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Wage gap grows in Vermont

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The gap between what Vermonters earn and what they pay for basic needs continues to widen, according to the biannual livable wage report released by the Vermont Joint Fiscal Office.

The 2009 Basic Needs Budget Report details the cost of basic needs and the "livable" hourly wage it takes for Vermonters to meet those needs.

The latest livable wage figures increased a combined 15.71 percent for rural and urban areas in the state from 2007.

Colin Robinson, director of the Peace & Justice Center's Vermont Livable Wage Campaign, said the wage gap continues to grow because the cost of basic essentials such as housing, heating, transportation, health care and child care continue to outpace any wage gains.

For example, a single parent with two children will need to earn an average \$29.98 an hour to keep up with basic living expenses (with employer-provided health insurance). That's an increase of 17.2 percent over the 2007 average livable wage of \$25.59 an hour.

Robinson said that at Vermont's current minimum wage of \$8.06 an hour, a single parent would need to work three full-time minimum wage jobs or 120 hours a week to make ends meet.

He said 45 percent of the jobs in Vermont pay a median wage below the livable wage for a single person.

Robinson said narrowing the wage gap requires a multi-step approach.

"Things like health care have a huge cost on the bottom line of working Vermont families as well as businesses," he said, "and if we're able to find a common sense solution to that particular example, that can help reduce the cost.

Robinson said another major expense that needs to be addressed is the cost of child care.

But he said the other necessary component that dovetails with reducing the cost of living is increasing the pay of Vermonters.

For that to happen, Robinson said, requires the creation of higher paying jobs that "allow

Vermonters to support themselves."

He said while the state has attempted to attract and encourage better paying jobs, the reality is that many jobs being created are social assistance jobs with an annual average wage of \$18,000.

"Although there are jobs being created that do provide livable wages we need to put more emphasis on that," he said.

The Vermont Livable Wage Campaign has been a major supporter of an increase in the state's minimum wage — something at odds with some business groups who claim it makes the state less competitive with other states and discourages job growth.

But Robinson said raising the minimum wage can help bump up the wages of all Vermonters, is good for worker morale and reduces turnover and the associated costs for employers.

And in the worst economic downturn since the Depression, he said the state needs to come up with creative solutions to child care and health care costs.

The following are the average 2009 hourly livable wage figures with employer-provided health insurance:

- Single person — \$16.75 or \$34,840 a year.
- Two adults, no children — \$13.07 or \$54,371 a year, total household income.
- Single parent, one child — \$24.04 or \$50,003 a year.
- Single parent, two children — \$29.98 or \$62,358 a year.
- Two adults (one wage earner, two children — \$30.67 or \$63,794 a year.
- Two adults (both wage earners), two children — \$19.41 or \$80,746 a year.

The assumptions and methodology used to calculate the 2009 Basic Needs Budget was reviewed last year by a committee of legislators and community members. The Legislature requested the committee to convene in an effort to ensure the numbers remained relevant to Vermont families and businesses and reflective of costs.

The complete report from the Joint Fiscal Office can be found on their Web site at www.leg.state.vt.us/jfo/Reports%20by%20Subject.htm.

For more information on livable wages or the Vermont Livable Wage Campaign, visit www.vtlivablewage.org.

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