



Idaho Interfaith Roundtable Against Hunger
Adopted December 2013

Policy statement: IIRAH promotes economic justice for food insecure Idahoans including supporting a living wage for all workers.

Background: Two harsh realities contribute to hunger in Idaho today—the increasing proportion of minimum wage jobs in the job market and the failure of the minimum wage to keep pace with inflation. Thus an increasing number of Idahoans are working for wages that do not provide a minimally adequate standard of living, even when they work full time. Idaho is one of the four states with the greatest percentage of jobs paying minimum wages¹. Idaho’s minimum wage is set at the federal minimum of \$7.25 per hour. A worker earning the minimum wage and working full-time would earn \$15,080 a year. An individual earning this wage would be eligible for most available federal assistance and still be unable to afford essentials like adequate food and shelter or health insurance let alone the possibility of any savings.

There is increasing interest in measuring and closing the gap between the minimum wage and a wage level, called the living wage, or livable wage, or self-sufficiency standard that is minimally adequate to support an individual or a family. Most living wage studies use a definition similar to these:

“The Self-Sufficiency Standard defines the amount of income necessary to meet basic needs (including taxes) without public subsidies (e.g., public housing, food stamps, Medicaid or child care) and without private/informal assistance (e.g., free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing).”²

“A living wage is a wage that allows families to meet their basic needs without public assistance, and that provides them some ability to deal with emergencies and plan ahead. It is not a poverty wage.”³

¹ *Characteristics of Minimum Wage Workers: 2012*. Bureau of Labor Statistics. <http://www.bls.gov/cps/minwage2012.htm>. Exempt job categories also exist which pay even less than the minimum wage.

² *The Self-sufficiency Standard*. Center for Women’s Welfare <http://depts.washington.edu/selfsuff/standard.html>.

³ *Broken Bootstraps Falling Behind on Full-Time Work: 2012 Job Gap Report*. Alliance for a Just Society. <http://allianceforajustsociety.org/4094/2012-job-gap-report/> (Pg. 8).

Living wage analyses typically are based on average monthly expenses at this minimal level, specific to a given region and broken down by family size. The expenses that go into a living wage calculation usually include:

Food (Low-Cost Food Plan, excludes take-out, fast-food, restaurant meals)

Housing

Child Care

Health Care

Transportation

Personal and Miscellaneous expenses⁴

These budgets make no provision for recreation, vacations, charitable donations, etc. One includes savings, others do not.

Using those categories and broken down by region and family size, estimates of a living wage for an individual with no dependents in Idaho range from \$8.09 to \$14.32. Estimates for a family of one adult with one child range from \$17.32 to \$21.26.⁵

Living wage estimates for the City of Boise range from \$8.22 per hour to \$10.37 for an individual and from \$15.25 to \$17.58 and up, for an adult with one child.⁶ The Workforce Development Council of the State of Idaho has set a target of new jobs paying “\$12/hour or better” under its goal to “Create jobs that sustain Idaho workers and grow the economy.”⁷

Low wages are a problem for taxpayers. Workers earning a low-wage do not earn enough money for basic necessities. They are dependent on government welfare services. In Idaho, an average of over 7,100 children a month are served by government assisted child care so their parents can go to work⁸, and 54% of food stamp recipients work in low wage jobs⁹.

⁴ Glassmeir, Amy. “Living Wage Calculator: Typical Expenses.” Massachusetts Institute of Technology. <http://livingwage.mit.edu/places/1600108830>; Center for Women’s Welfare, op. cit.; Alliance for a Just Society, op. cit.

⁵ (ibid)

⁶ Church, John and Islam, Samia. “Boise City Living Wage Analysis 2011.” City of Boise, Idaho, 2012. http://hr.cityofboise.org/media/218402/boise_living_wage_analysis_030912.pdf; Glassmeir, op. cit.

⁷ State of Idaho Workforce Development Council Vision; Mission; Goals Draft revision 3.13.13

⁸ Child Care in America: 2012 State Fact Sheets. Childcare Aware of America. June, 2012. http://www.naccrra.org/sites/default/files/default_site_pages/2012/full2012cca_state_factsheetbook.pdf

⁹ Idaho Food Stamp Program. Center on Budget and Policy Priorities. January, 2013. <http://www.cbpp.org/files/1-14-13fa/ID.pdf>

Medicaid and Children's Health Insurance are provided to families of low-wage workers.

Low wages are a problem for workers. In addition to government assistance, many low wage workers must visit the numerous outlets of charitable assistance each month. They may receive food, assistance with heating bills, diapers and formula, or rent and other bills, without which they are unable to make it through the month.

Food insecurity is a fact of life in households whose head works for less than a living wage. This in turn leads to hungry children who cannot fulfill their God-given potential.

A living wage reduces tax-based governmental assistance, and the need for charitable assistance. It allows workers the dignity and respect that their hard work deserves.

Low wages are a problem for businesses. Businesses that pay workers a minimum or low wage experience work force problems associated with keeping people poor.

For workers earning a low-wage there is often no connection to their work or pride in the company. Workers who do not feel appreciated have no incentive to work harder or perform better, thus creating a situation of despair.

Paying workers a low wage results in high turn-over. Since there is no incentive for the worker to do well or stay in the position there may be less commitment to the business. This sets up a vicious cycle in which low wages lead to rapid turnover which leads to employers being unwilling to invest in the development of their work force by training, promotion, or higher wages, perpetuating the cycle of poverty.

Low-wage workers face many challenges just getting to work every day. They often have inadequate transportation, resulting in being late or missing work due to inability to get there. They usually have no health insurance so will miss work due to untreated illness. Affordable childcare may be a barrier for a low-wage worker, resulting in more missed days of work.

Low-wage workers often juggle more than one job, and don't get adequate rest or nutrition. As a result, they are more susceptible to illness and less capable of performing their work.

Many fear that raising wages for the working poor will cause unemployment, especially for teenagers. However, empirical studies show no evidence to support these fears. At worst, employment and unemployment rates would

remain unchanged; at best, increasing the minimum wage may even increase employment¹⁰.

A living wage encourages workers to support the business that appreciates their hard work. The workers have the means to obtain reliable transportation, stay healthy, provide for care of their dependents, and do their best work.

Low wages are a problem for the local and state economy. Businesses cannot thrive where residents cannot purchase their goods.

Low-wage workers decrease the community's overall spending power. Because low-wage workers do not earn enough to live independently for the month, they are not spending money in the local economy. Most of their income goes to the landlord, utility companies and the grocery store. With 100% of their income spent on basics, they do not participate in the consumer environment.

Concentrated low-wage earner communities create isolated areas with few businesses, lower educational opportunity and attainment and higher crime rates. These communities are not representative of Idaho family values or a vision of thriving economies.

A generally adequate standard of living serves as an economic stimulus to a community, allowing the workers to support the businesses in their neighborhoods and purchase the goods and services that contribute to their own well-being and that of their community.

Who benefits from substandard wages?

Consumers pay less for goods and services. In effect our low prices are subsidized by underpaid workers, and indirectly by government and charitable organizations.

Profits are higher for employers. Those who receive these higher profits spend a relatively small portion of their income on consumption. Low-wage workers spend a

¹⁰ Arindrajit Dube, T. William Lester and Michael Reich. "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties." *The Review of Economics and Statistics*. 92(2010): 945–964; Brown, Charles, "Minimum Wages, Employment, and the Distribution of Income," in Orley Ashenfelter and David Card (Eds.), *Handbook of Labor Economics* (New York: Elsevier, 1999); David Card and Alan B. Krueger. *Myth and Measurement: the New Economics of the Minimum Wage* (Princeton: Princeton University Press, 1995).

much larger portion of their income on consumer goods and services. It follows that raising wages would stimulate the local economy.

Higher profits can in some cases lead to extravagant remuneration to entrepreneurs and higher management. Investors receive bigger dividends. All of these are subsidized by low-wage workers.

Does this situation meet the demands of economic justice?

An economy depends on capital investment, stewardship of resources, management skills, and labor. The American system binds all of these elements into a reciprocal relationship in which each contributor is worthy of respect and compensation. When one element has enough power to unbalance the relationship, and chooses to exercise it to their own advantage, there will be damage.

The American sense of fair play requires that someone who works honestly for a living should earn a living. Access to food and other necessities of life as a basic human right is taught in many faith communities. While recognizing that not every job can be offered at a living wage, IIRAH believes that we are called to reject the poverty wage standard and work to turn the basic default toward a living wage.

How Do We Work Toward the Living Wage as the Default Position in Idaho?

IIRAH's mission embraces education and advocacy for economic justice. The following specific actions, among others, are possibilities:

- Educate our neighbors regarding the present realities of wages in Idaho and their effects as described in this paper;
- Support with our consumer dollars enterprises that do invest in their workers;
- Support government action to raise the minimum wage in Idaho;
- Oppose tax incentives offered to businesses without living wage and accountability requirements; and
- Engage people of good will in the community to create a culture that takes pride in the self-sufficiency of all levels of workers.