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One out of four Vermonters make below livable wage

By Mel Huff
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BARRE – More Vermonters than ever are struggling to balance their budgets, because their incomes aren't keeping pace with their living expenses. That was the sobering message from livable wage advocates who spoke to a group of 16 men and women who gathered in the basement of Aldrich Public Library on Saturday.

Colin Robinson, the coordinator of the Vermont Livable Wage Campaign, marshaled the numbers: 72 percent of single parents with one child and 82 percent of single parents with two children do not make a livable wage in Vermont.

A livable wage is not the same as the federal minimum wage, Robinson noted. A livable wage is the hourly wage or annual income required to meet a family's basic needs and pay state and federal taxes. "Basic needs" include food, housing, child care, transportation, health care, clothing, household and personal expenses, insurance and 5 percent savings. For workers who have to buy their own health insurance, the livable wage increases by up to $6 an hour.

Since 2001, the Vermont Legislature's Joint Fiscal Office has been calculating the livable wage for family units of various sizes. According to its 2007 report, for a single person with no children living in a rural area (everything outside of Chittenden County is considered rural), the livable wage was $14.57 per hour. For a single parent with two children, the livable wage was just under $50,000 a year. For two parents, both of them wage earners, with two children, the living wage is $71,735 – a figure that reflects substantial child-care expenses.

Taking the state's entire population into account, one out of four Vermonters makes less than a livable wage.

Robinson offered several observations about how the U.S. economy has changed in the lifetime of many of the people who attended the meeting.

In 1976, the top 1 percent of the population owned 22 percent of the wealth, he said. Today, the top 1 percent owns 47 percent of the wealth – more than twice as much. In those 31 years, the country has seen a major redistribution of wealth from the bottom 80 percent of the population, which today holds only 9 percent of the nation's wealth. Robinson noted that income disparity in the United States is wider than at any time since 1929.

Another factor affecting the incomes of working people is what has happened to the minimum wage, created in 1937 as a wage floor, Robinson said. "The original intent of the minimum wage was to be a wage that was enough for one working parent to support a family of four," he said. Laughter rippled through the room.

To illustrate the intent behind the act, Robinson quoted Franklin D. Roosevelt, the president at the time the Fair Labor Standards Act was passed.

"No business which depends for its existence on paying less than a living wage to its workers has any right to continue in this country," Roosevelt said. "By paying living wages, I mean more than bare necessities. I mean wages that are a decent living."

Noting that Vermont's minimum wage is the fourth highest in the country, Robinson displayed statistics comparing the federal poverty level stated as an hourly income figure for a single parent with two children to the federal minimum wage, the state minimum wage and the Vermont livable wage for a single person with no children:

- Federal poverty income: $8.49
- Federal minimum wage: $5.85
- Vermont minimum wage: $7.68
- Vermont livable wage: $14.26

The problem, Robinson pointed out, is that the federal minimum wage doesn't lift a parent with two children above the poverty line. Annualized, the wage comes out to just over $12,000 a year.

The federal minimum wage had not been raised in 10 years, until Congress increased it last summer, Robinson said. If it had been adjusted for inflation over that period, it would have been set at $8.98 an hour, rather than $5.85. When the minimum wage is adjusted for inflation, its value in real dollars has declined by 24 percent since 1979, he observed.

The minimum wage should be of concern to all wage earners, according to the Vermont Livable Wage Campaign, because "it sets a limit on how low wages can go for most people. It also sets the starting point for where wages move up from. A low minimum wage keeps other wages low."

Most of the jobs being created in the Vermont economy are in the poorly paid retail and service sectors, Robinson noted. The average wage for the category ("social assistance") that grew the fastest between 2000-2006 was $16,888 a year, he said, citing Department of Labor statistics.

Nationally, Robinson said, "The typical working family has less income now than they did in 2000, with incomes having fallen an average of $3,000, or 5.4 percent in real terms. When adjusted for inflation, the typical median worker's wages have been stagnant for four years, while his productivity has grown by 11.5 percent."

A young mother who recently moved to Montpelier from New York City asked how people live in Vermont. She said the cost of living is higher than in Brooklyn, where she lived previously. Rent is about the same, she said, but food is more expensive.

Another woman declared, "We voted in a lot of people, and they're sitting in Montpelier. I think we need more conversations about how to increase the number of jobs with a livable wage."

The workshop was sponsored by the Faith in Action committee of the Universalist Church in Barre. The Vermont Livable Wage Campaign is a project of the Peace and Justice Center, a Vermont nonprofit organization that works on issues of economic and racial justice, and peace and human rights.