



Vermont Needs a \$15 Minimum Wage

Joint Fiscal Office, Minimum Wage Study Comm.

October 2, 2017

Overview: A \$15 Min Wage is Good Policy

Cost of Living in Vermont

Table 1. Vermont workers already need more than \$15 per hour. By 2022, they will need more.

Region	Family Size	2017 (Inflation Adjusted)	2022 (Estimated)
Burlington / South Burlington MSA	Single Adult	\$18.99	\$21.43
	1 Adult 1 Child	\$34.07	\$38.45
	2 Adults 2 Children*	\$21.20	\$23.93
Rural Vermont	Single Adult	\$16.26	\$18.35
	1 Adult 1 Child	\$26.70	\$30.13
	2 Adults 2 Children*	\$17.76	\$20.05

* Hourly wage per adult worker.

NELP analysis of Economic Policy Institute's *Family Budget Calculator*, <http://www.epi.org/resources/budget/>. Assumes a modest 2 percent inflation and no median wage growth. Inflation adjustment to January 2017 with Bureau of Labor Statistics' *Inflation Calculator*, <https://data.bls.gov/cgi-bin/cpicalc.pl>.

\$15 Minimum Wage & EITC

- **Target different populations:**
 - Working adults, ages 25-64, raising 1+ children **(EITC)**
 - Workers of any age, any family composition **(Min Wage)**
- **Different purposes:**
 - Encourage work & boost low-wage income **(EITC)**
 - Core Labor standard, sets rights & obligations **(Min Wage)**
- **Unrealistic to expand EITC alone:**
 - Min wage: \$2,000 for 87,000 workers
 - EITC alone leaves out 50% of workers
 - Subsidy to poverty-wage employers
 - Better approach to raise both EITC and min wage

Ongoing & Future \$15 Campaigns

Appendix B. Ongoing and Forthcoming \$15 Minimum Wage Campaigns or Proposals (Selected)							
Jurisdiction	Proposed Wage and Timeline	Current Wage	Proposed Tipped Wage	Current Tipped wage	Cost of Living Indexing	Worker (#) and Labor Force (%) Impact	Type of Campaign
Federal	\$15.00 by 2024	\$7.25	OFW	\$2.13	Jan. 2021 (median wage)	41 million (30%)	Legislative
Connecticut	\$15.00	\$10.10	OFW	\$6.38 (restaurant, hotel); \$8.23 (bar)	Yes	336,000 (20%)	Legislative
Hawaii	\$15.00	\$9.25	OFW	\$9.25 or \$8.50	TBD	223,000 (33%)	Legislative
Maryland	\$15.00	\$9.25	OFW	\$3.63	Yes	1.3 million (33%)	Legislative
Massachusetts	\$15.00 by 2021	\$11.00	OFW	\$3.75	Yes	943,000 (29%)	Legislative and Ballot
New Jersey	\$15.00	\$8.44	TBD	\$2.13	TBD	1.3 million (31%)	Legislative and Ballot
Rhode Island	\$15.00	\$9.60	TBD	\$3.89	TBD	175,000 (36%)	TBD
Montgomery County, MD	\$15.00 by 2020 - 2022	\$11.50		\$4.00	Yes		Legislative
Santa Clara, CA	\$15.00 & \$16.50 by 2019	\$11.10	No Change (OFW)	\$11.10			Legislative
St. Paul, MN	\$15.00	\$9.50 (large) \$7.75 (small)	No Change (OFW)	\$9.50 (large) \$7.75 (small)			TBD

University of Washington's Seattle Study

UW Seattle Study is Deeply Flawed

- **Two conflicting studies:**
 - University of California-Berkeley
 - University of Washington

- **UW study has severe flaws:**
 - 1) Finding of large job losses
 - Something amiss #1: 3% wage increase = 9% job loss??
 - \$13 for Seattle is modest (51% Kaitz index)
 - Problems with methodology and/or data

UW Seattle Study is Deeply Flawed

▪ UW study has severe flaws (cont.):

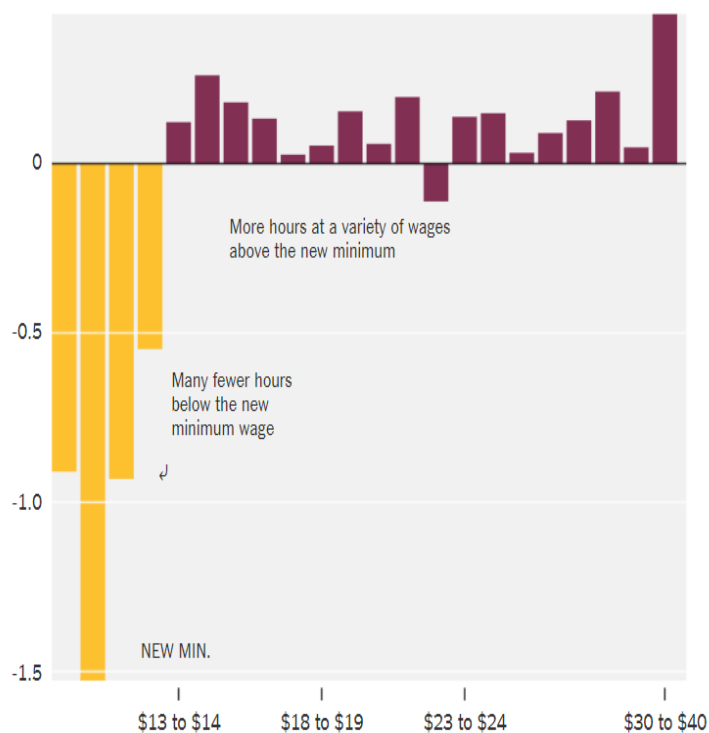
2) Large grow in high wage jobs

- Something amiss #2): 9% fewer jobs paying under \$19, AND 21% increase in jobs paying over \$19??
- \$13 min wage shouldn't influence \$20, \$30 jobs
- Explanation: Failure to control for Seattle's economy, natural shift towards higher-paying jobs
- Something amiss #3: No visible "spike" (next slide)

UW Seattle Study is Deeply Flawed

What Research in Seattle Showed

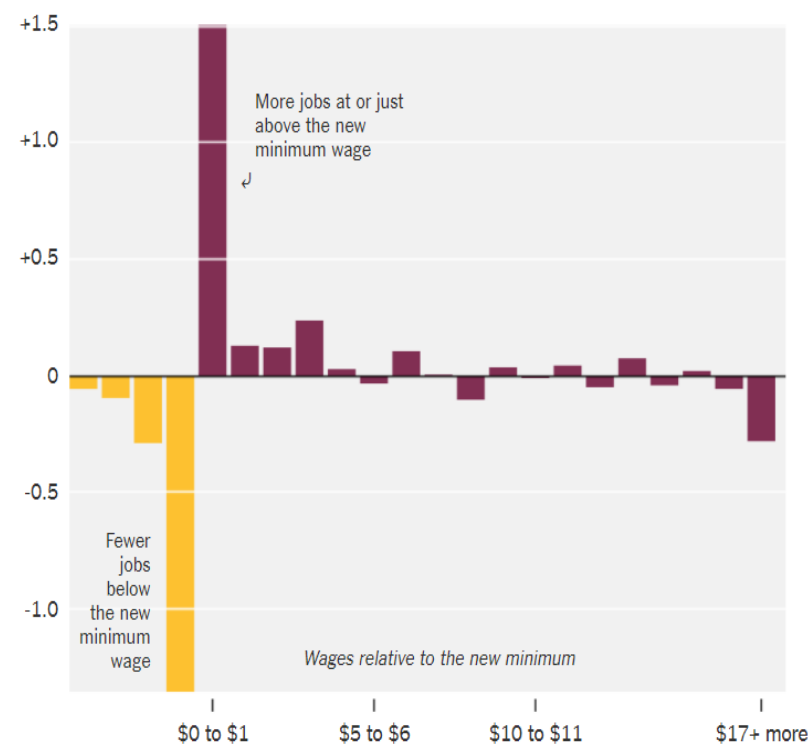
Estimates of the change in full-time equivalent employment between 2014 and 2016, as a share of total employment in 2014



Source: Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle

What Research Showed Across the United States

Estimates of the change in jobs five years after a change in the minimum wage, as a share of total employment before the increase



Based on 137 state-level minimum wage increases between 1979 and 2016

Source: "The Effect of Minimum Wages on the Total Number of Jobs: Evidence from the United States Using a Bunching Estimator"

UW Seattle Study is Deeply Flawed

- **UW study has severe flaws (cont.):**

- 3) Exclusion of 40% of the workforce

- Data limitations, leading to inability to ID workers affected by new min wage
 - Thus, paints incomplete picture
 - Fails to determine if shifts in jobs from single- to multiple-location employers

National Employment Law Project (DC)

2040 S Street NW
Washington, DC 20009

www.nelp.org



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