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Vt. minimum wage to increase to \$8.06 per hour

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MONTPELIER — Vermont will continue to have one of the country's highest minimum wages as it increases to \$8.06 per hour on Jan. 1.

For the next two days, Vermont's minimum wage will continue to be \$7.68, which is among the highest in the country, although it lags behind at least five states, including California and Massachusetts, according to the U.S. Department of Labor.

Full details of increases to state minimum wage laws were not available this week, but at least two other states, Connecticut and Illinois, will see increases in 2009 that will have their basic wage higher than the \$8.06 in Vermont.

But even if a person is earning \$8.06 an hour, assuming they work a 40-hour week, that only amounts to about \$16,000 a year, according to Colin Robinson, the director of the Vermont Livable Wage Campaign in Burlington.

"That is barely enough, and often not enough, to cover their basic needs here in Vermont," he said.

Legislative fights over increasing the minimum wage were once an annual battle at the Vermont Statehouse, but several years ago lawmakers and Gov. James Douglas agreed to annual increases tied to the Consumer Price Index.

The actual formula has the minimum wage increasing by 5 percent annually or the same rate as the CPI for August, whichever is smaller (this year, for the first time, the state's tipped wage begins increasing annually, from \$3.72 to \$3.91).

Most states across the country increased their minimum wage over the last decade as the federal minimum wage remained stagnant until the first of a three-year increase kicked in last year, bringing the wage to \$5.85. It is scheduled to increase to \$7.25 next summer.

When the federal minimum wage was implemented in 1938 it was 25 cents.

Some business leaders worry how this year's minimum wage increase — coming during an economic recession flush with layoffs, business closings and financial scandals — will affect Vermont companies, especially smaller businesses.

Chris Barbieri, the interim executive director of the Vermont Chamber of Commerce, said the increase could mean the difference between a company remaining open during a recession and closing or laying off workers.

"We have lots of businesses that are on the edge right now," Barbieri said. "I think there will be some companies operating today that won't be around three months from now."

Barbieri said workers who make minimum wage are typically students and part-timers working in entry-level jobs.

"These are not typically the breadwinners of families," he said.

Fair-wage advocacy groups disagree with that assessment. Robinson cited a study in recent years that found that 60 percent of people making less than \$8 an hour were over 30 years old.

James Haslam, the director of the Vermont Worker's Center, said that there are many Vermont families trying to get by on minimum wage, and that often means working more than one job. Many of them are not working for small, local businesses either, he said, but large corporations or franchises.

"It's not just high school students or teenagers holding these jobs," Haslam said. "These are people in their 20s, 30s, 40s and older."

Patricia Moulton Powden, the commissioner of the Vermont Department of Labor, said she has heard the concerns from the business community, but notes that the workers who will see a wage bump because of this are at the "lowest end of the pay scale."

"Obviously, we don't know what will happen during these difficult economic times," she said. "We'll have to wait and see."