

# **LIVING WAGE & SALARY MINIMUM SURVEY**

JACKSON COUNTY HUMAN RESOURCES DEPARTMENT

# TOPICS

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# WHAT IS A LIVING WAGE?

A “living wage” is the minimum amount that an employee must earn to afford his or her basic necessities, without public or private assistance. In short, a living wage is the real, just, minimum wage.

The living wage for a single individual living in Western North Carolina for 2015 is **\$12.50/hour without employer provided health insurance**, or **\$11.00/hour with health insurance provided by the employer**. This amounts to **\$26,000/year without benefits**, or **\$22,880/year with benefits**, assuming a 40-hour work week, 52 weeks a year.



# WHY ISN'T THE MINIMUM WAGE ENOUGH?

The federal minimum wage was enacted through the Fair Labor Standards Act of 1938, which purpose was to eliminate “labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency and general well-being of workers.” Despite these intentions, the federal minimum wage has failed to keep up with the rising cost of living, and has instead become a wage that keeps working people in poverty.

Although the dollar amount (nominal value) of minimum wage has increased over time, it now takes more dollars to purchase the same goods and services, so the real value of minimum wage has actually decreased since 1960. In 1968, the value of minimum wage was equivalent to \$10 today- that’s almost a living wage.

The increase of the federal minimum wage to \$7.25 in 2009 was applauded by many, but because of inflation the real value of minimum wage today is still much lower than it ought to be in order to maintain “the minimum standard of living.”



# BENEFITS OF A LIVING WAGE

Many individuals and families struggle to cover the cost of housing, food, health care, childcare and other basic necessities for themselves and their families. An employee who is paid the minimum wage of \$7.25/hour, or any wage below a living wage, cannot feasibly afford basic necessities without assistance. This creates problems not only for employees, but for businesses and the local economy. Paying a living wage is believed to improve conditions for working people, businesses and our local economy.



# LIVING WAGE BENEFITS EMPLOYEES

Living wages benefit employees and working families. According to the Economic Policy Institute, evidence from an analysis of the 1996-97 minimum wage increase show that the average minim wage worker brings home more than half (54%) of his or her family's weekly income.

Living wages alleviate poverty among the working class at the bottom of a pay schedule.



# LIVING WAGE BENEFITS BUSINESSES

Studies have shown that paying a living wage leads to increased worker morale, worker health and quality of service. Paying a living wage also lowers absenteeism, turnover rates, and recruiting and training costs.

According to a Fiscal Policy Institute Study, states with higher minimum wages experience more small business growth, both in number of employees and in number of establishments, than states with lower minimums.

Raising wages is affordable- employers are able to absorb the costs of a wage increases through higher worker productivity and lowered administrative costs.



# WAGES BENEFIT LOCAL ECONOMY

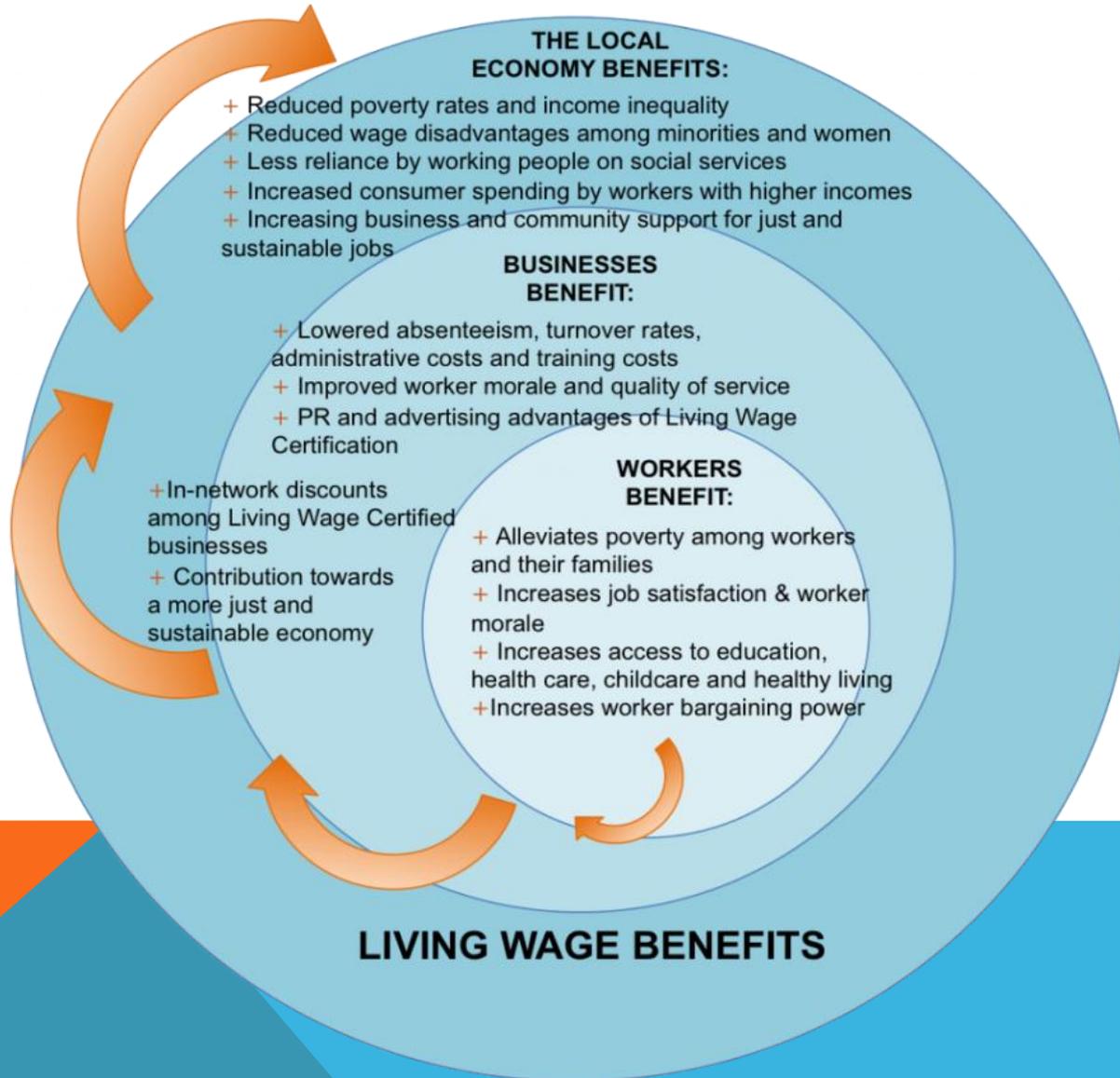
Living wages enable working people to become self-sufficient and rely less on social services. At the end of FY2013, There were an average of 2,686 households receiving food and nutrition services, this 16.3% of the households in Jackson County. For working people to receive federal assistance is both counterintuitive and counterproductive- only a fraction of every tax dollar allocated to social services directly assists recipients of aid, while 100% of wages do.

Wage increases do not lead to job loss. A 1998 EPI study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. In fact, the study found that following the increase, the low-wage labor market performed better than it had in decades (e.g., lower unemployment rates, increased average hourly wages, increased family income, decreased poverty rates).

Living wages stimulate the economy through increased consumer spending and the money multiplier effect



# LIVING WAGE BENEFITS



# MINIMUM STANDARD OF LIVING

The purpose of minimum wage, according to the Fair Labor Act, is to enable workers and their families to afford “the minimum standard of living necessary for health, efficiency and general well-being...” But the common question is how do we measure “the minimum standard of living”?

The poverty threshold was established for statistical purposes, as a means of having something to measure against. The federal poverty threshold is based on the cost of food and the assumption that food accounts for one-third of a person’s expenses. Using this formula, (the USDA Thrifty Food Plan multiplied by 3) the poverty threshold for one adult in 2010 is \$11,161.

Although the poverty threshold is adjusted annually according to change in CPI-U, it does not account for the rising *relative* costs of housing, childcare, health care and transportation, which now represent a much larger portion of a family’s budget. According the Economic Policy Institute, food represents only 11% of a family’s annual budget today. The poverty threshold also does not factor in regional differences in the cost of living. The U.S. Census Bureau states that the purpose of the poverty threshold is, in fact, to act “as a statistical yardstick, not as a complete description of what people and families need to live.”

# LIVING WAGE CALCULATION

Living Wage Calculator:

<http://livingwage.mit.edu/>

Universal Living Wage Calculation:

<http://www.universallivingwage.org/wagecalculator.html>

HUD Fair Market Value:

[http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2016\\_code/2016summary.odn](http://www.huduser.gov/portal/datasets/fmr/fmrs/FY2016_code/2016summary.odn)

Jackson County Demographics:

<http://accessnc.commerce.state.nc.us/docs/countyProfile/NC/37099.pdf>

Basic principle: housing should not account for more than 30% of a person's gross income.



# JACKSON COUNTY LIVING WAGE – NO BENEFITS

	Monthly	Annually
Fair Market Rent (1 bedroom)	\$508	\$6,096
Living Wage Salary	\$1,693	\$20,320 (\$9.77/hr.)
Fair Market Rent (2 bedroom)	\$654	\$7,848
Living Wage Salary	\$2,180	\$26,160 (\$12.57/hr.)
Median Gross Rent	\$636	\$7,632
Living Wage Salary	\$2,120	\$25,440 (\$12.23/hr.)
MIT Calculator	-	\$21,528 (\$10.35/hr.)
WNC Just Economics	(Avg. 4 years of FMR)	\$25,880 (12.45/hr.)

# JACKSON COUNTY LIVING WAGE - BENEFITS

	Monthly	Annually
Fair Market Rent (1 bedroom)	\$508	\$6,096
Living Wage Salary	\$1,490	\$17,881 (\$8.60/hr.)
Fair Market Rent (2 bedroom)	\$654	\$7,848
Living Wage Salary	\$1,744	\$20,928 (\$10.06/hr.)
Median Gross Rent	\$636	\$7,632
Living Wage Salary	\$1,866	\$22,387 (\$10.76/hr.)
WNC Just Economics	(Avg. 4 Years of FMR)	\$22,775 (\$10.95)
Jackson Co. (Grade 13)		\$22,984 (\$11.05/hr.)

# QUESTIONS



# RESOURCES

HUD:

<https://www.huduser.gov/portal/datasets/fmr.html>

MIT Living Wage Calculator:

<http://livingwage.mit.edu/>

NC Department of Commerce:

<http://accessnc.commerce.state.nc.us/docs/countyProfile/NC/37099.pdf>

Universal Living Wage:

<http://www.universallivingwage.org/wagecalculator.html>

WNC Just Economics: <http://justeconomicswnc.org/>

