

Living Wage in the Coulee Region

What does “living wage” really mean? A living wage is the amount a person would need to earn to stay above the federal poverty level. In 2003, this amounts to \$18,400 a year for a family of four, or \$8.85 per hour for a full-time, year-round worker. A true living wage varies by city because it takes into consideration the cost of living (housing, food, childcare, health care, transportation, etc.) in each location.

We live in the richest nation on earth and yet millions of Americans make wages so low they have to choose between eating or heating, health care or child care. They are health care aides who can’t afford health insurance. They work in the food industry, but depend on food banks to help feed their children. They are child care teachers who don’t make enough to save for their own children’s education. They care for the elderly, but they have no pensions. Today’s minimum wage and other public policies are not working for many working Americans. Families need more than double the official poverty level to make ends meet.

The federal minimum wage, first enacted in 1938, was meant to put a firm floor under workers and their families, strengthen the depressed economy by increasing consumer purchasing power, create new jobs to meet rising demand and stop a “race to the bottom” of employers moving to cheaper labor states. In recent decades, the minimum wage floor has fallen, dragging down average real wages as well. Adjusting for inflation, in year 2000 dollars, the real value of the minimum wage paid in 1968 was \$7.92. The minimum wage is now \$5.15, or \$2.77 less per hour than it should be. Since 1968 worker productivity went up, but wages went down. Productivity grew 74.2 percent between 1968 and 2000, but hourly wages for average workers fell 3 percent, adjusting for inflation. Real wages for minimum wage workers – two-thirds of whom are adults – fell 35 percent.

If wages had kept pace with rising productivity since 1968, the average hourly wage would have been \$24.56 in 2000, rather than \$13.74. The minimum wage would be \$13.80 – not \$5.15.

The retail trade industry employs more than half the nation’s hourly employees paid at or below minimum wage. Retail profits jumped even higher than profits generally, skyrocketing 158 percent since 1968. The minimum wage would be \$13.02 if it had kept pace with domestic profits and \$20.46 if it had risen with retail profits.

According to the Economic Policy Institute, living wage ordinances provide much needed raises for low-income workers. Wages for the bottom 10% of wage earners fell by 9.3% between 1979 and 1999. The number of jobs where wages were below what a worker would need to support a family of four above the poverty line also grew between 1979 and 1999. In 1999, 26.8% of the workforce earned poverty-level wages, an increase from 23.7% in 1979. Another way to look at the living wage issue is to look at the Housing Wage.

The Housing Wage in Wisconsin is \$11.63. This is the amount a full time worker must earn per hour to afford a two bedroom apartment at the state’s Fair Market Rent. This is 226% of the minimum wage of \$5.15 per hour. Here are the housing wages needed in our area for a two bedroom apartment:

<i>County</i>	<i>Housing Wage</i>	<i>Estimated % of renters who do <u>not</u> make the housing wage</i>
La Crosse (same for City)	\$9.63	37%
Monroe	\$8.40	33%
Vernon	\$8.40	37%
Crawford	\$8.40	36%

A renter has to work 65-75 hours per week at minimum wage to earn enough money to equal the Housing Wage needed for a two bedroom apartment.

Housing costs generally consume the largest chunk of household income. The Department of Housing and Urban Development (HUD) guidelines indicate that no more than 30% of a household's income should go for housing. The following chart shows 2003 Fair Market Rent (FMR) standards for housing units in our area:

	Efficiency	1-bedroom	2-bedroom	3-bedroom	4-bedroom
Crawford County	\$294	\$343	\$437	\$556	\$628
La Crosse County	\$304	\$391	\$498	\$666	\$807
Monroe County	\$294	\$343	\$437	\$582	\$628
Vernon County	\$294	\$343	\$437	\$556	\$628

We can no longer tolerate the growing chasm between what rental housing costs and what people can actually afford. The challenge of affordable housing and its impact on local families affects us all. However, low-income families are the hardest hit. Earning \$5.15 per hour or even \$6.50 per hour does not allow these families to pay the rent and afford to live.

Paying a living wage has the potential to benefit businesses by reducing employee turnover and absenteeism, thereby lowering recruitment and training costs, increasing productivity, and increasing morale and commitment to the company. Not only do individual businesses benefit from paying higher wages, but entire communities gain when low-wage worker's incomes increase. Low-wage workers are more apt to spend earnings locally, circulating money back into local economies, which has the potential to help rebuild poor communities and spur job growth. Paying a living wage reduces poverty, which strengthens communities and decreases the demand for government assistance to low-income families.

A living wage ordinance requires employers to pay wages that are above federal or state minimum wage levels. Only a specific set of workers are covered by living wage ordinances, usually those employed by businesses that have a contract with a city or county government or those who receive economic development subsidies from the locality. The rationale behind the ordinances is that city and county governments should not contract with or subsidize employers who pay poverty-level wages.

La Crosse has a living wage policy that affects companies entering development agreements with the city. The La Crosse Common Council approved the policy in April 2003, calling for a wage of at least \$9.73 per hour, including benefits. The resolution affects only companies entering into development agreements with the city. It does not set a living wage for the entire city and does not affect companies with other business, such as construction contracts, with the city. A development agreement is a contract in which a company promises to do something, such as build a store, and the city promises to help the project with measures such as special financing or infrastructure aid. The council eliminated an exemption for non profit, tax-exempt organizations. Under the resolution, the business must show that the majority of full-time jobs created or supported by the agreement will pay at least the living wage.

This resolution for the City of La Crosse means that low-wage workers and low-income families will be paid a wage sufficient to lift them out of poverty and create a better future for themselves and their children. This resolution will increase economic justice and affect the ability of low-income families to live and work with dignity and respect.

- In Couleecap's four-county service area (Crawford, La Crosse, Monroe, and Vernon counties) more than 21,000 people live at or below the poverty line, including more than 3,000 families with children under the age of 18.
- Of those living at or below the poverty line, more than 6,400 (30%) are under age 18 and more than 2,100 (10%) are over age 65.
- In Couleecap's four-county service area, only the City of La Crosse has passed a living wage resolution.

In spite of the prosperity that many Americans enjoy, millions of others are going hungry, foregoing medical care, and struggling to break free from poverty.

Families are working hard but still struggling because the minimum wage has not increased at the same rate as inflation over the last 30 years. Nearly 40% of America's poor over the age of 16 worked either part-time or full-time in 2001 – yet could not earn enough to secure even the basic necessities of life. The disgrace is that amid glittering affluence, millions of Americans report punctually to work, perform conscientiously – and still don't make enough money to escape poverty.

The Catholic Campaign for Human Development has designated January as **Poverty in America Awareness Month**. Here are some of the things you can do to heighten awareness of poverty in the Coulee Region:

- Encourage the local media to focus on poverty.
- Educate yourself to be sensitive to the needs of those in poverty and to treat poor people with respect.
- Hold activities in schools and public settings to make sure poverty is top-of-mind for all community members.
- Get involved in your community. Encourage the support of living wage initiatives.
- Live poverty for a day. You have \$30 to pay for the day's food, transportation, day care and other bills. Child care \$20, transportation \$3.00, food \$5.90 (you stop at the grocery store on your way home to buy a half-gallon of milk, bread, eggs, and a less-expensive store brand cereal). This leaves you with \$1.10 to pay for any additional expenses such as co-pay on a prescription, which costs \$5.00, if you are lucky enough to have health insurance.

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This document has been endorsed by the Social Justice Coalition of western Wisconsin.

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