

VLIAC Vermont Low Income Advocacy Council

“Celebrating 46 years of representing the interest of low income Vermonters”

Minimum Wage Increase:

The Vermont Low Income Advocacy Council supports increasing the minimum wage in Vermont to \$15.00 as detailed in S.40 as passed by the Senate. We would prefer a shorter period of time (2022) to reach it.

We are concerned about the benefit cliffs as well, but feel strongly that the move to a livable wage is the best way to reducing income inequality and to help Vermonters move out of poverty.

However, we urge the committee to strengthen the language around the Child Care Financial Assistant Program and not leave the assistance level or eligibility up to “the extent funds are appropriated”. Affordable childcare is a key support to maintaining gainful employment.

Funds should be appropriated “to adjust the sliding scale of the Child Care Financial Assistance Program benefit to correspond with each minimum wage increase required pursuant to this act to ensure that the benefit percentage at each new minimum wage level remains the same as the percentage applied under the former minimum wage”.

Economic Justice:

VLIAC priorities advocate for economic justice and fair wage for fair work. Fair wages at a minimum should include being able to provide an adequate standard of living for the worker and their dependents, including: food, clothing, shelter, physical safety, basic health care and preventative care and food security.

We believe that moving to a \$15 an hour minimum wage will contribute to the overall well-being of our families, communities, businesses and state, and that it will help boost our economy by attracting more young talented people to the state and by encouraging young families to stay in Vermont.

Poverty Level Statistics:

Federal Wage at 7.25 - \$15,080 year - 125% of FPL

Vermont Wage at 10.50 p - \$21,840 year - 181% of the FPL

Proposed Minimum Wage of \$15.00 year - \$28,800 238% of the FPL

The hourly wage to meet the basic necessities as detailed the VT Basic Needs Budget of 2016 is \$13.03.

One in nine Vermonters lives in poverty, and it's disproportionately worse for women and people of color (Public Assets). A single adult (with no children at home), working full-time year-round in Vermont, would have to earn \$15.66 an hour to achieve a modest but adequate standard of living. (*Economic Policy Institute*)

Increasing the minimum wage would reduce poverty.

Housing:

A couple each working 40 hours a week 52 weeks a year is still short of being able to pay a fair market rent (\$1,139) not exceeding 30% of their income under Vermont's current minimum wage.

For individuals at that minimum wage, affordable housing is out of reach. A household must earn \$45,545 annually or \$21.90 per hour. (VAHC)

The current minimum wage is not high enough to allow people to afford housing. Raising the wage begins to address that and reduces the need for government subsidies

Working Vermonters:

If a minimum wage is in effect in 2024 an estimated 65,000 Vermont workers making minimum wage would receive an increase.

Of those who would receive a raise with a \$15 minimum wage, 87 percent are adults, 56 percent are women, 59 percent work full time, and one in five are parents. And on average they provide 63 percent of their total family income. (Federal Reserve Bank Boston)

The workers who would receive a pay increase are overwhelmingly adult workers, who work full time in regular jobs, often to support a family.
(*Economic Policy Institute*)

Economic Benefits:

Public Assets Institute estimates that increasing the minimum wage will put an additional \$170 million in the pockets of Vermont workers and that the estimated job loss noted in the report is small—less than one percent of total jobs and a fraction of the typical annual job market churn in Vermont.

Raising the minimum wage would increase economic activity and spur job growth. Most every dollar more paid to low income families goes directly into the Vermont economy

Poverty and Health:

A 2014 study found that raising the minimum wage would “significantly benefit health and well-being.” The study found that those earning a higher minimum wage would have enough to eat, be more likely to exercise, less likely to smoke, suffer from fewer emotional and psychological problems. (*Human Impact Partners*)

Raising the minimum wage would lead to a healthier population and prevent premature deaths

Children in Poverty:

Children who are born into poverty and live persistently in poor conditions are at greatest risk of adverse outcomes. However, even short-term spells of poverty can expose children to hardships, such as food insecurity, housing insecurity/homelessness, loss of health care, and school disruptions. (*American Academy of Pediatrics*)

Poverty has steadily increased over the past decade, and currently over 16,000 children in VT are living in poverty. When parents have enough income to support their families, their children are the beneficiaries of better health, educational outcomes, and future success.

Vermont Child Poverty Council

“The Council believes that when families’ incomes are increased Vermonters will have the ability to move themselves and their children out of poverty. Over the past decade, the State of Vermont has enhanced child care subsidies and enhanced other benefit programs to improve the quality of life for families with low-income. While these initiatives are important and admirable, families must also achieve increased wages in order move children and families out of poverty. Vermont should continue to focus on reducing the impacts of poverty, while simultaneously seeking gains that may be achieved through better jobs and higher incomes”

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