



## Memorandum

To: Senator Sirotkin and members of the Minimum Wage Study Committee  
From: Michelle Fay, Associate Director  
Date: October 2, 2017  
Re: Economic security for families

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As advocates for Vermont's most disadvantaged and vulnerable children, Voices commends the legislature's efforts to improve families' economic security. In 2007, the legislature established the goal of cutting child poverty in half, a worthy goal that was almost immediately undermined by the 2008 recession. But a decade later, while Vermont's economy overall has recovered, children have been left behind, with almost one third of our kids still living in low-income families.

### **Family Income Matters for Children, and Every Dollar Counts**

Children raised in material hardship experience a range of poor health, educational, and economic outcomes in relationship to their non-poor peers, but even small increases to family income can make a difference. A 2010 study found that an annual family income increase of \$3,000 during early childhood was associated with 19% higher earnings during adulthood.<sup>i</sup>

### **Benefits Cliff**

The benefits cliff exists now, and has been creating barriers to economic opportunity for low income Vermonters for many years. The concept paper that Deb Brighton presented at the committee's previous meeting suggested that raising the wage could create the conditions necessary to improve the benefits cliff situation without disrupting other budget commitments. At the very least it appears that increased revenue from rising wages could reduce the impact of solving the cliff problem – which demands to be solved.

### **Vermont Families Need Comprehensive, Targeted Solutions**

As an organization concerned with child well-being from birth to adulthood, we caution the committee to avoid solutions that simply shift resources between categories of low-income families, for example families with young children needing child care and those with teens or children being cared for by a family member. Voices advocates for equitable policy solutions, which requires us to understand the specific needs of different populations with different – and often unequal – access to resources. That means we have to pull apart the strands of the problem

(in this case a lack of economic security) learn what different groups of Vermonters need, and then braid those solutions back together:

- Raising the minimum wage raises the floor for all – it’s a good universal solution.
- Tending to the benefits cliff is an important step to ensure that families with young children using child care are not disadvantaged as their earnings from work increase.
- While it’s outside the charge of this committee, family and medical leave is another complementary strand of an economic security policy package. Coordinating implementation with a minimum wage increase would smooth the transition for low-wage workers as they begin making nominal premium contributions to the program. (For example: in 2019, going from \$10.50 to \$11.50/hr, a full-time minimum wage worker would see an increase of \$40 per week, with an FMLI premium payment of between \$.65 and \$4.00 per week depending on the final program and benefit design).

**Moving children out of economic hardship quickly must be a priority for Vermont,** and for children whose parents are working low-wage jobs, that means a comprehensive approach toward sustainable income and support for balancing work and caregiving.

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<sup>i</sup> Greg Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, “A. Early-Childhood Poverty and Adult Attainment, Behavior, and Health,” *Child Development*. (January/February 2010), 81:1, 306-325