store was not the one bankers would be excited about because it was focused on building community and providing 4 or 5 jobs to local people. In the year of operations since opening - we are proudest about the ability of our workers to establish a great sense of community and caring that is the Hallmark greeting card of Vermont – small towns, small business, gathering places to share the daily on goings of life in a Vermont town. In addition to the local communities' support, we are fortunate to have many visitors, camp owners, snowmobilers, ATV's from NH, vacationers, and folks from around the region and Canada find us. This presence on a border town allows for the state of Vermont to garner monies that would otherwise be lost to New Hampshire.

A little background on Vermont that should be the backdrop for your decisions:

- Vermont is the 49<sup>th</sup> least populous state in the US. Only Wyoming is smaller.
- Vermont is currently are tied for 4<sup>th</sup> out of the 50 States for our present minimum wage at \$10.50.
- Vermont border states that have populations of 19.6M (NY), 6.6M (MA), and 1.2M(NH).

- Vermont ranks 20<sup>th</sup> in the country in median and per capita household incomes.  
**Of the 19 States that have higher ranking per capita & household incomes, 17 of them have a lower or equal minimum wage than Vermont.**

1. Washington D.C – \$12.50/hr.
2. Washington – \$11.50/hr.
3. California (Tie) – \$11.00/hr.
- T3. Massachusetts (Ties) – \$11.00/hr.
4. Arizona (Tie) – \$10.50/hr.
- T4. Vermont (Tie) – \$10.50/hr.
5. New York – \$10.40/hr.
6. Colorado – \$10.20/hr.

What problem are we trying to solve by raising the minimum wage to \$15/hr that can be sustainable given the nature of our economy, and regional impacts? Are we looking at the wrong side of the equation? Vermont desperately needs a way to reinvent itself in supporting higher paying jobs to attract & retain young people. Is that not what we really want for our children? Simply raising the minimum wage to \$15/hr is not the solution in itself, and very short sided in its approach to a sustainable long term economy and healthy State. In fact \$15/hr may cause a barrier for unskilled labor to compete with other workers.

Do you really care about small business – or is it a cliché that plays well politically? The cost of labor is a very significant portion of operations and changes to labor costs can force businesses to either cut back, relocate, or close. Since Vermont touts something like 58 % of its businesses as small – have we fully considered the impacts on small business? It does not appear so. Have we fully studied the impact of this based on other states results of drastically making upward moves in the minimum wage?

We see and hear all about the troubled fiscal waters that surround us in Vermont. We need to face the reality that legislating our way to moral victories does not sustain our great State. We have lost a lot of industry and have done very little to encourage or build upon ways to replace these lost enterprises. We are losing our children to other States where they can find higher paying jobs with more opportunities. We cannot rely on what worked 50 years ago. We must be bold and honest to approach a new day with new ideas. Raising the minimum wage does not support the 60% of small businesses in Vermont in a sustainable way nor does it grow the desire for higher paying jobs. This will not bring back those who departed the state for employment either. According to some studies – it will damage the existing economy and also not help poverty. It may also adversely impact the entire employment approach and economy.

In our small business – we are not profitable in the economic sense, we take no salary, yet we are enriched by the prospect of providing the community with another 100 years of something that every community deserves. We have generated significant sales & use, meals & rooms,

and tobacco & fuel taxes that did not exist for 5 years and quite frankly would have likely been shifted to New Hampshire businesses. We are not asking for a pat on the back – these are facts of small businesses in Vermont – especially those on border towns. As a border town, we have the unique burden of competing with New Hampshire with no sales tax, lower fuel & tobacco taxes and a lower minimum wage. Some readers of this might say maybe there is no business reason for us to stay open. We say – come & visit us sometime – and we can have an open discussion about the realities of small business and the huge impact they make on our communities.

We want to pay our employees more – but to raise the bar by legislation places an undue burden on small business to thrive, or even survive. Because of how we run our business operations to be most efficient – we cannot have employees being paid restaurant worker wages. We pay all our employees at least minimum wage. As the business grows – we have plans to pay them more... as they deserve it. What is problematic – is the dictation of higher wages which also carries additional costs in other areas of unemployment, and taxes. So the burden of the business owner is not simply the wage increase.

What appears troublesome is that we in Vermont are trying to compare ourselves nationally to other locations and regions that do not look like us, in any way or measure, as justification for the moral move to a “living wage”. The unintended consequences of such a move cause great concern for us. Also the linkage of perpetual increases to the minimum wage are also potentially dangerous.

We think a committee needs to study this more closely as this legislation does not have a sense of reality baked in with sustainability. Other States have been ahead of us on this and we should learn from their experiences. Furthermore – we hope that any final solution has other tiered opportunities for those who truly have small businesses can offer jobs at some rate that is commensurate with the type of job. Large businesses can more easily absorb this increase but small businesses cannot, and in our case and likely many others – it is not as simple as passing the costs along – we already have a 6% sales tax, 10% alcohol tax, 9% meals tax, 6 cents/gallon higher fuel tax than NH, \$1.30/pack higher tobacco tax than our neighbor. With no offsets for small business – this bill may create a series of unintended consequences. We should recognize that minimum wage is not intended to be a “living wage” and that there are good reasons why unskilled labor should be reflective of the economics of a State. Your efforts should be looking toward ways to improve opportunities for skilled positions and higher wages through importing business opportunities to the State.

We hope you can carefully reflect on this letter – the larger landscape of this decision and commit to doing what is right and sustainable for Vermont.

Perhaps many of you do not have the lens or experience of the small business community so we ask that you take full stock, and the full measure of your responsibility to reflect on this legislation as it relates to the FACTS, our economy and other factors.

As it stands today – we are tied for the 4<sup>th</sup> highest wage in the U.S. Not sure we have seen the positive impacts of that fact based on the realities of the economy, so pushing us further along does what?

Enclosed are some figures on State rankings for income, minimum wages for Vermont and our neighbors, % growth in minimum wage in 6 year snapshots, and an Ethan Allen Institute Briefing.

In the short term- S.40 is the wrong decision for Vermonters and requires more delicate study. The legislature should make a commitment to take on in earnest a study of the real impacts of this type of wage movement with full consideration to all the factors that are involved, and the real consequences to small business' and economy throughout the entire State of Vermont. Also the perpetual linkage to constant increase is dangerous to a sustainable economy.

We look forward to a warm reception at whatever committee or legislator that will listen to people who have to live through the actions you take in Montpelier and know what it takes to run a small business.

Warm Regards,  
Jim & Mary Jo Mazzonna  
DeBanville's General Store & Café'  
Since 1917

WIKIPEDIA

# List of U.S. states by income

This is a **list of U.S. states by income**.

## Contents

**States ranked by median household income**

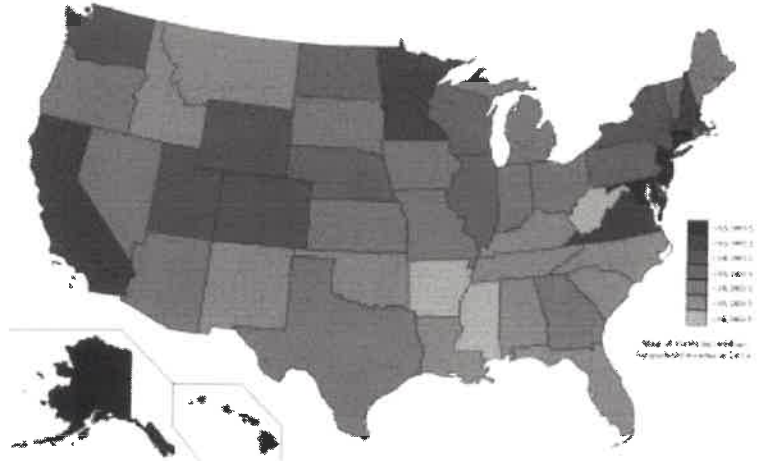
**States ranked by per capita income**

**About Puerto Rico and the District of Columbia**

**See also**

**References**

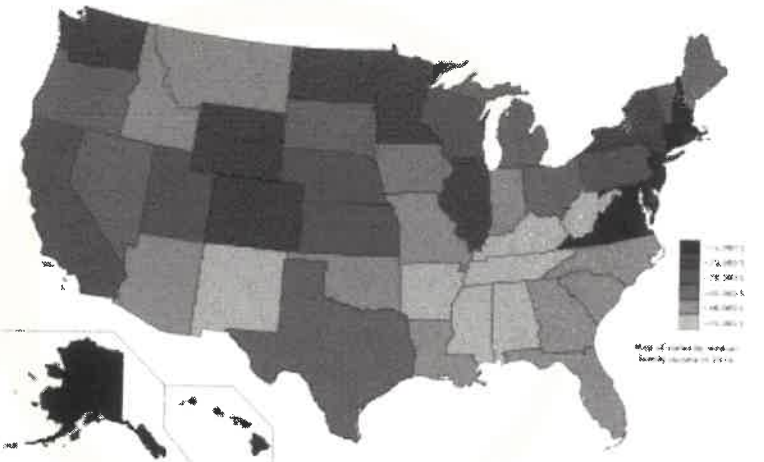
**External links**



Map of states by median household income in 2014.

## States ranked by median household income

*Median Household Income by State* (Note that table does not reflect the margin of error in the values).<sup>[1]</sup>



Map of states by median family income in 2014.

Rank	State	2015	2014	2013	2012	2011
1	Maryland <i>9.25</i>	\$75,847	73,971	\$72,483	\$71,122	\$70,004
	District of Columbia† <i>12.50</i>	\$75,628	71,648	\$67,572	\$66,583	\$63,124
2	Hawaii <i>10.10</i>	\$73,486	69,592	\$68,020	\$66,259	\$61,821
3	Alaska <i>9.84</i>	\$73,355	71,583	\$72,237	\$67,712	\$67,825
4	New Jersey <i>8.60</i>	\$72,222	71,919	\$70,165	\$69,667	\$67,458

5	<u>Connecticut</u> 10.10	\$71,346	70,048	\$67,098	\$67,276	\$65,753
6	<u>Massachusetts</u> 11	\$70,628	69,160	\$66,768	\$65,339	\$62,859
7	<u>New Hampshire</u> 7.25	\$70,303	66,532	\$64,230	\$63,280	\$62,647
8	<u>Virginia</u> 7.25	\$66,262	64,902	\$62,666	\$61,741	\$61,882
9	<u>California</u> 10.50	\$64,500	61,933	\$60,190	\$58,328	\$57,287
10	<u>Washington</u> 11.50	\$64,129	61,366	\$58,405	\$57,573	\$56,835
11	<u>Colorado</u> 10.50	\$63,909	61,303	\$58,823	\$56,765	\$55,387
12	<u>Minnesota</u> 9.65	\$63,488	61,481	\$60,702	\$58,906	\$56,954
13	<u>Utah</u> 7.25	\$62,912	60,922	\$59,770	\$57,049	\$55,869
14	<u>Delaware</u> 8.25	\$61,255	59,716	\$57,846	\$58,415	\$58,814
15	<u>New York</u> 10.40	\$60,850	58,878	\$57,369	\$56,448	\$55,246
16	<u>North Dakota</u> 7.25	\$60,557	59,029	\$55,759	\$53,585	\$51,704
17	<u>Wyoming</u> 7.25	\$60,214	57,055	\$58,752	\$54,901	\$56,322
18	<u>Illinois</u> 8.25	\$59,588	57,444	\$56,210	\$55,137	\$53,234
19	<u>Rhode Island</u> 10.10	\$58,073	54,891	\$55,902	\$54,554	\$53,636
20	<u>Vermont</u> 10.50	\$56,990	54,166	\$52,578	\$52,977	\$52,776
	<u>United States</u> 7.25	\$55,775	53,657	\$52,250	\$51,371	\$50,502
21	<u>Pennsylvania</u> 7.05	\$55,702	53,234	\$52,007	\$51,230	\$50,228
22	<u>Texas</u> 7.25	\$55,653	53,035	\$51,704	\$50,740	\$49,392
23	<u>Wisconsin</u> 7.25	\$55,638	52,622	\$51,467	\$51,059	\$50,395
24	<u>Nebraska</u> 9.00	\$54,996	52,686	\$51,440	\$50,723	\$50,296
25	<u>Iowa</u> 7.25	\$54,736	53,712	\$52,229	\$50,957	\$49,427
26	<u>Oregon</u> 10.25	\$54,148	51,075	\$50,251	\$49,161	\$46,816
27	<u>Kansas</u> 7.25	\$53,906	52,504	\$50,972	\$50,241	\$48,964
28	<u>South Dakota</u> 8.85	\$53,017	50,979	\$48,947	\$48,362	\$48,321
29	<u>Nevada</u> 8.25	\$52,431	51,450	\$51,230	\$49,760	\$48,927
30	<u>Maine</u> 10.00	\$51,494	49,462	\$46,974	\$46,709	\$46,033
31	<u>Arizona</u> 10.50	\$51,492	50,068	\$48,510	\$47,826	\$46,709
32	<u>Georgia</u> 7.25	\$51,244	49,321	\$47,829	\$47,209	\$46,007
33	<u>Michigan</u> 9.25	\$51,084	49,847	\$48,273	\$46,859	\$45,981
34	<u>Ohio</u> 8.30	\$51,075	49,308	\$48,081	\$46,829	\$45,749
35	<u>Indiana</u> 7.25	\$50,532	49,446	\$47,529	\$46,974	\$46,438

36	Missouri <i>7.85</i>	\$50,238	48,363	\$46,931	\$45,321	\$45,247
37	Montana <i>8.30</i>	\$49,509	46,328	\$46,972	\$45,076	\$44,222
38	Florida <i>8.25</i>	\$49,426	47,463	\$46,036	\$45,040	\$44,299
39	Oklahoma <i>7.25</i>	\$48,568	47,529	\$45,690	\$44,312	\$43,225
40	Idaho <i>7.25</i>	\$48,275	47,861	\$46,783	\$45,489	\$43,341
41	North Carolina <i>7.25</i>	\$47,830	46,556	\$45,906	\$45,150	\$43,916
42	Tennessee <i>7.25</i>	\$47,275	44,361	\$44,297	\$42,764	\$41,693
43	South Carolina <i>7.25</i>	\$47,238	45,238	\$44,163	\$43,107	\$42,367
44	Louisiana <i>7.25</i>	\$45,727	44,555	\$44,164	\$42,944	\$41,734
45	New Mexico <i>7.20</i>	\$45,382	44,803	\$43,872	\$42,558	\$41,963
46	Kentucky <i>7.25</i>	\$45,215	42,958	\$43,399	\$41,724	\$41,141
47	Alabama <i>7.25</i>	\$44,765	42,830	\$42,849	\$41,574	\$41,415
48	West Virginia <i>7.25</i>	\$42,019	41,059	\$41,253	\$40,196	\$38,482
49	Arkansas <i>8.50</i>	\$41,995	41,262	\$40,511	\$40,112	\$38,758
50	Mississippi <i>7.25</i>	\$40,593	39,680	\$37,963	\$37,095	\$36,919
	Puerto Rico† <i>7.25</i>	\$18,626	18,928	\$19,183	\$19,429	\$18,660

## States ranked by per capita income

All data is from the 2010-2014 American Community Survey 1-Year Estimates.<sup>[2][3]</sup>

Rank	State	Per capita income	Median household income	Median family income	Population	Number of households	Number of families
	<i>District of Columbia</i> †	\$45,877	\$71,648	\$84,094	658,893	277,378	117,864
1	Connecticut	\$39,373	\$70,048	\$88,819	3,596,677	1,355,817	887,263
2	New Jersey	\$37,288	\$69,160	\$87,951	8,938,175	2,549,336	1,610,581
3	Massachusetts	\$36,593	\$71,919	\$88,419	6,938,608	3,194,844	2,203,675
4	Maryland	\$36,338	\$73,971	\$89,678	5,976,407	2,165,438	1,445,972
5	New Hampshire	\$34,691	\$66,532	\$80,581	1,326,813	519,756	345,901
6	Virginia	\$34,052	\$64,902	\$78,290	8,326,289	3,083,820	2,058,820
7	New York	\$33,095	\$58,878	\$71,115	19,746,227	7,282,398	4,621,954
8	North Dakota	\$33,071	\$59,029	\$75,221	739,482	305,431	187,800

9	<u>Alaska</u>	\$33,062	\$71,583	\$82,307	736,732	249,659	165,015
10	<u>Minnesota</u>	\$32,638	\$61,481	\$77,941	5,457,173	2,129,195	1,369,594
11	<u>Colorado</u>	\$32,357	\$61,303	\$75,405	5,355,866	2,039,592	1,315,283
12	<u>Washington</u>	\$31,841	\$61,366	\$74,193	7,061,530	2,679,601	1,725,099
13	<u>Rhode Island</u>	\$30,830	\$54,891	\$71,212	1,055,173	409,654	257,165
14	<u>Delaware</u>	\$30,488	\$59,716	\$72,594	935,614	349,743	233,000
15	<u>California</u>	\$30,441	\$61,933	\$71,015	38,802,500	12,758,648	8,762,059
16	<u>Illinois</u>	\$30,417	\$57,444	\$71,796	12,880,580	4,772,421	3,099,184
17	<u>Hawaii</u>	\$29,736	\$69,592	\$79,187	1,419,561	450,769	314,151
18	<u>Wyoming</u>	\$29,698	\$57,055	\$72,460	584,153	232,594	149,032
19	<u>Pennsylvania</u>	\$29,220	\$53,234	\$67,876	12,787,209	4,945,972	3,185,054
20	<u>Vermont</u>	\$29,178	\$54,166	\$67,154	626,562	257,229	162,017
	<u>United States</u>	\$28,889	\$53,657	\$65,910	318,857,056	117,259,427	77,152,072
21	<u>Iowa</u>	\$28,361	\$53,712	\$67,771	3,107,126	1,241,471	801,562
22	<u>Wisconsin</u>	\$28,213	\$52,622	\$67,187	5,757,564	2,307,685	1,485,877
23	<u>Maine</u>	\$27,978	\$49,462	\$62,078	1,330,089	549,841	344,585
24	<u>Kansas</u>	\$27,870	\$52,504	\$66,425	2,904,021	1,109,280	728,602
25	<u>Oregon</u>	\$27,646	\$51,075	\$62,670	3,970,239	1,535,511	966,250
26	<u>Nebraska</u>	\$27,446	\$52,686	\$66,120	1,881,503	740,765	480,317
27	<u>Texas</u>	\$27,125	\$53,035	\$62,830	26,956,958	9,277,197	6,407,165
28	<u>South Dakota</u>	\$26,959	\$50,979	\$66,936	853,175	334,475	211,235
29	<u>Ohio</u>	\$26,937	\$49,308	\$62,300	11,594,163	4,593,172	2,923,523
30	<u>Michigan</u>	\$26,613	\$49,847	\$62,143	9,909,877	3,834,574	2,485,159
31	<u>Florida</u>	\$26,582	\$47,463	\$57,212	19,893,297	7,328,046	4,693,411
32	<u>Missouri</u>	\$26,126	\$48,363	\$61,299	6,063,589	2,354,809	1,508,816
33	<u>Montana</u>	\$25,989	\$46,328	\$60,643	1,023,579	410,962	251,176
34	<u>North Carolina</u>	\$25,774	\$46,556	\$57,380	9,943,964	3,790,620	2,492,048
35	<u>Nevada</u>	\$25,773	\$51,450	\$60,824	2,839,099	1,021,519	642,461
36	<u>Arizona</u>	\$25,715	\$50,068	\$59,700	6,731,484	2,428,743	1,579,481
37	<u>Georgia</u>	\$25,615	\$49,321	\$58,885	10,097,343	3,587,521	2,426,392
38	<u>Oklahoma</u>	\$25,229	\$47,529	\$58,710	3,878,051	1,459,759	966,516
39	<u>Indiana</u>	\$25,140	\$49,446	\$60,780	6,596,855	2,502,739	1,657,223



40	<u>Tennessee</u>	\$24,922	\$44,361	\$55,557	6,549,352	2,509,665	1,660,344
41	<u>Utah</u>	\$24,877	\$60,922	\$69,535	2,942,902	918,370	691,495
42	<u>Louisiana</u>	\$24,800	\$44,555	\$56,573	4,649,676	1,718,194	1,112,659
43	<u>South Carolina</u>	\$24,596	\$45,238	\$56,491	4,832,482	1,826,914	1,201,616
44	<u>Idaho</u>	\$23,938	\$47,861	\$58,101	1,634,464	591,587	407,499
45	<u>Kentucky</u>	\$23,684	\$42,958	\$54,776	4,413,457	1,712,094	1,124,586
46	<u>New Mexico</u>	\$23,683	\$44,803	\$54,705	2,085,572	760,916	489,532
47	<u>Alabama</u>	\$23,606	\$42,830	\$53,764	4,849,377	1,841,217	1,232,515
48	<u>Arkansas</u>	\$22,883	\$41,262	\$51,528	2,966,369	1,131,288	752,212
49	<u>West Virginia</u>	\$22,714	\$41,059	\$52,413	1,850,326	735,375	472,869
50	<u>Mississippi</u>	\$21,036	\$39,680	\$50,178	2,994,079	1,095,823	738,463
	<i><u>Puerto Rico†</u></i>	\$11,241	\$18,928	\$22,477	3,548,397	1,233,490	867,505

## About Puerto Rico and the District of Columbia

† Puerto Rico and the District of Columbia are not formally US states, but their residents are American citizens. Puerto Rico has a higher population than 21 US states, while D.C. has a higher population than 2. Data for the other inhabited US territories is not listed here.

## See also

- List of countries by average wage
- Highest-income counties in the United States
- Personal income in the United States
- Household income in the United States
- List of the poorest places in the United States
- Thank God for Mississippi

## References

1. Bureau, U.S. Census. "American FactFinder - Results" ([http://factfinder.census.gov/bkmk/table/1.0/en/ACS/11\\_1YR/R1901.US01PRF](http://factfinder.census.gov/bkmk/table/1.0/en/ACS/11_1YR/R1901.US01PRF)). *factfinder.census.gov*. Retrieved 28 July 2017.
2. "SELECTED ECONOMIC CHARACTERISTICS 2010-2014 American Community Survey 1-Year Estimates" ([http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_14\\_1YR\\_DP03&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_DP03&prodType=table)). U.S. Census Bureau. Retrieved 2016-02-12.
3. "ACS DEMOGRAPHIC AND HOUSING ESTIMATES 2010-2014 American Community Survey 1-Year Estimates" ([http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_14\\_1YR\\_DP05&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_DP05&prodType=table)). U.S. Census Bureau. Retrieved 2016-02-12.

## FEDERAL MINIMUM WAGE RATES UNDER THE FAIR LABOR STANDARDS ACT

### MINIMUM HOURLY WAGE OF WORKERS FIRST COVERED BY:

EFFECTIVE DATE	1938 ACT <sup>1</sup>	1961 AMENDMENTS <sup>2</sup>	1966 & SUBSEQUENT AMENDMENTS <sup>3</sup>	
			NONFARM	FARM
OCT. 24, 1938	\$0.25			
OCT. 24, 1939	\$0.30			
OCT. 24, 1945	\$0.40			
JAN. 25, 1950	\$0.75			
MAR. 1, 1956	\$1.00			
SEPT. 3, 1961	\$1.15	\$1.00		
SEPT. 3, 1963	\$1.25			
SEPT. 3, 1964		\$1.15		
SEPT. 3, 1965		\$1.25		
FEB. 1, 1967	\$1.40	\$1.40	\$1.00	\$1.00
FEB. 1, 1968	\$1.60	\$1.60	\$1.15	\$1.15
FEB. 1, 1969			\$1.30	\$1.30
FEB. 1, 1970			\$1.45	
FEB. 1, 1971			\$1.60	
MAY 1, 1974	\$2.00	\$2.00	\$1.90	\$1.60
JAN. 1, 1975	\$2.10	\$2.10	\$2.00	\$1.80
JAN. 1, 1976	\$2.30	\$2.30	\$2.20	\$2.00
JAN. 1, 1977			\$2.30	\$2.20
JAN. 1, 1978	\$2.65 for all covered, nonexempt workers			
JAN. 1, 1979	\$2.90 for all covered, nonexempt workers			
JAN. 1, 1980	\$3.10 for all covered, nonexempt workers			
JAN. 1, 1981	\$3.35 for all covered, nonexempt workers			
APR. 1, 1990 <sup>4</sup>	\$3.80 for all covered, nonexempt workers			
APR. 1, 1991	\$4.25 for all covered, nonexempt workers			
OCT. 1, 1996 <sup>5</sup>	\$4.75 for all covered, nonexempt workers			
SEPT. 1, 1997	\$5.15 for all covered, nonexempt workers			

JUL. 24, 2007	\$5.85 for all covered, nonexempt workers
JUL. 24, 2008	\$6.55 for all covered, nonexempt workers
JUL. 24, 2009	\$7.25 for all covered, nonexempt workers

06

<sup>1</sup> The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce.

<sup>2</sup> The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees.

<sup>3</sup> The 1966 Amendments extended coverage to State and local government employees of hospitals, nursing homes, and schools, and to laundries, dry cleaners, and large hotels, motels, restaurants, and farms. Subsequent amendments extended coverage to the remaining Federal, State and local government employees who were not protected in 1966, to certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment.

<sup>4</sup> Grandfather Clause: Employees who do not meet the tests for individual coverage, and whose employers were covered by the FLSA, on March 31, 1990, and fail to meet the increased annual dollar volume (ADV) test for enterprise coverage, must continue to receive at least \$3.35 an hour.

<sup>5</sup> A subminimum wage -- \$4.25 an hour -- is established for employees under 20 years of age during their first 90 consecutive calendar days of employment with an employer.

# Minimum Wage Increases Increasingly Rare

*New Hampshire minimum wage levels, 1979-present*

<u>Date of Increase</u>	<u>Hourly Rate</u>	<u>Source of Increase</u>
1.1.79	\$2.90	Federal
1.1.80	\$3.10	Federal
1.1.81	\$3.35	Federal
1.1.87	\$3.45	State
1.1.88	\$3.55	State
1.1.89	\$3.65	State
1.1.90	\$3.75	State
4.1.90	\$3.80	Federal
1.1.91	\$3.85	State
4.1.91	\$4.25	Federal
10.1.96	\$4.75	Federal
9.1.97	\$5.15	Federal
7.24.07	\$5.85	Federal
9.1.07	\$6.50	State
7.24.08	\$6.55	Federal
9.1.08	\$7.25	State
7.24.09	\$7.25	Federal

36%

Sources: NH RSAs; US Department of Labor

Bill \$15 By 2021

- [Home \(http://www.labor.ny.gov\)](http://www.labor.ny.gov)
- [Labor Statistics \(/stats\)](#)
- History of the General Hourly Minimum Wage in New York State

### History of the General Hourly Minimum Wage in New York State

Prior to 1960, state minimum wage rates varied from industry to industry.	
October 1, 1960	Newly established general minimum wage set at \$1.00
October 15, 1962	Increased from \$1.00 to \$1.15
October 15, 1964	Increased from \$1.15 to \$1.25
January 1, 1967	Increased from \$1.25 to \$1.50
February 1, 1968	Increased from \$1.50 to \$1.60
July 1, 1970	Increased from \$1.60 to \$1.85
May 1, 1974	Increased from \$1.85 to \$2.00
January 1, 1975	Increased from \$2.00 to \$2.10
January 1, 1976	Increased from \$2.10 to \$2.30
October 6, 1978	Increased from \$2.30 to \$2.65
January 1, 1979	Increased from \$2.65 to \$2.90
January 1, 1980	Increased from \$2.90 to \$3.10
January 1, 1981	Increased from \$3.10 to \$3.35
April 1, 1990	Increased from \$3.35 to \$3.80
April 1, 1991	Increased from \$3.80 to \$4.25
March 31, 2000	Increased from \$4.25 to \$5.15
January 1, 2005	Increased from \$5.15 to \$6.00
January 1, 2006	Increased from \$6.00 to \$6.75
January 1, 2007	Increased from \$6.75 to \$7.15
July 24, 2009	Increased from \$7.15 to \$7.25
December 31, 2013	Increased from \$7.25 to \$8.00
December 31, 2014	Increased from \$8.00 to \$8.75
December 31, 2015	Increased from \$8.75 to \$9.00
December 31, 2016	Increased from \$9.00 to \$9.70
December 31, 2017	Increased from \$9.70 to \$10.40

43%

From 12/31/2017 to 12/30/2018, the general minimum wage is \$10.40 per hour in most of New York State. There are different minimum wage rates for: the fast food industry; Long Island; Westchester County; and

large and small employers in New York City. If you have questions about upcoming increases in New York State's general minimum wage, see the State Department of Labor's [minimum wage resource page](https://labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm) (<https://labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm>).

FRED Graph Observations  
Federal Reserve Economic Data  
Link: <https://fred.stlouisfed.org>  
Help: <https://fred.stlouisfed.org/help-faq>  
Economic Research Division  
Federal Reserve Bank of St. Louis

MASS.

STTMINWGMA State Minimum Wage Rate for Massachusetts, Dollars per Hour, Annual, Not Seaso

Frequency: Annual

observation_date	STTMINWGMA
1968-01-01	1.60
1969-01-01	1.60
1970-01-01	1.60
1971-01-01	1.60
1972-01-01	1.75
1973-01-01	1.75
1974-01-01	1.75
1975-01-01	1.75
1976-01-01	2.10
1977-01-01	2.10
1978-01-01	2.10
1979-01-01	2.90
1980-01-01	3.10
1981-01-01	3.35
1982-01-01	3.35
1983-01-01	3.35
1984-01-01	3.35
1985-01-01	3.35
1986-01-01	3.35
1987-01-01	3.35
1988-01-01	3.65
1989-01-01	3.65
1990-01-01	3.65
1991-01-01	3.75
1992-01-01	4.25
1993-01-01	4.25
1994-01-01	4.25
1995-01-01	4.25
1996-01-01	4.75
1997-01-01	5.25
1998-01-01	5.25
1999-01-01	5.25
2000-01-01	6.00
2001-01-01	6.75
2002-01-01	6.75
2003-01-01	6.75
2004-01-01	6.75
2005-01-01	6.75
2006-01-01	6.75
2007-01-01	7.50
2008-01-01	8.00

2009-01-01	8.00
2010-01-01	8.00
2011-01-01	8.00
2012-01-01	8.00
2013-01-01	8.00
2014-01-01	8.00
2015-01-01	9.00
2016-01-01	10.00
2017-01-01	11.00
2018-01-01	11.00



38% INCREASE



FRED Graph Observations  
Federal Reserve Economic Data  
Link: <https://fred.stlouisfed.org>  
Help: <https://fred.stlouisfed.org/help-faq>  
Economic Research Division  
Federal Reserve Bank of St. Louis

STTMINWGVT State Minimum Wage Rate for Vermont, Dollars per Hour, Annual, Not Seasonally A

Frequency: Annual

observation_date	STTMINWGVT
1968-01-01	1.40
1969-01-01	1.40
1970-01-01	1.60
1971-01-01	1.60
1972-01-01	1.60
1973-01-01	1.60
1974-01-01	1.60
1975-01-01	1.60
1976-01-01	2.30
1977-01-01	2.30
1978-01-01	2.30
1979-01-01	2.90
1980-01-01	3.10
1981-01-01	3.35
1982-01-01	3.35
1983-01-01	3.35
1984-01-01	3.35
1985-01-01	3.35
1986-01-01	3.35
1987-01-01	3.35
1988-01-01	3.55
1989-01-01	3.55
1990-01-01	3.55
1991-01-01	3.85
1992-01-01	4.25
1993-01-01	4.25
1994-01-01	4.25
1995-01-01	4.25
1996-01-01	4.75
1997-01-01	5.00
1998-01-01	5.25
1999-01-01	5.25
2000-01-01	5.75
2001-01-01	6.25
2002-01-01	6.25
2003-01-01	6.25
2004-01-01	6.75
2005-01-01	7.00
2006-01-01	7.25
2007-01-01	7.53
2008-01-01	7.68

Vermont

2009-01-01  
2010-01-01  
2011-01-01  
2012-01-01  
2013-01-01  
2014-01-01  
2015-01-01  
2016-01-01  
2017-01-01  
2018-01-01

8.06  
8.06  
8.15  
8.46  
8.60  
8.73  
9.15  
9.60  
10.00  
10.50

24%

43%

2024

15.00

Ethan Allen Institute

SUPPORT FREEDOM

- [Home](#)
- [About Us](#)
- [Issues](#)
- [Commentary](#)
- [Press Releases](#)
- [Roll Calls](#)
- [Policy Analysis](#)
- [Events](#)
- [Join EAI](#)
- [Blog](#)

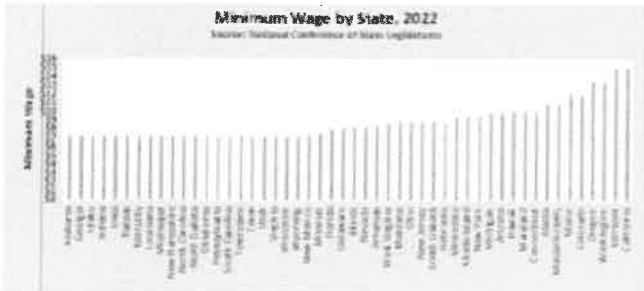
# Issue Brief: What A \$15 Minimum Wage Would Do To Vermont

*By David Flemming & Rob Roper*

## THE MINIMUM WAGE: WHERE WE STAND NOW

In 2014, Vermont passed [Act 176](#), which raised the minimum wage to \$10 an hour for 2017, set it to increase to \$10.50 on January 1, 2018<sup>[1]</sup>, and on January 1, 2019 and each year after, the minimum wage will increase by the percentage increase of the Consumer Price Index, unless the CPI is greater than 5% (which has not happened since 1990), in which case the minimum wage will increase by %.

Vermont is currently tied with Arizona for the [sixth highest](#) minimum wage in the US. However, there are several proposals for increasing the minimum wage in the Vermont House and Senate. The bill with the greatest support is House Bill 93/ Senate Bill 40, under which the minimum wage would increase \$1 every January 1 from 2018 to 2021, and would increase by \$1.50 in 2022, maxing out at \$15 per hour. If Vermont adopted a \$15 minimum wage in 2022, we would be tied with California for the highest minimum wage in the country.



Of additional concern, were this to pass, Vermont would be far out of line with our New England neighbors. Maine has passed legislation that will increase its minimum wage to \$12 by 2022, just 80% of what Vermont is proposing (\$12 vs. \$15). But this difference pales in comparison to New Hampshire, which is tied to the federal minimum wage of \$7.25.

As the Vermont Joint Fiscal Office’s (JFO) April report states, the “pronounced and growing minimum wage rate differential with New Hampshire and other states at or near the Federal minimum wage of \$7.25 represents a potential economic risk,” noting that this differential is “the largest historical spread on record.” How can Vermont compete to attract businesses with entry-level wages set at more than twice the rate of our neighbor?



**THEORIES**

Advocates argue that raising the minimum wage will directly help all workers who are currently earning less than \$15 an hour, and benefit the economy in general. A \$15 minimum wage would help lift those currently earning less than \$15 per hour out of poverty by putting more money in their pockets – money they will spend in local businesses, boosting the overall economy.

**“THE REAL MINIMUM WAGE WILL ALWAYS BE \$0.”**

Opponents of the \$15 minimum wage argue that such an increase will hurt, rather than help, workers, employers, and the economy.

The higher cost for labor will discourage employers from hiring new workers, will cause them in some cases to cut back on hours for existing employees, and will cause them to discriminate against low skilled workers

in favor of engaging fewer, higher skilled, more productive workers. Some businesses, unable to absorb the higher labor costs, will simply go out of business leaving all unemployed.

While an increased minimum wage might benefit a few, the overall impact is negative.

Luckily, some areas have begun implementing a \$15 minimum wage, allowing Vermonters to learn from their experience.

## WHAT THE STUDIES SHOW:

### SEATTLE

Perhaps the most public experiment with the \$15 minimum wage is taking place in Seattle, where the city is phasing in a \$15 minimum wage for businesses (\$9.47 to \$11 per hour in 2015, to \$13 in 2016, and to \$15 per



hour by 2021).

The University of Washington discovered that Seattle businesses adapted to the minimum wage increases by reducing the hours for workers in low-wage jobs (\$13-\$19/hr.) by about 9 percent, resulting in a loss of 14 million hours annually. Hourly wages in low-wage jobs did increase by 3 percent, but the net impact was that low-wage earners lost an average of \$1,500 annually because of the cut in hours.

### SAN FRANCISCO BAY AREA

A Harvard Business School study looked at restaurant closures in the San Francisco Bay area from 2008 (minimum wage: \$9.36) to 2016 (minimum wage: \$13). Here they concluded that for each \$1 increase in the minimum wage the likelihood that a 3.5 star restaurant (the average rating on Yelp) would go out of business increased by 14% each month.

Without the \$1 increase in the minimum wage, more San Francisco restaurants could have stayed in business, giving customers more choices and workers more .

### MACRO-IMPACT

Clemens and Wither (2014) looked at minimum wage increases across the US during the late 2000's. Not only did they find workers losing income from an increase in unemployment short-term, they also noted that workers who lost their jobs from minimum wage increases were more likely to make lower wages in the long term because they had less experience.

**“THE HARM DONE TO THE ECONOMY IS OF ENORMOUS MAGNITUDE, FAR SURPASSING THAT OF A HISTORICAL RECESSION.”**

Meer and West (2013) show that a 10% permanent increase in the real minimum wage reduces job growth 0.3% annually. The harm done to the economy is of “enormous magnitude,” far surpassing that of any historical recession.

## **IMPACT ON SMALL BUSINESSES**

A common sentiment in Vermont is that a \$15 minimum wage “would give 85,000 Vermonters a raise.”

Unfortunately, this belief rests on the common misperception that employers are holding back wages from employees that they could easily pay for out of high profit margins. According to a 2013 Reason-Rupe poll, Americans thought that a business’ “percent profit on each dollar of sales” after taxes was 36%. The actual profit margin is closer to 6.5%.

### **“58.9% OF VERMONT PRIVATE SECTOR**

### **EMPLOYEES WORK FOR A SMALL BUSINESS.”**

Since labor costs generally make up 15-20% of a retailers’ total operating costs, even a seemingly small increase in labor costs caused by a minimum wage increase could force a business to reduce hours, lay off workers, or close down entirely.

This a point of particular importance to Vermonters. As of 2012, Vermont had the fourth largest share of “Small Firm Employment” (up to 99 employees) in the US, with 58.9% of private sector employees working for a small business. In a 2013 Gallup poll of US small business owners, 60% of owners thought that “if a law was passed to increase the minimum wage” that it would “hurt small business owners.” Smaller businesses cannot absorb increases in labor costs as easily as large businesses, and since Vermont has such a large portion of small businesses, an increase in the minimum wage would be extra risky.

## **YOUTH EMPLOYMENT**

A minimum wage law would disproportionately discriminate against those just entering the workforce. Younger workers have less experience than older workers, so they have fewer skills that employers can use to produce goods and services that customers would find valuable. While the Bureau of Labor Statistics (BLS) does not break down the numbers by state and month, 9.7% of US workers Age 16-19 earned at or below the minimum wage, compared to only 1.8% of US workers over 25 years old.

Neumark and Nizalova found that “as individuals reach their late 20’s, they earn less and may also work less the longer they were exposed to a higher minimum wage as a teen and young adult.”

### **“AS INDIVIDUALS REACH THEIR LATE 20’S, THEY EARN LESS AND MAY ALSO WORK LESS THE LONGER THEY ARE EXPOSED TO A HIGHER MINIMUM WAGE.”**

(Gorry, 2013) Minimum wages account for a 2.8 percentage point increase in youth unemployment for high school educated workers between 2006 and 2010.

Gitis (2013) “in 2013, a \$1 increase in the minimum wage was associated with a 1.48% increase in the unemployment rate, a 0.18% decrease in the net job growth rate and a 4.67% increase in the teenage unemployment rate, and a 4.01% decrease in the teenage net job growth rate.”

Most minimum wage jobs are not dead-end jobs. There is room for advancement once workers prove themselves. Even and Macpherson (2000) remarked that “over the last 20 years, nearly two-thirds of minimum wage workers moved above the minimum wage within one year of working at the minimum wage.”

Employers cannot pay workers the minimum wage forever. Employees know that the skills that they acquired at low-paying jobs can be used as negotiating leverage to get higher paying jobs in the future.

According to Neumark and Wascher (2006), of the “33 studies (or entries) that we view as providing the most credible evidence; 28 (85 percent) of these point to negative employment effects.”

## IMPACT ON OUT-MIGRATION

Monras, (2015) examines the effect that the minimum wage has on low-skill workers, or those who have a high school diploma or less. Unsurprisingly, the minimum wage leads to greater unemployment. The study goes a step further however, to show that low-skill workers tend “to leave or avoid moving to the regions that increase minimum wages.” The irony is apparent: the “workers for whom the policy was designed leave the states where the policy is implemented.”

This finding has serious implications for Vermont, which is trying to solve a stagnant population problem.

## ROBOTS VS. WORKERS



A higher minimum wage makes the employment of workers more costly relative to emerging automated technologies. Supermarkets, airlines and restaurants have already begun automating their services, and increasing the minimum wage only serves to quicken the pace of automation.

Lordan and Neumark (2017) show that while the minimum wage tends to reduce the overall number of low-skill jobs available, some demographics are penalized far more than others. “The share in automatable employment declines most sharply for older workers.” Given that Vermont has some of the highest rates of elderly workers still in the workforce in the country, legislators would do well to keep these workers in mind as they consider a higher minimum wage.

As technology improves, the number of jobs that can be automated is increasing. A higher minimum wage will escalate the adoption of these technologies.

## IMPACT ON POVERTY

While minimum wage increases are intended to benefit those in poverty, the real world impact demonstrates that the negative impact of higher minimum wages on the poor outweigh the benefits.

As noted in the Seattle study, the impact of a steeply rising minimum wage actually reduced overall income for low wage workers by an average of \$1500 a year due to employers cutting back hours.

**“A STEEPLY RISING MINIMUM WAGE REDUCED OVERALL INCOME FOR LOW WAGE WORKERS BY AN AVERAGE OF \$1500 A YEAR.”**

“Burkhauser, (2014) found that “The movement of families onto the poverty rolls because their wage earnings are negatively affected by minimum wage increases more than offsets the movement out of poverty of families whose wage earnings are positively affected.”

The Federal Reserve Bank of San Francisco noted that workers are poor not because of low wages, but because of low hours. Raising the minimum wage would not increase the number of hours an employer decides to give an employee to work. So long as an employer has the choice of how many hours to give an employee, an increase in the minimum wage incentives the employer to give them fewer hours.

Again, this is consistent with the University of Washington Seattle study, which concluded “the reduction in hours would cost the average employee (earning less than \$19 an hour) \$179 per month, while the wage increase would recoup only \$54 of this loss, leaving a net loss of \$125 per month (6.6%).”

## CONCLUSIONS

Seattle’s median household income increased nearly \$10,000 to \$80,349 from 2014 to 2015, which was the largest increase of any of the 50 most populous cities in the US. If anyplace in the country was prepared to absorb a minimum wage increase with the lowest possible negative impact on employment, Seattle was it.

Vermont is not Seattle.

According to the Census 2015 American Community Survey, the only county in Vermont to have a median household income in excess of \$60,000 is Chittenden, while Essex County has a median household income below \$37,000, less than half of Seattle’s median household income.

We have seen how a \$15 minimum wage can hurt workers in a robust economy like Seattle. The challenges and potential impact are far greater for Vermont.

The Joint Fiscal Office found that “impacts associated with a \$12.50 minimum wage include job losses of about 3,200 jobs.” A 2016 Heritage Foundation study predicts 11,000 full time jobs would be lost if Vermont were to raise the minimum wage to \$15 by 2021. Since the current proposal would implement a full \$15 minimum wage in 2022, this number might be a little lower because businesses would have more time to adjust. But not by much.

After St. Louis’ minimum wage increased from \$7.70 to \$10 back in May, small businesses immediately began cutting back their employees’ hours. Missouri lawmakers learned their lesson, and rescinded the increase. It is always better to learn from other people’s mistakes.

---

## STUDIES AND LINKS

“Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle,” 2017  
Ekaterina Jardim, Mark C. Long



<http://ethanallen.org/wp-content/uploads/2017/06/Seattle-Minimum-Wage-Study.pdf>

“Survival of the Fittest: The Impact of the Minimum Wage on Firm Exit,” 2017

Dara Lee Luca, Michael Luca

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2951110%20](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2951110%20)

“Minimum Wage Effects in the Long Run,” 2004

David Neumark, Olena Nizalova

<http://www.nber.org/papers/w10656.pdf>

“Minimum Wages and Youth Unemployment,” 2013

Aspen Gorrya

<http://www.sciencedirect.com/science/article/pii/S0014292113001104%20>

“How Minimum Wage Increased Unemployment and Reduced Job Creation in 2013,” 2014

Ben Gitis

<https://www.americanactionforum.org/research/how-minimum-wage-increased-unemployment-and-reduced-job-creation-in-2013/#ixzz4qhW0lpsQ>

“Rising above the Minimum Wage,” 2000

William Even, David Macpherson

[https://www.researchgate.net/publication/234709506\\_Rising\\_above\\_the\\_Minimum\\_Wage](https://www.researchgate.net/publication/234709506_Rising_above_the_Minimum_Wage)

“The Minimum Wage and the Great Recession: Evidence of Effects on the Employment and Income Trajectories of Low-Skilled Workers,” 2014

Jeffrey Clemens, Michael Wither

[http://www.nber.org/papers/w20724?utm\\_campaign=ntw&utm\\_medium=email&utm\\_source=ntw%20](http://www.nber.org/papers/w20724?utm_campaign=ntw&utm_medium=email&utm_source=ntw%20)

“Effects of the Minimum Wage on Employment Dynamics,” 2013

Jonathan Meer, Jeremy West

<http://www.nber.org/papers/w19262.pdf%20>

“Minimum Wages and Employment: A Review of the Evidence,” 2006

David Neumark, William Wascher

<http://www.nber.org/papers/w12663.pdf>

“Minimum Wages and Spatial Equilibrium: Theory and Evidence,” 2015

Joan Monras

[http://www.columbia.edu/~jm3364/Minimum\\_Wage\\_and\\_Space.pdf](http://www.columbia.edu/~jm3364/Minimum_Wage_and_Space.pdf)

“People Versus Machines: The Impact of Minimum Wages on Automatable Jobs,” 2017

Grace Lordan, David Neumark

<http://papers.nber.org/tmp/62829-w23667.pdf>

“Why Minimum Wage Increases Are a Poor Way to Help the Working Poor,” 2014

Richard V. Burkhauser

<http://ftp.iza.org/pp86.pdf>

“Why Did the Target Efficiency of the Minimum Wage Increase in Recent Years?”

2014

Sam Lundstrom

[http://www.esspri.uci.edu/files/news\\_events/2014/lundstrom-mw\\_tar\\_eff\\_16.pdf](http://www.esspri.uci.edu/files/news_events/2014/lundstrom-mw_tar_eff_16.pdf)

“Reducing Poverty via Minimum Wages, Alternatives,” 2015

David Neumark

<http://www.frbsf.org/economic-research/publications/economic-letter/2015/december/reducing-poverty-via-minimum-wages-tax-credit/>

“How \$15-per-Hour Minimum Starting Wages Would Affect Each State,” 2016

James Sherk

[http://www.heritage.org/budget-and-spending/report/how-15-hour-minimum-starting-wages-would-affect-each-state#\\_ftn24](http://www.heritage.org/budget-and-spending/report/how-15-hour-minimum-starting-wages-would-affect-each-state#_ftn24)

## • **Subscribe**

To receive the EAI monthly online newsletter and periodic updates, please sign up for our email list.

NAME

EMAIL

SUBMIT

- - [Contact Us](#)
  - [Ethan Allen Institute Blog](#)
  - [Energy Education Project](#)
  - [EEP Director's Blog](#)
  - [Vermont Transparency](#)
  - [State Policy Network](#)
  - [Commentary Archive](#)
  - [News Archive](#)
  - [Newsletters](#)
  - [Common Sense Radio](#)

## **About Us**

The Ethan Allen Institute is Vermont’s free-market public policy research and education organization. Founded in 1993, we are one of fifty-plus similar but independent state-level, public policy organizations around the country which exchange ideas and information through the State Policy Network.

[Read more...](#)

## **Latest News**

### **America’s dark fiscal future**