



Memorandum

To: Members of the Vermont House of Representatives

From: Chris Bailey, Vermont Smoke and Cure

Re: VEGI wage levels

Date: April 30, 2015

Vermont Smoke and Cure became a Vermont Economic Growth Incentive (VEGI) program participant with the expansion and move from South Barre to Hinesburg in 2012. We have since grown from 14 to 52 employees. In large part due to hiring most production staff without meat processing experience, almost all of these hires started at wage levels below the VEGI threshold.

After new employees learn the ropes, currently within six months they increase from an \$11.50 per hour starting wage to \$13.00 per hour. Two years ago, that was \$10.00 and \$11.50. Those who have grown to become production leaders now range from \$14.00 to \$18.00 per hour.

The point is that many potential employees either have limited specific skills or limited ability to grow into leadership roles. They still need jobs. For those with limited capacity, in moderately-paid jobs, these people will be better off than being unemployed or underemployed and so use dramatically less in terms of public assistance if jobs are created that fit their abilities in Vermont than if those jobs are created in other states and they remain more dependent on public assistance. For those with growth potential but limited incoming skills, employees need to learn the trade before they can progress. In either case, an employer can only pay based on the value an employee creates.

It is important for incentives to apply to wages that are competitive for lower skill employees. We can't tell people with limited initial skills or limited growth capacity that we don't value creating appropriate jobs for them.

Bottom line, if we don't create a job in VT, it can never become a livable wage job.

I trust that legislators don't think that lower wage jobs crowd out higher wage jobs. Of course, competition for better employees causes wages to rise.

Thank you for your consideration and support of the VEGI program.

Sincerely,
Chris Bailey
Vermont Smoke and Cure
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