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Memorandum

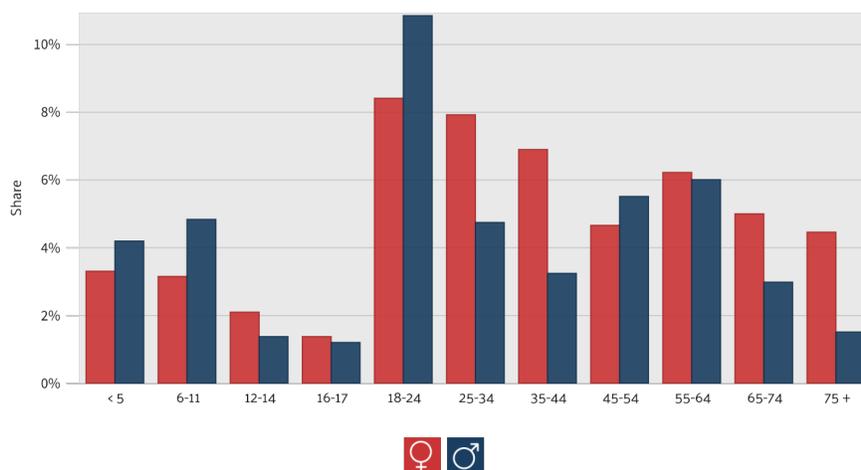
To: House General, Housing & Military Affairs Committee
From: Michelle Fay, Executive Director
Date: April 18, 2019
Re: S.23 Minimum Wage

Voices for Vermont's Children is a member of the Raise the Wage coalition, and supports the overarching goals of S.23. We appreciate the legislature's commitment to improving the economic security of working Vermonters at the low end of the wage scale, whose pay has been largely stagnant while the cost of living has increased. We know that every dollar that comes into a family with children improves their immediate and long-term outcomes.

Young Adults Experience the Highest Poverty Rates

The population of working Vermonters earning the minimum wage is diverse. You've heard testimony that the average minimum wage earner in Vermont is 38 and female, and that 45% are age 40 or older. It's also true that young adults are overrepresented in the minimum wage workforce. Nationally, 54.6% of minimum wage workers are age 16-24, with most over age 20.¹ This coincides with the age group that experiences the highest rate of poverty – young adults 18-24. As a state, we should be concerned with the wellbeing of young adults, many of whom are parents, and not shy away from the need for new workforce participants to earn enough to meet their basic needs. Raising the minimum wage is a critical policy tool to achieve this.

Poverty by Age and Gender in Vermont - 2016²



Dataset: ACS 1-year Estimate
Source: Census Bureau

DATAUSA:

¹ <https://www.bls.gov/opub/reports/minimum-wage/2015/home.htm>

² <https://datausa.io/profile/geo/vermont/>

Student Wages

Voices would like to see any reference to a student wage removed from statute. The current law, as interpreted by Dept. of Labor, puts Vermont well outside the norm of how states handle young workers. Many states do not carve students out of the minimum wage, but those that do tend to limit the lower pay to the first 90 days of employment, and only nominally reduce the wage (the most common seemed to be 85%). Ontario and Arizona and recently tried to establish alternative minimum wages for youth, and were persuaded that the winners outnumber the losers when minimum wages are lifted for all.

Eliminating the youth wage is important for several reasons:

- Students from low-income families are often making a significant contribution to family income.³
- A secondary-school student exemption from the minimum wage may put pressure on these students to leave school prior to graduation. This would have a negative impact on high school completion rates, along with attendant lifelong detrimental impacts for those students who do not complete high school.
- Vermont's lack of investment in higher education puts additional pressure on young people to save for and contribute to, the high cost of college or vocational training.

We ask that S.23 be amended to remove the minimum wage exemption for secondary students from existing law.

³ http://massbudget.org/report_window.php?loc=Teens,-Employment,-and-the-Minimum-Wage.html