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Rep. Scott Campbell

Support For Working Families

Last week the Vermont House of Representatives took two important steps to support working families.

We passed Paid Family and Medical Leave, H.107, by a vote of 89-58, and Minimum Wage, S.23, by a vote of 93-54. (The Senate has also passed H.107 and will vote on the agreed-to compromise in S.23 this week.) I voted for both measures.

I know those who oppose these measures do so in good faith, because they believe they will be bad for business and counterproductive for workers. I think it's important to explain why I disagree.

The Paid Leave bill begins to offer what all other modern nations take for granted. Most in fact offer more generous benefits, and this is why many Progressives in the House did not support H.107. But I believe the bill takes a significant step, even if it's not perfect.

The benefit is 90% of an employee's average weekly wage, up to 55% of the average Vermont weekly wage (currently $530.42 per week). And if the employee's average wage is higher than that threshold, the benefit drops to 55% of the amount above the threshold. Sounds confusing, but bottom line is lower-wage folks receive a higher proportion of their average wage.

The benefit is available up to 12 weeks of new-parent bonding, and up to 8 weeks to care for an ailing family member. Personal medical leave ("sick leave") for up to 6 weeks is available as an option. Maximum paid leave during a 12-month period is 12 weeks.

This is an insurance plan. Insurance works because many people pay into it ("premiums") and only a few people at any one time need the benefits ("claims"). The Family Leave part applies to everyone and their wages and salaries up to the Social Security limit (currently $137,700 per year). The cost to employees is 0.2%, or 2 cents per $10 wage, or on a weekly basis $1 per $500 wages. The personal Medical Leave part is available at the employee's option; the cost is 0.38%.

These premium amounts are withheld from the employee's pay along with State withholding taxes. The employer may — but is not required to — pay some or all of the premium amount. Therefore it costs the employer nothing, unless he/she chooses to contribute as a benefit to their employees.

I believe Paid Family and (optionally) Medical Leave is vitally important for workers whose employers are unable to offer paid leave otherwise. For welcoming a new baby, or caring for an aging parent, nothing is more important than time. Yet time is exactly what many working people can least afford to give their loved ones.

In my view, Paid Leave is relatively uncomplicated compared to Minimum Wage. Setting a minimum wage is a "distortion" in the market economy. But the effects are far from easy to predict, and studies on the topic come to different conclusions.

S.23 is a significant compromise from the House position last year, which was to reach $15/hour by 2024 (or 2026 in a second version). The current bill sets the minimum wage at $11.75 in 2021, and $12.55 in 2022, followed by inflation adjustments annually. Without further adjustment, $15/hour would be reached in 2030.

For employees at the low end of the scale a higher wage is obviously good — or pretty obviously good. When wages go up, taxes go up, and some benefits may go down. But on balance, more money is better than less, especially at the low end of the wage scale.

For employers, increased expenses are certainly a challenge. The fear is that they would reduce employee hours or positions, with negative impacts on business and employees alike. Studies indicate this is less common in practice than in theory. The higher costs are partially offset by reduced employee turnover and higher productivity, and there are also positive effects from improved local economic stability.

Then there is also concern regarding medical aides whose wages are subsidized by Medicaid. The Legislature must ensure Medicaid reimbursements keep pace with wage increases, and I pledge to support that.

It's often noted that wages at the lower end of the scale have been stagnant for 40 years, while the upper end has taken an ever larger slice of the pie. The 35 years prior to 1980 were very different. Prosperity was dispersed much more widely. Hourly workers joined a swelling middle class. A single earner could support a family.

What was different? To name a few things: strong unions; a high marginal tax rate on high-income households; a greater sense of shared resources after the shared sacrifice of World War Two.

Forty years of "voodoo economics", of the myth of trickle-down, of the concentration of wealth and power in the top 1 percent, and of globalization and automation, have brought us to where we are today.

The minimum wage, originally an entry-level wage, has become a standard wage for many service jobs. Salary-level benefits, such as paid time off and health insurance, have stalled in their penetration to lower-paying hourly-wage jobs. Government benefits that started as emergency stopgap measures, such as food stamps, Medicaid, and fuel assistance, have effectively outsourced basic needs — which were met by the hourly wage in the 1960s — to the taxpayers today.

Raising Vermont's minimum wage and guaranteeing paid time off for family emergencies or bonding are not going to fix all these issues. But they are steps in the right direction.

Rep. Scott Campbell serves the St. Johnsbury House district in the Vermont Legislature.