

**Expert Witness Testimony: Annelise Orleck, Professor of History, Dartmouth College
Vermont House Committee on General, Housing and Military Affairs
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Thank you for this chance to testify. My name is Annelise Orleck. I am Professor of History at Dartmouth College in Hanover, New Hampshire. I am the author of five books about the history of working people, including *We Are All Fast Food Workers Now: The Global Uprising Against Poverty Wages* (published by Beacon in 2018). I am also a Vermonter. I live in Thetford, in Orange County. And I am here to testify today on the issue of poverty wages. I use that term intentionally because – over the past four years – I have been traveling this country and the world speaking to full time workers who refer to their earnings as poverty wages: wages that will not allow a worker to rise above poverty, wages that will not ensure that a full time worker and his or her children have enough to eat, wages that are not even enough to keep workers from facing homelessness if a medical emergency strains finances.

I have traveled to the capital today to speak in support of S 23 - which would raise the state's wage to \$15 an hour by 2024. Adjusting for inflation, that wage will be pretty much equivalent to a worker earning \$13.26 an hour right now. (That is less than this very body has calculated that a single worker must earn to live decently - IF s/he lives with another worker who earns as much or more.)

So let me be clear. The raises that this bill proposes are not nearly enough. Passing this bill would simply mean that full time Vermont workers will be less likely to have to choose between eating and paying rent, between medicine and rent, between clothing their children and having

to live in their cars. That is not hyperbole. I have spoken to workers earning between \$11 and \$13 an hour who have been reduced to living in their cars. We can do better.

Laphonza Butler, co-chair of the Los Angeles Living Wage campaign said in 2015: “\$15 an hour is \$31,200 a year. No one is going to Vegas on \$31,200 a year.” And the \$15 wage would bring a worker \$31,200 a year only if s/he works 40 hours every week, 52 weeks a year – without a single vacation day, without a single unpaid sick day.

So, no matter what anyone tells you, the \$15 wage is not a princely sum. It will certainly not be an adequate hourly wage by 2024, especially given the number of hourly wage jobs that do not provide health benefits because employers only need or want part time workers. Still \$15 is an important step on the road to a living wage.

According to various studies, a \$15 an hour minimum will improve the lives of an estimated 87,000 Vermonters, including more than 28,000 children in the state who currently live with an adult who earns less than \$15 an hour. This is a small state. That is a significant portion of our people who will be helped if S 23 becomes law. Vermont’s poverty rate increased by more than one percent from 2016 to 2018. Increasing the minimum wage of employed Vermonters is the surest way to cut poverty in our state. And in so doing, we will also cut the subsidies that taxpayers provide to underpaid workers in the form of food, cash and medical aid programs that low wage workers depend on for their subsistence. As of 2016, by some estimates, taxpayers in this state were averaging \$372 million a year in public subsidies to low wage workers.

Now when I say that our current wage of \$10.78 an hour is a poverty wage, this is what I mean. In 2018, the National Low Income Housing Coalition published what a worker in every state would have to earn to rent a two bedroom home/apartment without paying more than 1/3 of his or her total income. In Vermont s/he had to earn \$22.40 per hour. According to MIT calculations, to live in Chittenden County, an adult with one child had to earn \$27.84, with two \$32.19. In Orange county where I live, a worker would have to earn \$24.78 to support one child, \$29.13 to support two. This legislature's Joint Fiscal office calculated that \$13.34 was the minimum livable 2018 wage for a single person with no children living with another earner. Living alone a single earner in rural parts of the state would needed \$15.79 to live decently, \$18.09 in urban areas like Burlington. But what of workers with children. One adult with two children would need \$32.19 in rural area. \$39.10 in urban areas of the state. With one child a worker last year needed \$25.11 to live in a rural area, \$30.43 in an urban one.

In 1979, the minimum wage in this state was \$2.90 per hour. It is now \$10.78, which is about .50 cents more in purchasing power than the minimum wage was 40 years ago. While that is far better than in the 21 states where the wage has remained stuck at \$7.25 per hours since 2009, it is nowhere near enough to classify as much more than a poverty wage. Though Vermont has done better than some other states in raising the actual minimum wage, in real purchasing terms, the minimum wage has not increased in decades.

One justification for keeping minimum wages low has been that the minimum wage worker is usually very young and not using his or her wages to support other family members. Nationally, low-wage workers are not, for the most part, teenagers. 90% of minimum wage workers are over 20. More than half are between 25 and 54. Many are supporting children.

In Vermont the numbers are these: Nearly half of Vermont workers working our lowest wage jobs have some college education. 86% have high school degrees. Education is no simple answer. Nearly two thirds are over 25. So, this is not simply a matter of paying young workers an “entry level wage.” Though women represent less than half of the Vermont workforce they make up 58% of those in the state’s lowest paid jobs. This is a matter of gender discrimination and pay equity. And a lot of these women work taking care of our children and our elderly.

I know there is some concern about businesses relocating to neighboring states if Vermont raises its minimum wage. For starters, child and elder care jobs are not moving elsewhere. In addition, our neighboring states are all raising their wages. To the south, Massachusetts, raised its wage by \$1 this year to a \$12 an hour minimum. Wages will rise annually there, hitting \$15 by 2023. Rural counties in our neighbor to the West, New York, were raised \$.70 this year to \$11.10, going to \$12.50 in 2020, with New York City raised to \$15 this year, and its surrounding suburbs to \$12 an hour this year, increasing annually and hitting \$15 in 2021. The entire state is scheduled to hit \$15 an hour sometime after 2022, pending a statewide study of the effects of these wage raises. Maine too raised its wage by \$1 this year to \$11 an hour. So this bill would not put us ahead of our neighboring states. We lag behind them.

Still, you might say, there is New Hampshire where there is currently no state minimum, leaving workers with the frighteningly low federal minimum of \$7.25 an hour.

Two months ago, I testified before the Labor Committee in the New Hampshire House where they are considering three bills to raise wages in the state, the most conservative of which would enact an immediate raise to \$10 an hour and the most progressive with similar parameters as S 23 except that it would allow localities with higher local costs of living to enact higher increases. So New Hampshire is having the same conversations that we are.

Outside of New England, wages are rising as well. 21 states plus the District of Columbia raised their wages this year. Since 2012, 29 states have raised their wages. 29 states now have wages higher than the federal wage. (National Conference of State Legislatures -

<http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>)

There is a reason for this rush to raise wages since 2012. As a result of our stuck federal minimum of \$7.25 an hour, which has not risen since going into effect in 2009, nearly half of all U.S. workers make less than \$30,000 per year. Almost 42% earn less than \$25,000. And nearly 70% earn less than \$50,000 per year. (<https://howmuch.net/articles/how-much-americans-make-in-wages>)

That is why recent decisions in so many states and municipalities to raise the minimum wage have not been driven by partisan considerations. Support for raising the minimum wage is

strong in Red states as well as Blue. On the night of the 2016 election, majorities of voters in five states that went for Donald Trump voted to raise their states' minimum wages. Again in 2018, states with a majority of Republican voters voted to raise the minimum wage. Since 2012, we have seen movement for the first time in a generation, to significantly lift wages across the U.S. Because we must and most workers know that, even if politicians lag behind them in understanding.

So why is everyone not jumping on the bandwagon? Job loss is one concern. Meta data from 37 studies conducted since 2000 on the effects of raising wages shows that raising wages has no impact on the number of jobs available, that annual incomes have increased at the bottom of the pay scale when minimum wages are increased, reducing poverty and income inequality. And, because workers with lower overall incomes spend a greater share of those incomes, when wages were raised there has been more money in circulation in communities where low wage workers live.

What about the argument that raising wages will cost consumers more in rising prices? Modest price increases will be more than offset by taxpayer savings. Because, in states with poverty wages, workers are forced to turn to public assistance programs such as: Supplemental Nutrition Assistance Program, Temporary Assistance to Needy Families, Medicaid and the Earned Income Tax Credit. By most estimates, poverty wages cost taxpayers \$150 billion per year in federal and state subsidies to the working poor. In other words, taxpayers who earn a great deal less than owners of larger companies (and even smaller ones) and certainly than

shareholders in publicly held corporations, subsidize those who pay poverty wages. That's not equitable. It's not fair. (Paul J. Wolfson and Dale Belman, "[15 Years of Research on U.S. Employment and the Minimum Wage](#)," Tuck School of Business Working Paper No. 2705499, 2016; "Why America Needs a \$15 Minimum Wage," Fact Sheet, National Employment Law Project; "Raising the Federal wage to \$15 by 2024 would lift pay for nearly 40 million workers," *Economic Policy Institute* <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2024-would-lift-pay-for-nearly-40-million-workers/>)

Finally, we get to what I know is one of the biggest concerns of many in this body and that is what effect raising the minimum wage will have on small businesses in this state. Let's look at the statistics for a moment. According to the federal Small Business Administration, although about 80% of Vermont businesses employ fewer than 20 people, only 25% of the state's private sector employees work for businesses that small. That means that three quarters of our employees work for larger businesses, many of which have the resources to pay a living wage. And most workers in this state who do not work for public education or government (which remain among this state's largest employers) work for companies that employ more than 100; many employ more than 500 workers. Though Vermont is a state characterized by its small farms, restaurants, hotels and craft bakeries and breweries, those do not employ most of our workers. (https://www.sba.gov/sites/default/files/advocacy/Vermont_1.pdf)

Still I know that many in this body worry about the effect that raising wages will have on small businesses. That is why I would like to share a statement that was sent to me by Dave

Chapman, the owner and founder of Long Wind Farm, an organic tomato grower in Thetford Vermont. Mr. Chapman decided last year to voluntarily raise the minimum wage he pays all workers, including part-timers, to \$15 and who pays many of his full time workers more.

When I asked him why he had done this he wrote:

“We have several reasons for raising the pay to a minimum of \$15.

First, we want people working on our farm to be able to afford to live in Vermont. It is our belief that this higher pay comes back to us in several ways. We will be able to attract and keep a more skilled and motivated workforce. Constant turnover is very expensive for us. With higher pay comes higher expectations of the people working on our farm, and they have been meeting those expectations. It is difficult for people to feel that their work is respected when they are paid a poverty wage. We wish we could pay even more, and we are working on that.

Another possible benefit that we haven't yet taken advantage of is in marketing. We may at some point share our labor practices with our customers because we believe that most people DO support a living wage. Everybody has a part of them that wants a good deal and doesn't want to be taken advantage of in the marketplace. So we naturally gravitate towards the lowest price. At the same time, most people have a part of them that wants to be responsible and to support businesses that are also behaving responsibly. We don't want to support companies that reduce their prices by paying substandard wages. So there is an opportunity to share our labor practices with our customers, providing yet another reason why they should support Long Wind Farm. We haven't yet done this due to being too busy to think most of the time! But, even without taking advantage of this wage increase for marketing, we feel that the \$15 wage is justified and has already brought good results to our business.”

In addition to all of the reasons why Mr. Chapman believes that raising the wage will be good for small and medium Vermont businesses, there is one more issue I'd like to raise. We have the second oldest population of any state in the U.S. This is a major concern that I know has been discussed in this body. If we are to retain our young adults and attract young families to live and work here, we must pay enough for people to live on, not simply as single adults, not simply as couples without children. We must pay our workers enough that they can afford to feed, clothe and shelter their children in safe, clean and decent living conditions. Vermont can afford it. Vermont can't afford not to.

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