

Minimum Wage Outcomes in line with S.40 as of February 6, 2018

Table 1. Minimum Wage Paths in Nominal Dollars, Current Law and Proposed Path as of Feb 5					
	CPI inflation (Consensus)	Current Law	\$15 in 2024	Annual Increase	Difference from Current Law
2018	2.5%	\$10.50	\$10.50		\$0.00
2019	2.9%	\$10.80	\$11.10	\$0.60	\$0.30
2020	2.8%	\$11.11	\$11.75	\$0.65	\$0.64
2021	2.5%	\$11.38	\$12.50	\$0.75	\$1.12
2022	2.3%	\$11.65	\$13.25	\$0.75	\$1.60
2023	2.2%	\$11.90	\$14.10	\$0.85	\$2.20
2024	2.2%	\$12.16	\$15.00	\$0.90	\$2.84

Table 1a. Minimum Wage Paths in Inflation-Adjusted Dollars, Current Law and Proposed Path as of Feb 5					
	CPI inflation (Consensus)	Current Law	\$15 in 2024	Annual Increase	Difference from Current Law
2018	2.5%	\$10.50	\$10.50		\$0.00
2019	2.9%	\$10.50	\$10.79	\$0.29	\$0.29
2020	2.8%	\$10.50	\$11.11	\$0.32	\$0.61
2021	2.5%	\$10.50	\$11.53	\$0.42	\$1.03
2022	2.3%	\$10.50	\$11.95	\$0.42	\$1.45
2023	2.2%	\$10.50	\$12.44	\$0.49	\$1.94
2024	2.2%	\$10.50	\$12.95	\$0.51	\$2.45

DRAFT--February 6, 2018 NEW PATH			
Outcomes for the Minimum Wage Path that Reaches \$15 in 2024			
PRELIMINARY CALENDAR-YEAR ESTIMATES BASED ON MODELING FOR THE STUDY COMMITTEE,			
October 2017			
	in 2019	in 2020	in 2024
Percent change from 2018 minimum wage, inflation-adjusted	3%	6%	23%
Approximate share of jobs at less than proposed minimum wage - DOL basis	5%	10%	22%
Approximate number of jobs at less than proposed minimum wage (DOL basis*)	14,667	29,333	65,500
Initial wage bill change as a share of total wages & salary	0.01%	0.25%	1.5%
Aggregate initial income gains of low-wage workers (2018\$)	\$3.0 mil	\$29.8 mil	\$174 mil
Net fiscal gain to State from increased tax revenue & decreased benefit payments (2018\$)	\$0.3 mil	\$3.5 mil	\$20 mil
Net reduction in federal funds to State economy from decreased federal benefits and increased federal taxes (2018\$)	\$0.9 mi	\$9.2 mil	\$54 mil
Approximate net annual disemployment (#jobs)	200	350	950
	Long-Term Outcomes, Average 2028-2040		
Net annual long-term disemployment (#jobs)		2,225	
Disemployment as a share of total jobs		0.5%	
Disemployment as a share of minimum wage jobs		3.3%	
Effect on level of Vermont GDP		-0.3%	
Source: Illustrative outcomes based on Kavet Memorandum of Oct. 2, 2017 and interpolation; all outcomes here are presented by calendar year			
*Notes: The job count on the DOL basis counts wage and salary jobs, but not farm workers, not the self-employed, and not household workers; for further discussion, see the Study Committee Report.			

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Table. Outcomes for Four Minimum Wage Paths				
Outcomes for \$15 in 2024 are Preliminary Estimates based on earlier modeling for the Study Committee				
	\$12.50 in 2021	\$13.25 in 2022	\$15 in 2022	\$15 in 2024
Percent change from 2018 minimum wage, inflation-adjusted	10%	14%	29%	23%
Share of jobs at less than proposed minimum wage - DOL basis	14.5%	17%	25%	22%
Approximate number of jobs at less than proposed minimum wage - DOL basis	43,866	51,084	76,537	65,500
Initial wage bill change as a share of total wages & salary	0.5%	0.8%	2.1%	1.5%
Aggregate initial income gains of low-wage workers (2018\$)	\$58mil	\$93 mil	\$255mil	\$173 mil
Net fiscal gain to State from increased tax revenue & decreased benefit payments (2018\$)	\$7 mil	\$10 mil	\$27 mil	\$20mil
Net reduction in federal funds to State economy from decreased federal benefits and increased federal taxes (2018\$)	\$18 mil	\$28 mil	\$73 mil	\$54 mil
	Long-Term Outcomes Annual Average, 2028-2040			
Net annual long-term unemployment (# of jobs, DOL basis)	900	1,240	2,830	2,225
Disemployment as a share of total jobs	0.2%	0.3%	0.6%	0.5%
Disemployment as a share of minimum wage jobs	2.1%	2.4%	3.7%	3.3%
Effect on level of Vermont GDP	-0.1%	-0.2%	-0.4%	-0.3%
Source: Illustrative outcomes based on Kavet Memorandum of Oct. 2, 2017 and interpolation; all outcomes are presented by calendar year				
Note: The job count on the DOL basis counts wage and salary jobs, but not farm workers, not the self-employed, and not household workers				