



January 19, 2018

Lindsay DesLauriers, State Director
Main Street Alliance of Vermont

Re: Testimony related to S.40, an act related to increasing the minimum wage.

To: the Senate Committee on Economic Development, Housing and General Affairs

Thank you for inviting me to testify in your committee today. Main Street Alliance of Vermont is a network of over 600 independent Vermont business owners from around the state. Our mission is to elevate the voices of small business owners on important public policy issues in Vermont. We are committed to bringing business owners to the table to engage in and develop policies that reflect the interconnected nature of small businesses and the communities they serve. Our vision is inclusive and acknowledges the mutual interests shared by business owners, their employees, and their customers.

Over the past four years, we have brought business owners to the table to engage in and support pragmatic paid sick days legislation, reasonable workplace accommodations, the green mountain secure retirement program, and – our current priority - family and medical leave insurance – among other issues. A healthy workplace and a healthy, connected local economy is a priority for our members and we challenge ourselves to help chart a pragmatic path forward toward a basic standard of livable jobs in VT.

Vermont is a small business state and we're glad it is. We believe that our downtowns - full of unique independently owned small businesses and our dirt roads – full of local artisans, small farms, and craft products - are a fundamental part of what makes Vermont the truly special state it is. We want to make Vermont the best place in the US for small business – and that means making it the best place for small business employment too – because if we want small business to thrive, then we need to make sure that small business employment works for Vermont families.

Accomplishing this goal requires balance. It means that we need to make sure people can meet their needs and be sensitive to the unique needs and challenges facing small businesses. Policy and programs have an important role to play to create this ideal habitat for small businesses.

For example - paid sick days was, as some of you will remember, initially a tough ask for many businesses. For businesses that weren't providing paid time off – it meant a projected 2-3%

increase in payroll. But MSA-VT strongly supported it and helped to lead the effort because we understand that everyone needs some time off and so a minimum standard of paid sick time is a sensible part of a minimum compensation standard. The legislation finally garnered enough support to pass - largely because it was designed in partnership with business owners and in such a way that the 3% increase to payroll would be absorbed over a three-year phase in - and provided support to roughly 60,000 people who didn't have. That's a success story and the same kind of engagement our members are bringing to this discussion.

Over the past two years, we have conducted a survey of small business owners up and down main streets across the state to better understand, among other things, how another minimum wage increase would impact them. You can find the published [2016 report](#) on our website, but I'll share those numbers with you now as well as what we found in our 2017 survey of 230 business owners:

When asked about the impact of raising the minimum wage to \$12.50, respondents said:

	2016 Survey	2017 Survey
No Impact	65%	58%
Modest Impact	16%	15%
Significant Impact	19%	28%

When asked about the impact of raising the minimum wage to \$15.00, respondents said:

	2016 Survey	2017 Survey
No Impact	50%	47%
Modest Impact	12%	10%
Significant Impact	38%	43%

When asked whether they would support raising the minimum wage to \$12.50 in 2018, respondents said:

	2016 Survey	2017 Survey
Support	71.5%	n/a
Oppose	18%	n/a

When asked whether they would support raising the wage to \$15.00 over time, respondents said:

	2016 Survey	2017 Survey
Support	61.5%	58%
Oppose	35%	40%

Over the fall of 2017, we also engaged our members in many one on one conversations and convened a working group on the issue. This working group considered our survey data, the data available on wages in VT, recent studies on the minimum wage and the livable wage, as well the implications of the benefits cliffs as they were articulated in Joint Fiscal's studies

among other resources and delivered feedback and recommendations to our Board for consideration.

Main Street Alliance of Vermont supports gradually increasing the minimum wage. The study committee report established a goal of getting to \$15/hour. We support this goal and so will limit our recommendation to the trajectory.

The current minimum wage is tied to inflation or 5% whichever is *less*. We suggest that the statute could be changed to increase the minimum wage annually by inflation or 5% whichever is *more* until it arrives at your goal – or a comparable timeline be established.

The study committee report named \$15.00 as the goal. Along those lines, we would support a timeline to move to \$15.00 by 2025. We believe that the trajectory of the increase is of paramount importance because covering the cost of this increase will be a challenge for many businesses and they will need the time and a reasonable progression to successfully navigate such a significant increase. Having gotten so far behind a livable wage – we need to catch up and we need to do it in a way that our small businesses are able to manage with success.

Finding the right balance for the minimum wage is a part of making sure that all jobs in Vermont are good jobs. But we also know that the minimum wage alone won't solve the bigger problem of income security.

We are grateful to the committee for being so attentive and committed to ensuring that the increase in income for low wage working Vermonters won't result in a decrease in resources. This was one of the points that came up very strongly in our working group over the fall – namely, that wage increases that occur as part of this increase will stay with their employees. This discussion has focused primarily on the impacts to the child care financial assistant program and we view the modification of both the eligibility and the market rate for the child care financial assistance program as a key part of our support. We hope that these investments will actually go some way towards improving our childcare system in this state.

Likewise, if there are other benefits cliffs that surface, we would equally want to make sure that those are addressed so that people earning the minimum wage are experiencing an increase in resources as a result of this policy.

We are also grateful to the committee for your upcoming consideration the family and medical leave insurance bill, which will support both small business owners and their employees by establishing an insurance program to provide wage replacement for basic life events like having a baby or an aging parent.

In conclusion, Main Street Alliance of VT supports changes to the state's minimum wage toward a livable wage and urges the committee to structure any increases in a way that takes into account the limitations of many of our state's successful small businesses.

Thank you for your time.