

New Release of the Vermont Job Gap Study

Phase 8: Nickel and Dimed, Poverty and Livable Wage Jobs

By Emma Mulvaney-Stanak (with excerpts from Phase 8)

In December, the Peace & Justice Center released *Phase 8 of the Vermont Job Gap Study* entitled, “*Nickel and Dimed: Poverty and Livable Wage Jobs.*” Using recently released 2000 Census Microdata and other sources (DET, OES), the Peace & Justice Center updated key data from *Phase 7* on wages, poverty, industries of employment, and data on how many working Vermonters fall within the “wage gap,” (when total earnings fall between the minimum and livable wage.) In addition, *Phase 8* includes expanded data and analysis on race and gender—a first in *Job Gap Study* history. Information in *Phase 7* is still relevant to understanding livable wages, the methodology behind the basic needs budget, and the cost of underemployment and should be used in conjunction with *Phase 8* for the most accurate and comprehensive set of data available on Vermont’s economy.

A great deal has happened since *Phase 1* was released in 1997. Twelve thousand copies of the Study have been printed and distributed around the state. The findings have been presented to dozens of business, labor, religious and community groups. The Study has been the catalyst for numerous “livable wage campaigns” around the state, including three cities (Burlington, Barre and Montpelier) that have adopted livable wage ordinances that cover about 800 municipal employees. In 2002, Burlington extended its ordinance to include employees of companies and non-profits that do business with the city. The Study has been -- and continues to be -- used as a benchmark by a number of unions during contract negotiations, especially school support staff workers. Nationally, at least 110 cities and counties around the country have enacted livable wage ordinances, as well as numerous school boards and universities. As a result, tens of thou-

sands of working people now earn a livable wage. See ACORN’s website for more information: <http://www.acorn.org/acorn10/livingwage/shortwins.php>

According to the US General Accounting Office, economic self-sufficiency requires independence from publicly provided income and housing

the hourly wage/annual income necessary to cover basic needs plus all relevant Federal and State taxes.

As many of you know, the minimum wage increased from \$6.25 to \$6.75 on January 1, 2004 which raised the income of over ten thousand Vermonters. When the minimum wage was first adopted as part of the Fair Labor Standards Act in 1937, it was intended to be enough for one working parent to support a family of four. However today there is a large gap between the minimum and livable wage which many working Vermont families are falling in and *Phase 8* examines this wage gap.

In 1999, the Legislature required the Joint Fiscal Office (JFO) to prepare annual Basic Needs Budgets and calculate the corresponding livable wages through 2006. On January 15, 2004, the JFO issued the new livable wage figures for Vermont. Although data

When minimum wage was first adopted as part of the Fair Labor Standards Act, FDR declared, “No business which depends for its existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level – I mean the wages of decent living.”

assistance, and adequate income to meet basic needs. For this study, basic needs include: food, housing, child care, transportation, health care, clothing, household and personal expenses, insurance, and savings. A livable wage is

Table 1: Livable Wage: Basic Needs + Taxes
(all figures per wage with employer-assisted health insurance)

Family Unit	Rural		Urban		Average	
	Hourly wage	Annual wage	Hourly wage	Annual wage	Hourly wage	Annual wage
Two adults, no children	\$9.18	\$38,177	\$9.75	\$40,577	\$9.47	\$39,377
Single person, no children	\$11.05	\$22,982	\$11.92	\$24,796	\$11.49	\$23,889
Single parent, one child	\$17.72	\$36,860	\$19.94	\$41,466	\$18.83	\$39,163
Single parent, two children	\$21.60	\$44,925	\$23.87	\$49,643	\$22.74	\$47,284
Two parents, one wage earner, two children	\$22.58	\$46,972	\$24.16	\$50,252	\$23.37	\$48,612
Two parents, two wage earners, two children	\$14.13	\$58,763	\$15.31	\$63,695	\$14.72	\$61,229

Source: Joint Fiscal Office, 1/15/04; <http://www.leg.state.vt.us/jfo/reports.htm>

Note: JFO’s methodology assumes that employers pay a large percentage of worker’s health insurance costs. Without that benefit, workers must pay these costs out of pocket and the livable wage increases by \$2 - \$5 / hour.

in *Phase 8* reflects livable wage figures from 2003, the new numbers have either remained basically the same or have increased depending on family size so the lot for working Vermonters is not improving.

See Table 1.

Using livable wage figures available in 2003, *Phase 8* estimates that a significant percentage of working families do not have sufficient income to meet their basic needs. *See Table 2.* The numbers have increased from the findings in *Phase 7.* Overall, we found that **one out of four full-time workers (26%) earned less than a livable wage for a single person in 1999.** Moreover, when we look at the trend of median income distribution for the 1990s, shows that more than half of all families actually lost ground and the real gains were concentrated in the top fifth of income earners. Families with low-incomes back-peddled the most, while those in the middle-income range had stagnant wages that did not even keep up with inflation. *See Table 3.*

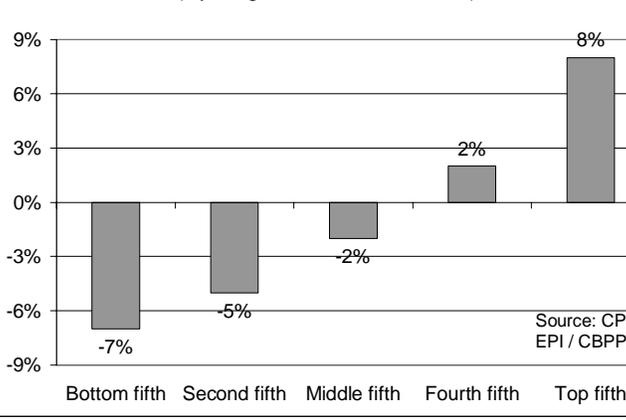
There are many reasons for income inequality. One structural problem is the growth of the low-wage service and retail industry. In Vermont, two thirds of the labor force (66%) worked in only six industries in 1999 and four of the six industries had very high rates of PT jobs (lodging & food, retail, health and education). In these six industries, for those who worked FT, 76% earned less than a livable wage for a single person (almost 35,000 workers).

New to the *Vermont Job Gap Study* in *Phase 8* is expanded analysis on how gender and race disproportionately affects a Vermonters' wages and whether or not they live in poverty. **More than one-third of all women who worked full-time outside of the home earned less than a livable wage for a single person in 1999. *See Table 4.* And almost one-third (31%) of all families headed by a single woman with children under 18 are in poverty (43% in Caledonia**

Table 2: How Many Working Vermont Families Don't Earn Enough To Meet Their Basic Needs?

Family / Household Unit	% Earning < LW
Single person	29%
Two adults (both working), no children	8%
Single parent, one child	72%
Single parent, two children	82%
Two adults (one working), two children	55%
Two adults (both working), two children	35%

Table 3: Change in Vermont inflation adjusted median family income by quintile (3 yr. avg. - 1988-90 and 1998-00)



County). Of all FT workers with limited education, women are much more likely to have low wage jobs than men. This may reflect occupational choices (and limitations) and differences in experience and job tenure. Yet, it may also reflect gender discrimination and inequality in wages.

Non-whites constituted 3.2% of Vermont's population in 1999; 3% of the labor force; and only 2% of all FT workers. The face of Vermont is changing rapidly. Thirty percent (30%) of all the people of color in the labor force arrived in Vermont within the last five years. The findings in *Phase 8* mirror many of the economic trends seen in the rest of the country in terms of disproportional income inequality and poverty for communities of color. *Phase 8* revealed the following about

- Vermont's non-white community:
- **The unemployment rate for non-whites was more than twice that of whites in 1999.**
 - 36% of people of color compared to 24% of whites earned less than a livable wage in 1999.
 - **White median household income was 51% higher than that of native peoples in 1999 and 30% higher than black households. *See Table 5.***
 - More than 1 out of 5 blacks and North American Natives were in poverty in 1999. *See Table 6.*

The findings in *Phase 8* stress that Vermont is not immune to economic inequality based on race. Discrimination in employment and earnings exists here in Vermont. The first step to combating this economic injustice is to learn about the economic reality facing communities of color in Vermont in such resources as *Phase 8.* Then we must speak out and demand change with employers and public policies which support this systemic problem.

The VLWC believes paying a livable wage is fair. When a worker is paid a livable wage, turnover is reduced, causing overhead to be reduced. These workers also become more invested and loyal to their employer, which increases efficiency and productivity. Low to moderate income people are more likely than higher income people to spend

Table 4: More than a third of all women who worked full-time earned less than a livable wage, 1999

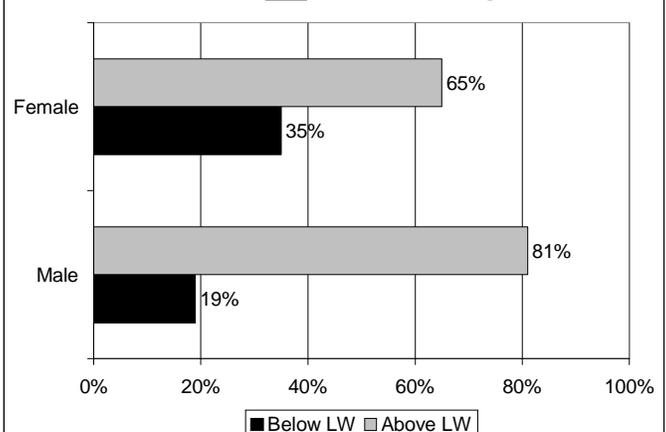
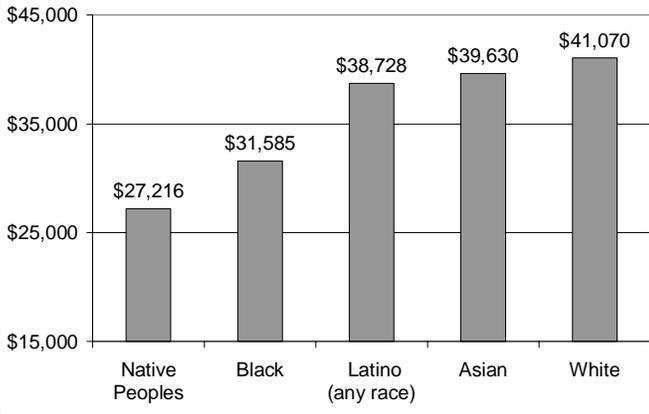


Table 5: Vermont median household income by race and ethnicity, 1999



sustainable businesses; and 4) hold our public officials accountable for decisions which disproportionately benefit businesses at the expense of working Vermonters. We encourage you to contact the Campaign to learn more ways to get involved. Visit our website to learn more and read our FAQ (www.vtlivablewage.org)!

We hope this study will continue to

additional income *within* their communities, which circulates more money into Vermont's economy leading to growth for all. More importantly, every full-time working Vermonter *should* be able to meet their families' basic needs without needing public assistance.

Paying livable wages is not a single-solution issue. As a state, we need to:

1) address the excessive cost of basic needs such as health care and look for sustainable ways to reduce these costs to assist Vermont employers in paying workers livable wages; 2) support workers' rights to collectively bargain and organize; 3) change our current economic plan to encourage the creation of more livable wage jobs and

contribute to a more informed debate at the state policy, local government, and employer levels. To receive a full report of *Phase 8*, please contact us at 863-2345 x8 or livablewage@pjcv.org. Copies are \$6 for individuals and \$8 for organizations. Plus postage. Copies of *Phase 7* can still be purchased for \$10/each. Discounted rates for grassroots activists and bulk orders are available. *Phase 8* is also available at the Peace & Justice Store.

Doug Hoffer was the Research Director for Phase 8 and also authored the other seven Phases. Emma Mulvaney-Stanak, Director of VEJP, and Chris Meehan, PJC ED, served as editors on Phase 8. All information in Phase 8 is from the 2000 Census Microdata unless otherwise noted. ☺