

# Living Wage: a way to break the chains of poverty

What might these people have in common?

- A coffee farmer in the highlands of Guatemala
- An employee of a T-shirt assembly factory in Mexico or Bangladesh
- A farm worker picking tomatoes for a fast food chain
- A secretary or janitor employed by your church

Did you guess it? They are all people who, despite their hard work, live in poverty, and for whom hunger is a daily reality.

Of the households in the U.S. receiving emergency food, 39% have at least one adult and 7% have two adults in the household working. 62% of the recipients are women, and of the families served with children under age 18, 50 percent are single-parent households. 31 million Americans are considered “food insecure,” which is defined as “not always having access to enough food to meet basic needs.”

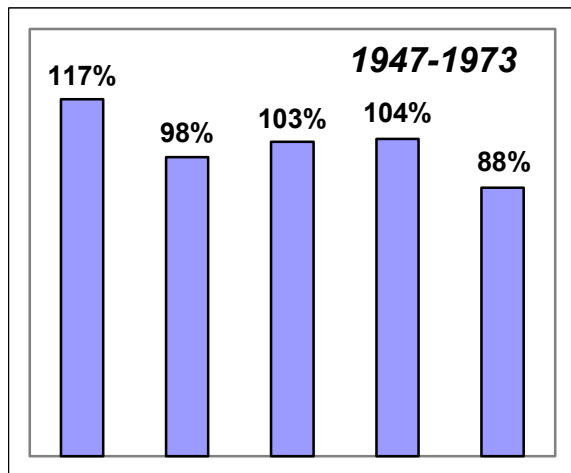


America’s Second Harvest provides emergency hunger-relief services to 23.3 million Americans, and more than 95% of Presbyterian congregations support or run their own local hunger program. And yet, hunger is on the rise worldwide and in the U.S.

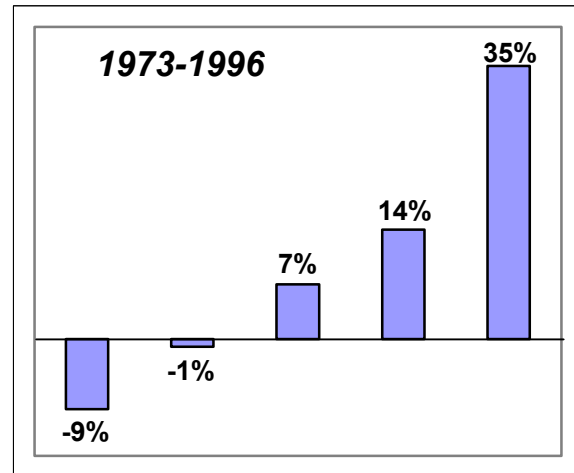
How can even the U.S., one of the richest countries in the world and the bread basket of the world, be losing the war on hunger? Major economic indicators point us toward the answer.

## U.S. Real Family Income Growth Adjusted for Inflation

[Source: U.S. Census Bureau; based on mean family income]



Poorest 20% → Richest 20%



Poorest 20% → Richest 20%

The poorest 40% of the U.S. population have seen their family incomes drop since 1973. *People are hungry because they are poor.* Since many poor people work minimum wage jobs, its level is critical. Tragically, the buying power of the national minimum wage of \$5.15 per hour is 30% below its peak in 1968 (despite approximately 50% higher worker productivity).



*Tragically, the buying power of the national minimum wage of \$5.15 per hour is 30% below its peak in 1968.*

Increasing numbers of Christians and others across the country can no longer accept that people working 40 or more hours a week still live in poverty. As a result, since 1994, **more than 50 living wage ordinances have been passed and another hundred or so are in the process.** Varieties of organizations – spanning class, race and political persuasions – have come to the table to demand living wages in colleges, cities and counties around the country.

The living wage “mini-movement” forcefully surfaced over these past ten years along with related economic justice efforts. The most notable of these are:

- Fair Trade, where coffee farmers, artisans and others are given a fair return for their products;
- Sweat-Free anti-sweatshop initiatives, to demand fair compensation and better working conditions for assembly factory workers;
- Justice for farm workers, to improve wages and conditions; and
- Increased transnational support for labor rights struggles.

Taken as a whole, these initiatives comprise vast international networks of organizations and millions of active participants, and represent a global movement that finds common ground in its commitment to human dignity, care for the earth, and economic justice. While the actions taken are usually local or regional, this movement understands and often rallies against the threats posed by corporate globalization. In almost all cases, a unifying demand is for a fair price, a living wage.

*A nationwide grassroots movement is sweeping across the United States to challenge the decency of a wage floor that confines millions of working families to a life in poverty.*

## What is a typical living wage law?

Commonly, living wage ordinances seek to *insure that the employees of public contractors or corporations receiving public financial assistance and public employees earn at least a poverty level wage.* Some have gone beyond this and offer incentives for employers to provide health insurance and paid time off for sick leave and vacations. Living wages typically fall within a range from \$7 without benefits (\$8.20 would bring a family to the federal poverty line) to \$10 plus benefits. The focus on governments and publicly-subsidized employers has been most common, but below you will read about the living wage initiatives from a presbytery, a Presbyterian college and two Presbyterian seminaries.



## How is a Living Wage determined?

People sometimes peg the living wage amount to the federal poverty line. Accordingly, the wage becomes the amount a full-time worker needs to make to support a family at the poverty line. The local living wage campaign can aim at the any level, from 100% to 130% of the poverty measurement. Use of the federal poverty line has a major drawback: it is not a living wage!

When developed in 1969, the poverty line assumed two-parent households in which one parent worked, so childcare costs are not considered. The line was based solely on the cost of food, which is now a smaller proportion of a family's expenses, especially compared to housing costs. In addition, whether you are paying Selma or San Francisco rents, the poverty line is a national standard and remains the same.

Some living wage ordinances, such as Montgomery County, MD, have set the living wage at food stamp level, which is 130% of the federal poverty line to partly compensate for the unrealistically low poverty line. This brought Montgomery County's wage to \$10.30 an hour.

Others have used the Universal Living Wage, which is based on the single biggest household expense – housing. The wage is based on working a minimum 40 hour week, spending 30% of family income on housing, and is indexed to the local cost of housing set by the U.S. government in the HUD Fair Market Rents, which are available on the Internet and updated annually. The beauty of this method is that it accounts for significant, location-based variations in expenses.

In all cases, annual increases need to be included in the adopted ordinance. The easiest method is to update the wage according to federal Cost of Living adjustments.

## **What is the Presbyterian Church (USA) doing so far?**

### **East Tennessee Presbytery, Tennessee**

“At first we hoped to get a resolution supporting the living wage ordinance,” said Rev. Tom Ballard of Fountain City Presbyterian Church. “But the members of the Presbytery wanted to talk about our own responsibility. We didn’t think we could say to the city, ‘you go do this’ until we had done it ourselves.”



And that’s exactly what the Presbytery of Eastern Tennessee did. They passed a resolution encouraging churches to study what local living wages should be, consider such a wage for church employees, and encourage members who own businesses to pay their employees living wages.

### **Columbia Theological Seminary and Agnes Scott College, Georgia**

This year, seminary faculty adopted a “Call for Shared Witness and Action,” which is described as a “natural outgrowth of our common biblical and theological heritage. They contend that “ensuring a living wage for all employees will benefit the Seminary and College by:

- Reducing employer expenses by reducing the turnover of experienced employees
- Raising the morale of the workforce and increasing productivity
- Allowing working people to support their families with just one job and to spend more time with their families and communities

The Call launched a process to develop a formula and eventually implement a living wage.

### **McCormick Theological Seminary**

This April, the Administrative Cabinet endorsed the Living Wage Proposal. Wendy Mathewson, a former PC(USA) Young Adult Volunteer and current student at McCormick, described the endorsement as an event that took us one step closer to approximating justice. She went on to say, “Often, it is assumed that people “serving the Lord” by working at churches or faith-based organizations should not demand higher wages.” The principle of living wage ensures that workers are not exploited, regardless of the value placed on the work done.

The Living Wage Proposal found direction in the statements of the church, which are “guided by the Holy Spirit, collectively discerned, and reflecting Biblical understanding.” The 189<sup>th</sup> General Assembly (1977) weighs in heavily on the issue as it “reaffirms the actions of previous General Assemblies supporting the right of every employable person to a job, decent and safe working conditions and a salary adequate to meet at least his or her basic needs.”

The Proposal builds on McCormick’s success in exceeding its targeted goals to sign construction contracts with racial minority and female owned businesses by seeking to ensure a living wage for all McCormick employees and contracted employees. “We seek to connect our faith and our action, doing justice for all of our workers and serving as a model for right relationships in our church.”

## **Losing or Winning**

Even if a living wage campaign fails to create a new ordinance, it succeeds in other ways by helping churches partner and find common ground with community organizations, and by developing leaders that can help us link our faith with action.

Win or lose, the living wage issue stimulates church and public debate about the problem of increasing poverty among people who work, and other broad social issues.

*What does just community economic development look like?*

*What are the responsibilities of our institutions and corporations to people and society?*

*What role should the government play in guaranteeing livable wages and dignity in the workplace?*

And when living wage campaigns succeed, families are brought out of poverty, as shown by a recent study of 40 living wage cities. The demand for costly social services shrinks. Wages throughout the area experience upward pressure as the rising tide lifts all. Employee turnover decreases. The trend toward privatization of government functions is reduced because contractors are also required to pay their employees a living wage. Churches and community organizations are strengthened by the victory. For the church, the living wage provides a close-to-home way to embody its mission in all its relationships, and to join faith and action so that all might believe.

### **Resources for launching or joining a Living Wage Campaign**

General Assembly Social Witness Policy affirms a living wage.

Presbyterian Social Witness Policy Compilation, Louisville, KY: General Assembly Council, 2000, which can also be found on the PC(USA) website.

The Economic Policy Institute and ACORN, among others, have compiled good research:

ACORN Living Wage Campaign ~ Updated information by the organization leading the movement for living wages, including a list of cities where campaigns are underway.

<http://www.livingwagecampaign.org/>

Economic Policy Institute ~ Research, issues guides and frequently asked questions.

<http://www.epinet.org/Issueguides/livingwage/livingwage.html>

Universal Living Wage has a variety of information, statistics and reports, and the formula for the Universal Living Wage. <http://www.universallivingwage.org>

Presbyterian Hunger Program has two PowerPoint presentations on Living Wage (also available as transparencies for an overhead projector, and can help you connect with others working on the issue: "The Living Wage: a tool to combat hunger" and "Guidelines for Running Your Own Living Wage Workshop." PHP@ctr.pcusa.org or (888) 728-7228