

**Testimony of Cary Brown, Executive Director of the Vermont Commission on Women
Senate Committee on Economic Development, Housing, and General Affairs
January 23, 2019**

RE: S.23 – An Act Relating to Increasing the Minimum Wage

Good morning. My name is Cary Brown and I am the Executive Director of the Vermont Commission on Women. The Vermont Commission on Women has been working for pay equity and economic security for women in Vermont for over 50 years, and has long recognized the link between increased wages and women's economic stability. We have policy statements going back multiple decades expressing our support for legislation, policies, programs, and initiatives that promote a livable income for Vermonters, and our most recent updated minimum wage statement reads as follows:

Given that women in Vermont are currently in a more precarious financial situation than men, and given that raising the minimum wage any amount would have a positive impact on many women, and given that raising women's earnings would have an additional positive impact on Vermont and its economy, the Vermont Commission on Women supports efforts to increase the minimum wage as one strategy for promoting a livable income for Vermonters.

This statement notwithstanding, we also recognize that there are potential pitfalls for women's economic well-being that can accompany an increase in the minimum wage. These have been of great concern to our commissioners, and many of them have expressed strong feelings that these potential problems absolutely must be addressed simultaneously with any effort to increase the minimum wage.

I'm pleased to be able to share some information with you relating to the connection between women's economic status and the minimum wage.

Women's economic situation in Vermont is precarious:

- The median annual wage for all women in Vermont, full- and part-time workers, is just \$15.03 an hour.¹
- 43% of women who work full-time in Vermont aren't making enough money to cover their basic needs. But if we look at both full- and part-time workers, 57% of women don't make enough to cover their basic needs. Among single mothers with one child, 86% don't make enough, and for single mothers with 2 or more children, 92% of them aren't making enough money to make ends meet.² It's worth noting that in all of these categories, the wage required to meet basic needs is higher than \$15/hour.

Raising the minimum wage would have a disproportionately positive impact on women in Vermont:

- More women than men are working in minimum wage jobs - nationally, women make up 2/3's of all minimum wage and tipped wage workers.³

¹ U.S. Census Bureau, Public Use Microdata Sample; American Community Survey 5 Year Data Release (2009-2013)

² U.S. Census Bureau, Public Use Microdata Sample; American Community Survey 5 Year Data Release (2009-2013)

³ <http://www.bls.gov/cps/minwage2013.pdf>

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- Wages rise more for women than or men when the minimum wage goes up. In states that raised their minimum wage in 2015 all low-wage workers saw wages rise, but women's even more than men's: women in the lowest income bracket saw their wages rise 5.2% in states with a legislated increase, compared to 4.7% for men (and in states with an indexed increase, women's wages rose 3.9%, compared to 3.6% for men)⁴
- A higher minimum wage is linked to smaller pay gaps between men and women. A study conducted by the National Women's Law Center found that states with higher minimum wages have lower gender wage gaps. States with a minimum wage at or higher than \$8.25 an hour have a wage gap about 41% smaller than those whose minimum wages are at \$7.25 an hour. Raising the minimum wage would particularly help women of color, who face larger wage gaps than white women and who are even more likely to earn the minimum wage.⁵
- In Vermont, women working full-time are 1.3 times as likely as men to earn less than \$10.10 an hour (17% of women compared to 13% of men) – if we include part-time workers, that percentage rises to 28% of all women in Vermont making less than \$10.10/hour (27% of white women, and 33% of women of color)⁶
- Women in Vermont are over twice as likely as men to work in part-time jobs. A full 25% of women work part-time. ⁷ Part-time work is much more likely to pay minimum wage; nationally, part-time workers are paid minimum wage at a rate 3 and a half times that of full-time workers.⁸

Raising women's earnings would have a positive impact on Vermont and its economy:

- Closing the wage gap would reduce the poverty rate in Vermont by 57% and the increase in wages for working women would equal one billion dollars, equivalent to 3.3% of the state's GDP.⁹
- Social Security Draws are based on earnings; raising the minimum wage would lead to Vermont workers receiving more benefits in retirement, and would help to reduce future gender disparities and alleviate financial insecurity for Vermont's seniors. (currently VT women receive ½ the social security draw compared to men, \$10k v. 20k).¹⁰
- Nationally, among workers earning less than \$12.16 per hour, every \$1 increase in hourly wages reduces the likelihood of receiving means-tested public assistance by 3.1 percent.¹¹ The rate of women receiving public support income is twice that of men in Vermont.¹²

Necessary considerations for negative repercussions on women's economic well-being:

- In their Minimum Wage Analysis in 2014, the Vermont Joint Fiscal Office warned that a minimum wage increase could push families over benefit cliffs and ultimately reduce their incomes. The three primary program benefit reductions over \$10/hr are from the Vermont

⁴ Economic Policy Institute analysis of EPI Minimum Wage Tracker and Current Population Survey Outgoing Rotation Group microdata:

<http://www.epi.org/publication/wages-grew-more-for-low-wage-workers-in-states-that-raised-their-minimum-wage-in-2015/>

⁵ <https://nwlc.org/wp-content/uploads/2015/08/higher-state-minimum-wages-promote-fair-pay-for-women-may-2015.pdf>

⁶ U.S. Census Bureau, Public Use Microdata Sample; American Community Survey 5 Year Data Release (2009-2013)

⁷ U.S. Census Current Population Survey 5 Year Average (2011-2015) - Adult Civilian Persons

⁸ <https://www.bls.gov/opub/reports/minimum-wage/2015/home.htm>

⁹ Institute for Women's Policy Research fact sheet #R468, "Status of Women in the States," 2016

¹⁰ U.S. Census Current Population Survey 5 Year Average (2009-2013); restricted to persons 65 years and older

¹¹ <http://www.epi.org/publication/wages-and-transfers/#epi-toc-8>

¹² U.S. Census Bureau, Public Use Microdata Sample; American Community Survey 5 Year Data Release (2009-2013)

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Child Care Financial Assistance Program, 3 Squares Vermont, and the renters' rebate.¹³ Single mothers are disproportionately, and seriously, impacted by these benefits cliffs.

- Child care providers (a field dominated by women) may find themselves in a difficult situation needing to significantly increase the pay to their workers without accompanying increases in the revenues available to support those higher wages. As parents are already facing an affordability crisis in child care costs, it may be problematic to expect higher tuitions to cover these additional expenses.¹⁴
- A lower tipped minimum wage also has a disproportionate impact on women. In states that require employers to pay the regular minimum wage before tips (not a lower tipped minimum wage), poverty rates for women tipped workers are lower, wage gaps for women tipped workers are smaller, and wage gaps for women overall are smaller.¹⁵

¹³ <http://www.leg.state.vt.us/jfo/reports/Memo%20Minimum%20Wage%20031314.pdf>

¹⁴ <http://cscce.berkeley.edu/at-the-wage-floor/>

¹⁵ <https://nwlc.org/wp-content/uploads/2017/04/2017-Higher-State-Minimum-Wages-Promote-Equal-Pay-for-Women.pdf>