

# New Release of the VT Job Gap Study

By Jen Mathews, VLWC (with excerpts from Phase 7)

In an effort to investigate and better understand certain aspects of the Vermont economy, the Peace & Justice Center completed the first phase of the Vermont Job Gap Study in 1997. This summer (2002), the PJC and VT Livable Wage Campaign released Phase 7 – the 5 year anniversary edition – which updates Phases 1, 2, & 3 with the most recent data available. It looks at three main pieces: basic needs and livable wage figures; how many livable wage jobs exist in Vermont (the “job gap”); and the cost of underemployment (the “income gap”).

nity groups. The Study has been a catalyst for numerous “livable wage campaigns” around the state, and used as a benchmark by a number of unions during negotiations. And nationally the livable wage movement has grown considerably in the past 5 years. At least 82 localities have enacted livable wage ordinances throughout the US.

According to the US General Accounting Office, economic self-sufficiency requires independence from publicly provided income and housing assistance, and adequate income to meet basic needs. For this study, basic needs income: food, housing, child care,

transportation, health care, clothing, household and personal expenses, insurance, and savings. **A livable wage is the hourly wage / annual income necessary to cover basic needs plus all relevant Federal and State taxes.**

Since January 2001, the VT Legislature’s Joint Fiscal Office has estimated the cost of basic needs and the equivalent livable wage, based on the methodology developed in Phase 1 of the VT Job Gap Study and expanded by a special legislative committee.

[See table 1].

Using these livable wage figures, Phase 7 estimates that a significant percentage of working families do not have sufficient income to meet their basic needs. [See table 2]. Moreover, when we look at the trend of median income distribution for the 1990s, we can see that the bottom 60% of household in Vermont actually lost ground. 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 industry. In Vermont, the top 5 occupations that have grown since 1996 pay wages below a livable wage for even a single person. **On average, jobs created since 1996 pay \$2.74/hour less than jobs we’ve**

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

Family Unit	Rural		Urban	
	Hourly Wage	Annual Wage	Hourly Wage	Annual Wage
Two adults, no children, two wage earners	\$9.02	\$37,504	\$48.85	\$36,835
Single Person, no children	\$10.70	\$22,261	\$10.93	\$22,727
Single Parent, one child	\$17.17	\$35,721	\$18.75	\$38,991
Single parent, two children	\$20.19	\$41,991	\$22.03	\$45,819
Two parents, two wage earners, two children	\$13.05 each	\$27,149 each	\$13.66 each	\$28,414 each

Source: Joint Fiscal Office, 1/15/02; [www.leg.state.vt.us/jfo/topics.htm](http://www.leg.state.vt.us/jfo/topics.htm)

\*Note: Joint Fiscal Office’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.

The previous 6 phases of the VT Job Gap Study:

**Phase 1** Basic Needs and a Livable Wage

**Phase 2** Livable Wage Jobs: The Job Gap

**Phase 3** The Cost of Underemployment

**Phase 4** Policy Recommendations

Phase 5 **Basic Needs 1998 Update**

**Phase 6** The Leaky Bucket

A great deal has happened since Phase 1 was released in 1997. Ten 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 commu-

**Table 2: How Many Working Vermont Families Don’t Earn Enough To Meet Their Basic Needs \***

Family / Household Unit	% Earning < LW
Single person	34%
Two adults (both working), no children	13%
Single parent, one child	80%
Single parent, two children	Insufficient data <sup>2</sup>
Two adults (one working), two children	Insufficient data
Two adults (both working), two children	34%

\* Source: March Current Population Survey (CPS); 3-yr average for 1999 - 2001.

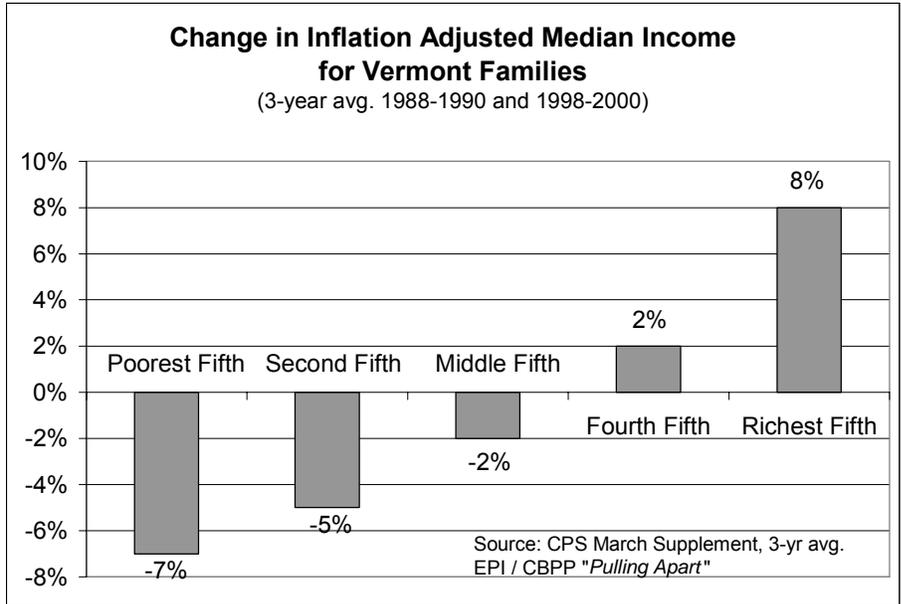
<sup>2</sup> The CPS for Vermont did not have enough valid cases for these family types. We will report these figures when the Census micro-data becomes available in 2003.

lost. Unlike the new jobs, which were primarily low-wage, 45% of the jobs lost paid over \$30,000 per year. [See table 4].

**According to the Department of Employment & Training, 45% of the jobs in Vermont do not pay a livable wage for a single person (\$10.82)** due to the prevalence of low-wage jobs. For example, four out of five occupations with the most jobs in Vermont include cashiers (9,630), retail salespersons (9,140), office clerks (6,640), and janitors (5,110). [See table – insert numberofLWjobs.doc here] The challenge of those trying to raise children on one income is obvious. Only 1 out of 6 jobs pay enough for one wage earner to support a family. It's not surprising that there are so many two-income families. Unfortunately, even with two incomes, only 39% of the jobs available in Vermont pay enough to meet basic needs.

With recent layoffs and increasing economic insecurity, it is more important than ever to understand and analyze

**Table 3**



Vermont's economy and job growth prospects. Lately I've been hearing more people say that "any job is a good job." This notion assumes Vermonters can get by on the jobs that exist, when we know

that too many jobs in VT do not pay enough to support families and individuals' basic needs. This perspective also assumes that we - as citizens and workers - have no say in our economy, that we just have to live with things as they are. The VT Livable Wage Campaign believes differently. As communities throughout the state and the US have demonstrated, we can come together to create change that has a significant impact on people's lives. Phase 7 of the VT Job Gap Study illustrates numerous structural problems that we must pay attention to and find ways to address. And as a coalition of grassroots groups, non-profits, unions, activists, faith communities, responsible businesses, and legislators, we can continue to move in the right direction.

We hope this study will continue to contribute to a more informed debate. To receive a full report of Phase 7, please contact us at 863-2345 x8 or livablewage@pjcv.org. Copies are \$8 for individuals, \$10 for organizations. Discount rates for grassroots activists and bulk orders are available. The Study is also available in the Peace & Justice Store.

[The Research Director of Phase 7 was Doug Hoffer. The Project Director was Ellen Kahler].

**Table 4: Percentage of Livable Wage Jobs in Vermont**

<u>Livable Wage (LW) Category</u> <sup>1</sup>	<u>Annual &amp; Hourly LW</u>	<u>Estimated % of LW Jobs</u> <sup>2</sup>
Single person	\$22,506 \$10.82	55%
Two adults, no children, two wage earners	\$18,595 \$8.94	76%
Single Parent, one child	\$37,357 \$17.96	26%
Single parent, two children	\$43,909 \$21.11	16%
Two parents, two wage earners, two children	\$27,789 \$13.36	39%

- Livable wages are an average of urban and rural See pp. 5-8.
- Source: VT DET.

**Table 5: Top 5 Occupational Titles By The Number of New Jobs Created Since 1996**

(not including tipped employees - waiters/waitresses & bartenders)

Occupation	Jobs created	Median wage
Cashiers	2,166	\$6.91
Office clerks, general	1,670	9.25
Combined food prep/serving/dishwashers	1,456	6.87
Team assemblers	1,279	9.81
Retail salespersons	1,101	8.60