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Executive Summary

This report is based on two years of survey data collected from small business owners around the state of Vermont. A total of 781 surveys were collected from “main street” business owners across all 14 Vermont counties. Business sizes vary from sole proprietors to employers with more than 50 employees. Approximately 33% of those surveyed are sole proprietors and 62.5% employ fewer than 20 employees.

Economic Development

Vermont small employers identify tax fairness and affordable health care as their top concerns for a healthy economy. 70% of the business owners surveyed said that tax reform to ensure that the wealthy and large, highly profitable businesses pay their fair share is an important policy area. 66% of the business owners who were surveyed said that making health care affordable is the most important thing the next legislature and governor can do for the economy.

Vermont small business owners do not feel that our current economic development programs and incentives are supporting them. Three-quarters of those surveyed report never having accessed an economic development incentive and nearly half characterized economic development and business incentives as “giveaways that mostly go to big businesses and do little for small businesses.”

Current Employment Practices

Few Vermont “main street” businesses provide a benefits package that extends beyond a small amount of paid time off. While 42.5% of those surveyed report that they provide some form of paid time off to their employees, significantly less than 20% report that they provide health insurance, access to a retirement plan, or family leave to their employees.

Leave Policies

A majority of the employers surveyed said that they support the new paid sick days law. 58% of those surveyed indicated that they support the new law, with 24% reporting that they will need to implement or modify a leave policy to be in compliance.

Most small, “main street” business owners support the creation of a statewide family and medical leave insurance program. While very few small employers are able to provide family and medical leave programs on their own, 63.5% reported that they would support a statewide insurance program with more than half of those surveyed indicating that they would like the program to be jointly funded by employers and employees.

Retirement Security

Saving for retirement is challenging for small business owners as well as their employees. Only 9.5% of those surveyed reported that they provide a retirement plan to their employees and 54% reported that they themselves do not have a retirement savings plan.

Small business owners strongly support the establishment of a public retirement plan. Roughly three-quarters of those surveyed said that they would like to see a public retirement plan for employees who do not have access to an employer-sponsored retirement plan.
Health Care Policy

Vermont’s small employers are extremely concerned about the cost health care. 70% of those surveyed indicated extreme concern, while 21% indicated moderate concern.

Vermont employers support systemic, state-based health care reform. 68% of those surveyed indicated support for the continued pursuit of a universal, publicly funded health care system and 65% reported that they would support the expansion of Vermont’s Dr. Dynasaur health insurance program to all Vermonters up to age 26.

Minimum Wage

Most small business owners support increasing Vermont’s minimum wage. Nearly three-quarters of those surveyed reported that they would support a minimum wage increase to $12.50, and roughly 60% reported that they would support an increase to $15.

The potential impact to Vermont small business owners varies between a proposed minimum wage increase to $12.50 compared to $15. 65% of survey respondents reported that their business would not see any impact by a minimum wage increase to $12.50; while half reported an impact in the case of an increase to $15, with 38% anticipating a significant impact.

Child Care

Most Vermont employers consider affordable child care as a key factor in attracting and retaining a skilled workforce in Vermont. 33% of those surveyed report that they or an employee have experienced difficulty finding child care.

Vermont business owners believe in investing in early child care. 64% of those surveyed support increasing public funding to improve access to high-quality early child care in Vermont.
Introduction

Small businesses are the engine of our economy – both in the United States and, particularly in Vermont, where roughly 90% of private sector businesses have fewer than 20 employees and 96% have fewer than 50 employees and employ 44% of the state’s workforce.¹

Small business owners invest not only in their own well-being, but in their communities; they create jobs and deliver essential goods and services, which help to bolster the development and growth of local economies. In Vermont, small businesses are among the most trusted messengers and are a critical part of the fabric that binds our towns and villages together.

As real-life experts on the economy and the challenges and opportunities of running a business, small business owners have important perspectives on how to shape public policies to support strong local economies.

This report focuses on the experiences, practices, and perspectives of Vermont small business owners as documented in four survey projects conducted between February 2015 and October 2016. The surveys included questions on economic development, opportunities for state investments, employment practices, health policy, child care, and retirement security.

Methodology

This report is based on a total of 781 surveys collected in person, through face-to-face interviews with Vermont business owners at their places of business over the span of twenty-one months, from February 2015 through October 2016.

A total of 420 surveys were collected in 2015, and 361 surveys were collected in 2016. Four variants of the survey were fielded to provide additional information about a given issue and/or in response to the evolving policy environment of the past two years, which account for the variations in sample size detailed throughout this report.

The questions in the surveys were designed to gather information directly from Vermont’s small business community about their experiences doing business in this state, their employment practices and policies, and their views on how Vermont can better support our small businesses, our economy, and our community.

The policy areas that the surveys explore are based on a combination of Main Street Alliance of Vermont’s own policy positions as well as on an assessment of the political landscape of the past two years.

The data collected in this report is not reflective of the opinions or practices of Main Street Alliance of Vermont’s membership, nor is this a survey of our members. Respondents were selected at random and without regard to their affiliation with Main Street Alliance of Vermont.

Of those surveyed during 2016, 9.5% reported an existing membership affiliation with the organization at the time of their survey.

While the information in this report is considered during the development of our policy platform, the data itself is not reflective of the official position taken by this organization on any given issue. You may find Main Street Alliance of Vermont’s current policy platform on our website.²

¹ http://www.vtlmi.info/public/qcew/vtqewsizefirm2016q1.xls
² vermont.mainstreetalliance.org
Included are survey responses from businesses located in the following 125 towns:

- Alburgh
- Arlington
- Ascutney
- Barnard
- Barnet
- Barre
- Barton
- Belin
- Bellows Falls
- Bennington
- Bethel
- Bloomfield
- Bradford
- Braintree
- Brandon
- Brattleboro
- Bristol
- Burlington
- Cambridge
- Castleton
- Cavendish
- Charleston
- Chelsea
- Chester
- Colchester
- Craftsbury
- Danville
- Derby
- Duxbury
- Enosburg
- Essex
- Fair Haven
- Fairfax
- fairfield
- Fairlee
- Ferrisburgh
- Franklin
- Georgia
- Glover
- Grafton
- Grand Isle
- Granville
- Greensboro
- Groton
- Hardwick
- Hartland
- Hinesburg
- Huntington
- Irasburg
- Island Pond
- Isle La Motte
- Jamaica
- Jay
- Jeffersonville
- Jericho
- Johnson
- Killington
- Londonderry
- Ludlow
- Lunenburg
- Lyndon
- Lyndonville
- Manchester
- Mendon
- Middlebury
- Middlesex
- Milton
- Montgomery
- Montpelier
- Morgan
- Morristown
- Morrisville
- New Haven
- Newbury
- Newport
- North Springfield
- Northfield
- Norwich
- Plainfield
- Poultny
- Pownal
- Putney
- Quechee
- Randolph
- Rawsonville
- Richford
- Richmond
- Rochester
- Royalton
- Rutland
- Shaftsbury
- Shelburne
- South Burlington
- South Hero
- South Royalton
- Springfield
- St. Albans
- St. Johnsbury
- Stockbridge
- Stowe
- Sunderland
- Sutton
- Swanton
- Thetford
- Townshend
- Troy
- Tunbridge
- Underhill
- Vergennes
- Versonville
- Waitsfield
- Wallingford
- Warren
- Waterbury
- Waterford
- Watervliet
- West Rutland
- Westfield
- Weston
- Wheelock
- White River Junction
- Windsor
- Winooski
- Wolcott
- Woodstock

Survey results throughout this report are rounded to the nearest 0.5 percentage point.
Respondent Information

Respondents by Business Size
[sample size: 781; time frame: 2/15 – 10/16]

Among respondents to this survey:
- 33% were sole proprietors;
- 31% had between one and three employees;
- 23% had between four and nine employees;
- 8.5% had between 10 and 19 employees;
- 4% had between 20 and 49 employees; and
- 0.5% had more than 50 employees.

Respondents by Sector
[sample size: 361; time frame: 4/16 – 10/16]

Respondents by Race/Ethnicity
[sample size: 361; time frame: 4/16 – 10/16]

- 99% Caucasian
- 0.5% Latino/a
- 0.5% African-American/Black

Respondents by County
[sample size: 781; time frame: 2/15 – 10/16]
Report Findings

ECONOMIC DEVELOPMENT

Over the course of 2015 and 2016, we asked small business owners a series of questions about economic development and business growth. Our 2015 survey focused on questions related to respondents’ awareness of, utilization of, and success with Vermont’s traditional economic development programs and investments. In 2016, we shifted our approach to ask respondents for their perspectives on what Vermont could do to support economic growth.

“Which of the following phrases best characterizes your current view of economic development or business incentives?”

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>49%</td>
<td>Giveaways that mostly go to big businesses and do little for small businesses</td>
</tr>
<tr>
<td>3%</td>
<td>Too expensive and undermine public services that benefit all employers</td>
</tr>
<tr>
<td>16%</td>
<td>Public investments essential for job creation and economic growth</td>
</tr>
<tr>
<td>6.5%</td>
<td>Probably necessary, but I don’t have much personal experience with them</td>
</tr>
<tr>
<td>11%</td>
<td>Programs of which I have little knowledge or experience</td>
</tr>
<tr>
<td>11%</td>
<td>No opinion</td>
</tr>
<tr>
<td>3%</td>
<td>Other/No response</td>
</tr>
</tbody>
</table>

From the series of questions posed to 317 total business owners during the fall of 2015, we learned that the overall perception among small, “main street” business owners of Vermont’s current economic development programs is not particularly favorable, with roughly half characterizing them as giveaways that mostly go to big businesses and do little for small businesses and 17.5% reporting that they have little experience with or knowledge of Vermont’s economic development programs.

Utilization rates by small business owners is low – with fewer than 25% of respondents reporting that they have accessed or benefited from an economic development incentive program.

“Have you ever accessed an incentive program?”

- Yes 23% (73)
- No 75.5% (239)
- No response 1.5% (5)

Economic development incentives were defined as: “any form of publicly-funded assistance to a business from a state or local government. For example, tax credits and abatements, loans or grants, technical assistance, workforce training grants, infrastructure improvements, marketing and promotion, land acquisition, and free or subsidized commercial space, TIF districts, enterprise zones, etc.”
If yes, what kind of assistance did you receive?

- 5 Property tax abatement
- 2 Sales tax exemption
- 4 Corporate income tax credit
- 19 Loan
- 22 Grant
- 4 Technical Assistance
- 8 Workforce Training
- 10 Infrastructure Improvements (streets, sidewalks, high-speed internet, utility, etc.)
- 3 Marketing and promotion of your region or business
- 0 Land, parceling, or acquisition
- 1 Free or subsidized space (such as an incubator or rent subsidy)
- 7 Other

Out of the 239 respondents who reported that they did not access any kind of incentive program, 154 or 64% answered that they were not aware of any incentive programs available to their business. Among those who reported being aware of available programs, 24 or 10% reported that their business is not eligible and 11 or 5% reported that the programs do not meet the needs of their business.

Out of the total 317 respondents to this series of questions, 42 or 13% reported experiencing a benefit to their business as a result of an economic development incentive program.

In 2016, the survey’s focus on economic development shifted to learn what Vermont’s small business owners believe would improve Vermont’s economic conditions and what they currently perceive as barriers to their own business growth.

“What have been the major or primary barriers to business growth for you?”

(sample size: 361; time frame: 4/16 – 10/16)

Customer base 43%
Access to Workforce 18%
Permitting 16%
The Economy 49%
Access to Capital 16%
Other 17.5%
N/A 18%

*“N/A: My experience starting/growing my business has been generally positive.”

When business owners were asked about the primary barriers they face to business growth in Vermont, nearly half pointed to general economic pressures, citing the economy and their customer base respectively as the two most significant barriers to growth. Far fewer small business owners pointed to more business-specific barriers, with less than 20% of those surveyed citing...
workforce, permitting, and access to capital, respectively, as major barriers to business growth. 17.5% of those surveyed selected “other,” and among those the most frequently noted barrier to business growth was internet/online competition. These responses reflect the close connection that small, local business owners feel to their towns and their communities, where the health and strength of the local economy will have a direct and defining impact on a business’ success. Nearly 20% of businesses cited no substantial barriers to growth.

When asked about their policy priorities and what Vermont could do better moving forward to support small businesses, families, and a healthy economy, survey respondents strongly indicated an interest in tax reform that lowers or contains taxes for the majority and ensures that “the wealthy” and large, highly profitable businesses pay their fair share. Addressing the cost of health care was at the top of every response about policy priorities.

"What policy areas are important to you?"¹
[sample size: 200; time frame: 4/16 – 6/16]¹

- Tax reform to ensure that the wealthy and big businesses pay their fair share – 70%
- Lowering taxes – 59.5%
- Property taxes – 54%
- Health care affordability – 53.5%
- The environment – 45.5%

1. Response options included: Property taxes, Public education, Early child care and education, Higher education affordability, Workplace leave policies - like paid sick days and paid family leave, The Environment, Renewable energy, Water Quality, Economic Development. Tax reform to ensure that the wealthy and big businesses pay their fair share, Lowering taxes, Health care AFFORDABILITY, Health care REFORM, Internet sales tax, Permit reform, Public retirement or public pension plans, Lowering the cost of living and improving affordability, Raising wages, & Other. Top five selections are shown in chart.

"What could Vermont do better to support small businesses, working families, and the economy?"²
[sample size 200; time frame: 4/16 – 6/16]

- Lower taxes – 86.5%
- Attract and retain young families to live in Vermont – 86%
- Lower the cost of health care – 82%
- Increase the availability of capital to small businesses and startups – 72.5%
- Increase support for workforce training – 70%

2. Response options included: Invest in infrastructure development, Invest in downtown development, Lower the cost of health care, Permit reform aimed at simplicity and timeliness, Improve walkability and livability in VT cities and towns, Increase availability of capital to small businesses and start-ups, Attract and retain young families to live in Vermont, Increase the stock of affordable housing, Support working families with things like: public paid family and medical leave and affordable, high quality child care, Lower taxes, Work toward debt-free higher post-secondary and higher education for all Vermonters, Increase support for workforce training programs, Increase state’s investment in tourism marketing, Support and encourage more sustainable and organic food production & Other. Top five selections are shown in chart.
CURRENT BUSINESS PRACTICES AND BENEFIT PLANS

“What policies do you currently have in place for your employees?”
(excludes sole proprietors)

- **Paid Time Off**
  (includes PSD, Vaca, Personal, Combined)
  [sample size: 524; time frame: 2/15 – 10/16]
  - 42.5% (222)

- **Health Insurance**
  [sample size: 524; time frame: 2/15 – 10/16]
  - 16% (32)

- **Family Leave**
  (includes maternity and/or paternity)
  [sample size: 197; time frame: 4/16 – 10/16]
  - 21% (41)

- **Medical Leave, for injury or illness**
  (does not include workers comp)
  [sample size: 197; time frame: 4/16 – 10/16]
  - 9.5% (19)

- **Retirement Plan**
  [sample size: 197; time frame: 4/16 – 10/16]
  - 12.5% (67)

**Comparative Overview**
(note differences in sample sizes above)
LEAVE POLICIES

Paid Sick Days

In March 2016, the Vermont legislature passed H.187, The Healthy Workplaces bill, and it was signed into law by Governor Shumlin (Act 69 of 2016). This law establishes a minimum standard of up to 40 hours per year of earned sick time in Vermont for all permanent employees over the age of 18 who work more than an average of 18 hours per week.

“Do you support the newly passed earned sick leave legislation?”
[sample size: 200; time frame: 4/16 – 6/16]

Yes 58% (116)
No 29.5% (59)
Just learning about it now 3% (6)
No opinion 9.5% (19)

Following passage of Act 69, we asked business owners about their support for the newly passed law and the law’s impending impact. We found, overall, that nearly all business owners (97%) were aware of the legislation and that the majority of small business owners (58%) supported the paid sick days law. Roughly one-fourth of those surveyed reported that they would need to make accommodations to meet the requirements of the new legislation.

“Will your business be financially impacted by the newly passed earned sick leave legislation?”
[sample size: 200; time frame: 4/16 – 6/16]

Yes 24% (48)
No 69% (138)
Unsure 7% (14)

Family and Medical Leave

While Act 69 ensures that employees will have access to up to five days of short-term leave for recovery from illness or routine health care appointments, long-term paid leave packages, such as parental leave, are currently left to the discretion of individual employers. While many employees nationally and in Vermont are eligible for unpaid family leave through the federal Family and Medical Leave Act (FMLA) and/or the Vermont Parental and Family Leave Act (PFLA), long-term leave remains inaccessible for those who cannot afford to take time off unpaid or work for exempt employers.

In response to this, Vermont has been exploring the implementation of a statewide family and medical leave insurance program. In 2013, the legislature convened a study committee to develop recommendations for such a program. In 2015, Vermont received a $170,000 grant from the U.S. Department of Labor to conduct a series of feasibility studies exploring the proposal. The results of the feasibility studies were not yet available when this report was published.

We asked small business owners around the state to weigh in on this issue to measure general support or

(continued on next page)
opposition to the idea and collect recommendations for how such a program should be designed and financed. We found strong initial support among small, “main street” business owners throughout the state (63.5%), sustained over two years, for efforts to establish a statewide family and medical leave insurance program in Vermont.

“In general, would you support efforts to establish a state-run, public paid family and medical leave insurance program? [Program would pay for employees to take up to 12 weeks to care for a newborn, a personal illness, or an ill family member]”

[Sample size: 781; time frame: 2/15 – 10/16]

When the data is broken out by year, the responses stay within 10 points of each other, with 60% support recorded in 2015 and 67% in 2016.

We found that more than half (51%) of business owners surveyed expressed a preference for shared funding, divided between the employer and employee. Only 8% indicated a preference for an employee-only funding model, although nearly 40% indicated that they do not know or chose not to answer the question.

“If the state were to move forward with a public paid family and medical leave insurance program, what funding sources would you recommend?”

[Sample size: 361; time frame: 4/16 – 10/16]

Regarding the duration of leave that should be covered by the insurance program, we offered respondents two choices: eight or 12 weeks. Roughly twice as many small business owners indicated a preference for 12 weeks (30.5%) than indicated a preference for only eight weeks (15.5%).

“In 2013, a VT Family Leave Legislative Study Committee recommended 12 weeks of 100% wage replacement up to 2X the liveable wage (about $25/hr). If the state were to move forward with a public paid family and medical leave insurance program, what pay structure would you recommend?”

[Sample size: 200; time frame: 4/16 – 6/16]

When we asked business owners to weigh in on a formula for wage replacement while an eligible employee is on leave, only 35% of respondents indicated a clear preference between the choices we offered. Wage replacement is one of the major variables that will need to be determined for the state to move forward with a program and will have a major impact on utilization rates and program costs.

In both instances where respondents were asked questions about program structure, fewer respondents expressed a preference than those that did not express a preference. This suggests the need for more information and cost modeling of the proposal as well as ongoing education and engagement within the small business community in order to collect reliable information regarding small business recommendations on the specific benefits structure of such a program. However, the trends do point to a preference for at least 12 weeks of leave.
RETIREMENT SECURITY

Currently in the U.S., fewer than one-third of individuals between the ages of 65 and 74 have any savings in a retirement account, and among the minority of those who do, the median amount of retirement savings is $49,000. Roughly one-third of all workers do not have access to a workplace savings plan through their employers, and fewer than 10% of workers without access to an employer-sponsored retirement plan contribute to an independent retirement savings account.1

At present, in Vermont, about 45% of the employed population do not have access to an employer plan.2 Among the small, “main street” business owners that were surveyed during 2016 as part of this project, only 9.5% reported providing a retirement plan to their employees.

In an effort to address the low retirement savings rate, eight states have passed legislation directing the state to develop some form of public retirement option. Since 2014, Vermont State Treasurer Beth Pearce has chaired a study committee to explore the need and feasibility of establishing a public retirement plan in Vermont.

“Would you support Vermont creating an affordable and voluntary public retirement plan that all employees could access by electing to contribute via a payroll deduction, in the event that their employer does not already provide a retirement plan?”

[sample size: 361; time frame: 4/16 – 10/16]

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Support 74.5% (269)</th>
<th>Oppose 14% (50)</th>
<th>No Opinion 6.5% (24)</th>
<th>No Response 5% (18)</th>
<th>No Response 10% (20)</th>
</tr>
</thead>
</table>

The collected responses indicate that small business owners recognize the value that a public retirement option could provide to their employees, since so few reported that they offer their employees access to a plan. It is also important to note that small business owners themselves could benefit from access to a public retirement option, as the majority of those surveyed reported that they do not currently have a retirement account themselves.

Vermont State Treasurer Beth Pearce talks with MSA-VT member businesses and staff about retirement in Vermont during MSA-VT’s 2016 Economic Development Series

1 whitehouse.gov/the-press-office/2016/08/25/fact-sheet-middle-class-economics-making-it-easier-save-retirement
2 aarp.org/content/dan/aarp/ppi/2015-08/aarp-vermont-fact-sheet.pdf

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HEALTH CARE

Vermont has been at the forefront of health care reform in the United States for more than two decades with pioneering public health insurance programs such as Dr. Dynasaur and Catamount Health for low- and middle-income Vermonters. Yet, over the past six years, health care costs in the state have risen by more than $300 million.

Despite the state’s decision not to move forward with the creation of a universal, publicly financed health insurance program, as outlined in Act 48 of 2011, the legislature demonstrated its ongoing commitment to reform by authorizing the state to apply for an all-payer waiver in 2015.

“What best describes your level of concern about health care affordability?”
[sample size: 200; time frame: 4/16 – 6/16]

<table>
<thead>
<tr>
<th>Concern Level</th>
<th>Percentage</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not concerned</td>
<td>1% (2)</td>
<td></td>
</tr>
<tr>
<td>Somewhat concerned</td>
<td>8% (16)</td>
<td></td>
</tr>
<tr>
<td>Extremely concerned</td>
<td>70% (140)</td>
<td></td>
</tr>
<tr>
<td>I don’t know</td>
<td>21% (42)</td>
<td></td>
</tr>
</tbody>
</table>

For many, until the Affordable Care Act, access to health insurance was tied to employment, and most high-quality plans continue to be tied to employment. For many small employers, however, offering a health insurance benefit is not financially viable, and among the small, “main street” businesses that participated in the survey, only 12.5% reported that they offer a health insurance benefit to their employees.

“Since the implementation of the Affordable Care Act, the Vermont Health Care Exchange, would you say that health care has become:”
[sample size: 361; time frame: 4/16 – 10/16]

<table>
<thead>
<tr>
<th>Affordability Level</th>
<th>Percentage</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>More affordable</td>
<td>14% (52)</td>
<td></td>
</tr>
<tr>
<td>About the same</td>
<td>21% (75)</td>
<td></td>
</tr>
<tr>
<td>Less affordable</td>
<td>50% (180)</td>
<td></td>
</tr>
<tr>
<td>I don’t know</td>
<td>15% (54)</td>
<td></td>
</tr>
</tbody>
</table>

“In general, do you support working toward the creation of a universal, publicly financed health care system in Vermont?”
[sample size: 781; time frame: 2/15 – 10/16]

<table>
<thead>
<tr>
<th>Support Level</th>
<th>Percentage</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>68% (529)</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>17.5% (136)</td>
<td></td>
</tr>
<tr>
<td>I’m not sure</td>
<td>13% (103)</td>
<td></td>
</tr>
<tr>
<td>No response</td>
<td>1.5% (13)</td>
<td></td>
</tr>
</tbody>
</table>
Although there is not likely to be a proposal before the legislature in the near future to move Vermont to a universal, single-payer health care system, the strong support demonstrated by this survey remains an important indicator of a general interest in health care reform aimed at universality and public financing, which would decouple health insurance from employment.

During the 2016 legislative session, the legislature approved financing for a series of economic analyses of a proposal to expand the Dr. Dynasaur program to all Vermonters under the age of 26, regardless of income.

This proposal would provide 186,000 Vermonters with comprehensive, publicly financed health care and lower premium and out-of-pocket costs for families and independent young Vermonters.

"Would you support expanding Vermont’s Dr. Dynasaur health insurance program for children to remove income eligibility and to cover all Vermont children and young adults up to age 26?"
[sample size: 361; time frame: 4/16 – 10/16]

- I’m not sure
  10% (37)

- No
  25% (90)

- Yes
  65% (233)

The results of this survey make clear that health care affordability is a top priority for Vermont’s small business owners. Concern about rising costs is widespread and poignant and addressing health care affordability was clearly identified by survey respondents as a key piece of improving Vermont’s economic picture.

A majority (65%) of the small business owners surveyed during 2016 indicated that they would support this expansion. The fiscal analyses of the proposed expansion of Dr. Dynasaur will be available in Jan. 2017.
MINIMUM WAGE

Vermont passed a minimum wage bill in 2014 that established a schedule to increase the minimum wage to $10.50 by 2018. At the time, it was the strongest minimum wage bill in the country. However, since 2014, nine cities, two states, and the District of Columbia have passed measures to increase the minimum wage to $15/hour. Throughout 2016, this issue was elevated in the presidential and Vermont’s gubernatorial elections. Several organizations in Vermont are currently promoting further increases to Vermont’s minimum wage. In the fall of 2016, we surveyed “main street” business owners on the subject to learn the extent of the impact of the proposals under consideration as well as the level of support.

“Would you be impacted by a minimum wage increase to $12.50?”
[sample size: 161; time frame: 9/16 – 10/16]

- Significant Impact: 19% (31)
- Modest Impact: 16% (26)
- No Impact: 65% (104)

“Would you be impacted by a minimum wage increase to $15?”
[sample size: 161; time frame: 9/16 – 10/16]

- Significant Impact: 35% (126)
- Modest Impact: 12% (19)
- No Impact: 50% (81)

“Would you support efforts to further increase the minimum wage to $12.50 by 2018 in Vermont?”
[sample size: 161; time frame: 9/16 – 10/16]

- Support: 71.5% (115)
- No Response: 8% (13)
- Oppose: 18% (28)
- No Opinion: 2.3% (4)

“Would you support efforts to further increase the minimum wage in Vermont with the goal of getting to $15/hour over time?”
[sample size: 361; time frame: 4/16 – 10/16]

- Support: 61.5% (222)
- Oppose: 35% (126)
- No Opinion: 2.5% (13)

A strong majority of the small business owners who participated in this survey support increasing Vermont’s minimum wage, with nearly three-quarters reporting that they would support a minimum wage increase to $12.50. Support weakens some when asked about an increase to $15, but remains strong at 61.5%. The potential impact to Vermont small business owners varies between a proposed minimum wage increase to $12.50 compared to $15. 65% of survey respondents reported that their business would not see any impact by a minimum wage increase to $12.50, with less than 20% reporting that it would have a significant impact. Half of respondents reported an impact in the case of an increase to $15, with 38% anticipating a significant impact.
CHILD CARE

Lack of access to high-quality, affordable child care has risen to the top of state and national conversations. Vermont has a child care tuition assistance program, but middle-income Vermont families with two children are still spending between 28% and 40% of their income on child care, while the average income for child care workers is less than $25,000.1 According to a 2016 study by Let’s Grow Kids, 47% of Vermont infants and toddlers likely to need care do not have access to a regulated child care provider.2

*Roughly one-third reported experiencing or witnessing their employees experiencing challenges related to finding or affording child care; and nearly 20% reported that the inaccessibility of child care in their region has a direct negative impact on their business.*

*“In your opinion, has your business been negatively impacted by a shortage of high-quality, affordable child care?”*  
(sample size: 361; time frame: 4/16 – 10/16)

The responses collected in this section reveal an increasing sensibility of the interconnected relationship between child care and the workforce. Nearly 80% of respondents indicated that they see a connection between their ability to recruit a skilled workforce and the availability of affordable child care in their region.

*It is worth noting that responses stayed reasonably consistent across the 14 months during which this question was asked, with 65% in 2015 reporting that they would support increased investment in Vermont’s child care financial assistance program and 60% in 2016. There is comparable consistency in the opposing view, with 20% in 2015 reporting that they would oppose increasing investments and 16% in 2016.*

Overall the survey results indicate that a majority of small, “main street” business owners in Vermont would support increasing investments in high-quality, affordable child care.

2 letsgrowkids.org/stalled-start
Conclusion

Small businesses are at the heart of Vermont communities and our local economy. Local business owners understand that it’s not just the families of those they employ that rely on them, but their communities as well. Vermont’s small businesses provide essential goods and services and the unique character, texture, and feeling that make our cities, towns, and villages so special. They are an integral part of what makes Vermont a great place to live.

The success of small, local, “main street” businesses is inextricably tied to the health and well-being of the communities they serve. Vermont’s small business owners understand this. When we asked business owners what presents the greatest challenge to business growth, they overwhelmingly pointed to their customer base and Vermont’s economy.

This two-year survey project demonstrates that small business owners across our state are questioning the value of traditional economic development investments and are interested in focusing on smart social investments that target support to small business and working families, improving the quality of employment and life across the state.

The majority of small, “main street” businesses report that they do not offer comprehensive benefits packages, including health insurance, family and medical leave, and access to a retirement plan to their employees. While the majority of those surveyed indicated support for the recently enacted paid sick leave law, few can afford to expand their benefits package further. This presents a challenge for small business owners as they compete with larger businesses to recruit good employees and to retain those they have.

Vermont has the opportunity to build economies of scale that will enable all Vermont businesses to be more competitive employers. Our survey indicates strong support for the public administration of a family and medical leave insurance program, retirement savings accounts, and health insurance. While such programs would target support at small businesses and their employees, the benefits of this shift would not just support smaller businesses, it would also reduce the cost of doing business for employers that already provide these benefits and strengthen Vermont’s economy.

A commonly cited economic development goal for our state is to attract and retain young and mid-career professionals and families to live and work here. As a small business state, it is a challenge to compete with other cities and states that have more opportunities for higher-wage work. Smart social investments in family and medical leave, public retirement, and health insurance will also provide direct support to our workforce, reducing exposure to financial risk and thus making Vermont a more affordable and attractive place to live.

Business owners also draw a strong connection between affordable and accessible child care and a reliable workforce. With most parents participating in the workforce, the social and economic role of child care has expanded over recent decades. Increasing the availability of high-quality child care and ensuring affordability will improve stability in the existing workforce and increase workforce participation.

Taken together, the results of this survey point to a general feeling among small, “main street” business owners that Vermont can be doing more to support small businesses, improve the affordability of our state, and create the conditions for a healthier economy.

Vermont is a small business state, and we will play to our strengths by investing in strategies that support small employers and the broader workforce. The ripple effect of moving to a benefits structure that is publicly administered and, while remaining tied to employment, is not dependent on one’s particular employer will reduce the competitive divide between small and large employers, help to improve the nature of employment in Vermont, and make Vermont more competitive as we strive to attract and retain young professionals and families.
Thank you from Main Street Alliance of Vermont!

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Building a network of small businesses in Vermont, in support of policies that support our communities.

vermont.mainstreetalliance.org