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Senate Committee on Economic Development, Housing, and General Affairs
S.23 – An Act Relating to Increasing the Minimum Wage

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Thank you for the opportunity to testify on S.23, an Act Relating to Increasing the Minimum Wage. Hunger Free Vermont is Vermont's statewide anti-hunger advocacy organization. We are a non-profit with the mission to end the injustice of hunger and malnutrition for all Vermonters. Over the last 25 years, Hunger Free Vermont has helped Vermont make the most of federal nutrition programs like 3SquaresVT and school breakfast and lunch, while also working to help more Vermonters reach economic security so that they do not need to rely on 3SquaresVT and the emergency food system to put food on their table.

While hunger in Vermont has improved in recent years, far too many Vermonters are food insecure and many more are just one missed paycheck or unexpected expense away from food insecurity.

- Currently, 1 in 10 Vermonters are food insecure, which means they struggle to access food, especially food that is nutritious and culturally appropriate, in a dignified way.
- Families with young children are more likely to be food insecure. 1 in 7 children live in homes struggling to put food on the table.
- Many Vermonters who rely on 3SquaresVT are working, but their paychecks aren't enough to cover all their basic needs, like food, shelter, childcare, and medicine.
- Additionally, many households are just above the income limit and are not eligible for 3SquaresVT (or they are eligible but would get such a small benefit that they don't participate in the program) but are still struggling to make ends meet.

At Hunger Free Vermont, we know that food insecurity does not occur in isolation, and we will never fully end hunger by only addressing how Vermonters are putting food on their table today, tomorrow, or next month. Not only do we believe that all Vermonters should be able to access enough food, we also believe they should do so with dignity. **We strongly support increasing the minimum wage, as we know that ensuring Vermonters earn a livable wage for their work, and creating the ability for households to realize economic security, is the most dignified and stable means to ending hunger.**

We also recognize that the benefits cliff is a real and significant challenge, that it is nuanced and complex, and that there is no easy, one size fits all, solution that will support everyone. The report from the Minimum Wage and Benefits Cliff Study Committee rightly identified that childcare subsidy is one of the major financial

supports that households would lose as their wages rise. Additionally, while other benefit programs may provide a smaller benefit, or the cliff may be shorter, the compounding loss of multiple benefits at once has the potential to seriously decrease a household's net income. While the loss of just one benefit, like 3SquaresVT or LIHEAP, may not be a huge dollar amount on its own, the impact of losing multiple benefits — 3SquaresVT, plus school meals, plus LIHEAP, plus childcare subsidy, and more — is enormous. Many of these programs have aligned their eligibility requirements; a household relying on multiple programs would lose many of them at once.

In addition to individual households suffering when they hit the benefits cliff, it is also possible for whole communities to lose access to vital federal programs as wages rise. While Hunger Free Vermont's area of expertise is in federal nutrition programs, we suspect other federal programs that support important needs like housing and education could face similar outcomes. Many communities are able to utilize federal nutrition programs to provide meals at no charge to all children in their community. Eligibility to use these programs is based off community-wide income data, or collective meal program data from the community's school, rather than income levels of individual households.

- For example, towns are able to serve free meals during the summer to all children 18 and under when at least 50% of students in a school attendance area are eligible for free school meals, or if the summer meal site is located in a low income census tract.
- Another example of a potential community-wide nutrition benefits cliff is universal school meals. Some schools in Vermont are able to offer school breakfast and lunch at no charge to all of their students. Offering universal school meals has been shown to increase participation in school meals by low-income students, improve learning and behavior for all students, transform school culture, and improve the financial stability of school meal programs. Eligibility for this program is based off of the percentage of students that are directly certified for free school meals. A student can be directly certified in a few different ways, but the main way is if the student's family receives 3SquaresVT. This means that as families see their incomes rise and hit the benefits cliff, not only will they lose their household's 3SquaresVT benefits, but the entire school or school district could lose the ability to continue operating a universal school meals program.
- The federal meal program used by home and center-based child care providers, and the afterschool meal program, could also be lost to certain communities should enough additional Vermont incomes be raised over the current federal program threshold of 185% of the federal poverty line.

It is important to note that the benefits cliff and these community-level challenges are unintended consequences of rising incomes; they are not solely tied to the minimum wage. Unfortunately, most federal nutrition programs are tied to the federal poverty line, which is outdated and artificially low. Of course, it is a good thing when a household's income crosses above certain poverty thresholds, and it is a good thing when a community's income rises as a whole. However, the federal poverty thresholds are so low that rising out of eligibility for programs like 3SquaresVT and child care subsidy, or losing the ability to serve summer meals, does not actually signify that a family or a whole community is economically stable and not in need of these programs.

While these concerns are very real and could have broad impacts on individuals, households, and communities, Hunger Free Vermont does not believe that is a reason to slow down efforts to increase the minimum wage. S.23 would incrementally increase the minimum wage over time. This creates time to

thoroughly address the benefits cliff and to also address the impact on important programs communities depend on. Doing so will require more research into the impact at the community level, and innovative and collaborative approaches to addressing food security for individuals and whole communities. We are encouraged by the language included in S.23 in regards to the Child Care Financial Assistance Program and applaud this Committee for considering the benefits cliff. We urge this Committee and the Legislature to continue to explore additional ways to ensure that Vermonters and Vermont communities can fully benefit from increased wages.