

NO. 21. AN ACT TO INCREASE THE MINIMUM WAGE.

(S.139)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 21 V.S.A. § 384(a) is amended to read:

(a) An employer shall not employ an employee at a rate less than \$5.00 an hour and after June 30, 1997, at a rate less than \$5.15 an hour and after September 30, 1997, at a rate less than \$5.25 an hour, and after September 30, 1999, at a rate less than \$5.75 an hour. If the minimum wage rate established by the United States government is greater than the rate established for Vermont for any year, the minimum wage rate for that year shall be the rate established by the United States government.

Sec. 2. LIVABLE WAGE RATE STUDY COMMITTEE; REPORT

(a) A committee is created to study the issues related to minimum wage and providing livable compensation to Vermont wage earners and to submit a report to the General Assembly on or before December 17, 1999, outlining findings, conclusions and recommendations. The committee shall consist of 10 members: three members from the House Committee on General, Housing and Military Affairs, one member each from the House Committee on Commerce and the House Committee on Health and Welfare appointed by the speaker; and three members from the Senate Committee on General Affairs and Housing and one member each from the Senate Committee on Finance and the Senate Committee on Health and Welfare appointed by the committee on committees. The members of the committee shall be entitled to compensation and reimbursement of expenses as provided in 2 V.S.A. § 406 for six meetings

to be held during adjournment of the General Assembly, with the intention that at least one organization and planning meeting will be held before adjournment of the 1999 session. The committee shall have the assistance of the staff of the joint fiscal office, the legislative council and the departments of taxes, labor and industry, employment and training and social welfare. The committee shall also enlist the participation of Vermont business and labor organizations and other entities in gathering data and providing input. The committee may contract for additional professional research to provide data and analysis.

(b) The committee shall:

(1) Determine the amount of a minimum livable wage rate with recommendations for achieving it in a reasonable time, a system for maintaining a livable minimum wage in light of inflation and any other economic factors that may affect buying power.

(2) Consider the impact of a livable wage on public assistance payments and other employee benefits, including the cost to the state and employers of providing those benefits.

(3) Consider how wage increases may affect the economy and propose innovative methods to assure the economic viability of businesses if the minimum wage is increased.

(4) Consider the effects of the increasing use of temporary and part-time employees not receiving benefits.

(5) Consider the effect of multi-state employers on the ability of Vermont businesses to pay a living wage and be competitive.

(c) The committee shall issue a report that includes, at a minimum, all the following:

(1) A profile, including age, gender, educational and training level and location of the full and part-time workers at various wage rate levels, beginning at minimum wage with 50-cent increments to a livable wage.

(2) A profile of the numbers, types and percentage of jobs that pay less than a livable wage. The profile shall include the types of businesses or occupations, the economic sector of these jobs, the turnover rate and the level of education and training required for each job.

(3) An analysis of how increased earnings might affect taxes and public assistance, including food stamps, LIHEAP, Dr. Dynasaur, TANF, Medicaid and any other relevant income-sensitive public assistance benefits.

(4) An analysis, using historic data available in Vermont and other states and countries, of the impact of minimum wage increases on the number of jobs, the buying power of workers, wage compression, costs of goods and services, business closures and growth, economic development and any other factors deemed relevant.

(5) A methodology to track, to the extent possible, the factors listed in subdivision (4) of this subsection to provide data for future policy making.

(6) Proposals for effective and realistic preferential policies, including procedures and criteria, for awarding state service contracts and state construction contracts to Vermont-based employers who pay all employees at livable wage rates.

(7) An analysis of the correlation between workforce training efforts and increased wages, including the impact on workers who participate in those training programs. This analysis shall integrate available data from the human resources investment council and other related data.

(8) Proposals for tax credit plans and other similar programs that would assist Vermont businesses to compete with multi-state companies as wages increase.

(9) A comparison of the cash value of employment to basic needs as identified in studies such as the Vermont Job Gap Study and an assessment of the availability, type and amount of public assistance that has been provided to low-wage workers during the past ten years and projected public assistance expenditures during the next five years.

(10) An analysis of the advisability of implementing a probationary, training or apprentice wage that is lower than the minimum wage and, if advisable, the rate and criteria of such a wage.

Sec. 3. APPROPRIATION

There is appropriated to the General Assembly from the general fund in FY 2000 the amount of \$60,000.00 to effect the purposes of Sec. 2 of this act.

Sec. 4. EFFECTIVE DATE

This act shall take effect from passage.

Approved: May 13, 1999