



## A Fair Wage

### Editorial

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Last week, the Vermont Joint Fiscal Office released updated livable wage calculations within the 2009 Basic Needs Budgets report. The livable wage is the hourly wage or annual income sufficient to meet an individual's or family's basic needs in Vermont. The legislative report contains six different family budgets that total the cost of things such as food, housing, transportation, health care, child care and personal expenses. It reflects a combination of data on basic needs expenses from 2007 and 2008 by federal and state agencies and resources.

The report found that living expenses increased on average by 18.11 percent for urban areas and by 13.31 percent for rural ones. By comparison, the federal government's Consumer Price Index (CPI) -- used to adjust the Vermont minimum wage in 2007 and 2008 -- was 2 percent and 5 percent respectively.

This accounts for the disparity between the official Vermont minimum wage, increased on Jan. 1 to \$8.06 per hour, and the real amount of money it takes to get by in Vermont.

According to the Vermont Livable Wage Campaign, a single parent with two children would need to earn an average of \$29.98 per hour to keep up with the costs of basic needs -- assuming this parent's employer provided health insurance. By comparison, the 2007 average livable wage figure was \$25.59 per hour. This represents a 17.2 percent increase.

There are very few people in Vermont who are getting paid at this level. At Vermont's current minimum wage, a single parent would need to work three full-time minimum wage jobs just to make ends meet. Here are the other average (rural and urban) 2009 livable wage figures with employer-provided health insurance:

- \* \$16.75 per hour (\$34,840 per year) for a single person;
- \* \$13.07 per hour each (\$54,371 per year total household income) for two adults, no children;
- \* \$24.04 per hour (\$50,003 per year) for a single parent with one child;
- \* \$30.67 per hour (\$63,794 per year) for a family with two parents and two children (one wage earner);
- \* and \$19.41 per hour each (\$80,746 per year total household income) for a family with two children (two wage earners).

Again, there are very few working Vermonters who fall into these income brackets. And if you don't have health insurance through your job, you're even worse off.

"Many working Vermonters are falling within the wage gap between the minimum wage and the livable wage," said Colin Robinson, the director of the Livable Wage Campaign, last week. "When 45 percent of all jobs in Vermont pay a median wage below the livable wage for a single person, there is a structural problem with the Vermont economy. If the primary purpose of the economy is to create jobs and opportunity, it is not working for many Vermonters. The state needs to do more to develop livable wage jobs to better support the existing workforce. This should be the central issue for strategic and sustainable economic development."

Even though Vermont has the fifth-highest minimum wage in the nation, many working Vermonters are living in poverty. The federal minimum wage remains a ridiculously low \$6.55 per hour. According to federal data, 60 percent of all workers earning less than \$8 an hour are over 30 years old.

The minimum wage is the floor upon which all other wages are based. When the minimum wage goes up, other wages usually rise too. But over the past 40 years, the minimum wage hasn't kept up with inflation. The federal minimum wage was \$1.60 in 1968. If adjusted for inflation, it should be \$9.77 today. Even though Vermont workers are fortunate enough to have a minimum wage significantly higher than many states, low-wage Vermonters still aren't being paid enough to keep up with the rising cost of living.

Pay for workers in general has not kept pace with what the CEOs are giving themselves. This is a result of a winner-take-all economy that benefits the few at the expense of the rest of us. Vermonters are laboring harder than ever, but they are getting fewer rewards. The top 5 percent of Vermont households saw an 84 percent increase in income between 1981 and 2003, while the bottom 20 percent -- the ones hit the hardest when the economy sours -- saw only a 7 percent increase.

If the national minimum wage goes up to at least the Vermont level, perhaps everyone else's wages around the nation will go up as a result. That's why if this nation wants to see a real economic recovery, it might start by making sure working people are paid a decent wage, one that will cover one's basic needs. A higher minimum wage, one that truly reflects the cost of living, is a good place to begin.