

***"The following is an open and frank discussion about the Universal Living Wage and its implications. This correspondence was held between Richard R. Troxell, National Chairman, ULW Campaign, and the Board of the National Coalition for the Homeless."***

***What Impact Will The ULW Have Generally?***

The ULW has been called a "great theory" and the question arises, "Will it work in practice?" Another asked how this will impact the economy as a whole?

One executive member suggested that: "even if phased in, this would stop development in his community". Yet another person asked what effects it will have in this time of war, terrorism, anti-immigration, and have we been adapting our thoughts as things evolve?

First, the ULW *is* a great theory. It is one that recognizes the needs of the worker by providing a *true living wage*. At the same time, *it provides a ready, willing, and stable workforce for the employers*. Furthermore, in the future, people will be drawn to the *quality of the work setting* and the *fairness* of the employer who will undoubtedly benefit from dramatically ***reduced retraining costs*** (an estimated savings of ***56 billion dollars*** per annum). Employees will remain with quality, humane employers knowing that for the first time in their employment lives, they have a choice.

***ULW Effect on Housing Construction***

As for the suggestion that the ULW will stymie construction; just the opposite is true. We are proposing a system that will put the monetary difference between the current federal minimum wage (or whatever the market forces have driven the minimum wage to become in each locality) and the proposed living wage. According to every study (see [www.UniversalLivingWage.org](http://www.UniversalLivingWage.org) Statistics/Reports button) over *95% of all wage increases have historically been spent right back into the economy*. People spend wage increases on what they don't have and what they could not previously afford. What they don't have is housing. In fact, truly affordable housing does not exist at this level because presently there is no rental income to be perused. One of our local/national endorsers is ***HSR Construction***. They build housing. They have endorsed the ULW because they realize that *passage of the ULW will create a local/national economic boom in our nation's housing construction industry not seen in this country since the 1950s with the GI Bill post WWII*.

***ULW Impact On The Immigration Issue***

As for *adaptations and changes*, just visit the website and click the What's New button to see exciting concepts in how the ULW will have a dramatic impact on the *immigration*

question. Just imagine our government/business industry fostering economic business growth in Mexico while they too adopt the ULW.

Today, we see the “rule of eight.” People risk their lives to secretly cross our southern borders to live eight people in a single room for up to eight years only to send 80% of their income back home to “la familia” in Mexico. Think about it. It was in May of 2007 when we saw the first immigration march in the United States. The next day the newspapers showed hundreds of thousands of Mexican immigrants waving Mexican flags and calling for immigration rights for immigrant workers. The response was swift and visceral from the United States and the Mexican flags disappeared instantly never to return. They had flown Mexican flags because they were proud of their homeland-Mexico. They were honest, they said they were only here for the money, which they sent back home, and that they too would be returning home as quickly as possible. That was their plan. We know; we asked hundreds of them. Why would they leave their home, their families, their children and their culture for a land where they could not even understand the spoken word, if they didn’t feel compelled to do so for the economic reasons that they espoused? They wouldn’t. We have a thriving economy on our northern border (Canada). We do not see an attempt at mass migration/immigration there. We see a stable economy. We should expect and strive for nothing less than the same economic stability on our southern border.

### ***Practical Implication of the ULW***

The question was posed, “Since we do not have research on how the ULW will work in practice, do we look like we are asking for impractical suggestions and all our ideas will be dismissed.” Well, this could be said of the Affordable Housing Trust Fund, but we are not deterred. In fact, we do have empirical data as we now have both the U.S. Military and the U.S. Federal Government adjusting their pay practices by including **geographical considerations**, the core tenet of the ULW.

As for the military example, someone reflected on their brother-in-law in the Army who said that: “many of the guys are on food stamps and seek public assistance.” This person went on to say that: “those with relatives in the military with poor salaries do not think that the military pay is working.” This is **exactly** the reason for the ULW. This shouts out for *more* consideration **including higher base pay and geographic consideration.**

### ***More About Livable Incomes***

It was asked if the focus on the ULW alone took us away from seeking and finding solutions for the need to improve the SSI/SSDI disability system. First, **SSDI** is based on one’s earnings and will be **inherently addressed with the enactment of the ULW.**

**SSI** on the other hand, is *welfare*. The current level for an individual is \$637.00 per month (about **half** the Federal Minimum Wage). This stipend is paid to disabled persons who were unable to document a pay record. For example, a disabled housewife is a potential recipient under government guidelines as would be a person experiencing homelessness.

Once again, the problem is “one size does not fit all.” Can you imagine living independently on \$637.00 per month in New York City or San Francisco or Miami, Florida. It can’t be done. So in response, we have taken a page out of the ULW play book and called for a formula adjustment to the SSI pay procedures *which would index it to the local cost of housing throughout the United States*. Under the heading of Livable Incomes, we have devised this concept/formula and called for its promotion in the 2008 NCH Strategic Plan. Additionally, it is possible to view this concept in more details at [www.UniversalLivingWage.org](http://www.UniversalLivingWage.org) “What’s New” button where you can view this very idea conveyed to Philip Mangano, President Bush and all 49 members of the Interagency Council on Homelessness including the Heads of State such as the Secretaries of HUD and HHS. This letter dated February 2008 expands on a 2004 letter. We urge NCH to send a similar letter under its own masthead.

Furthermore, the ULW/Livable Incomes Group has looked at other economic income issues facing our constituency. For example, we prepared to launch a study to explore the existence of empirical data relating wages and *violence*. Leading up to our study, our research unearthed another study sponsored by the office of the **Attorney General**, John Ashcroft. Not surprisingly, the study draws a direct correlation between income levels and family violence. The study illuminates the picture that *the further a family climbs out of poverty, the less likely there is physical violence within the family and conversely, the less income and the closer the family is to poverty, the greater the level of violence*. A summary and links to the full report can be found on the ULW website.(This immediately produced one of our most recent unsolicited endorsements from the Iowa Coalition Against Domestic Violence).

### ***Dramatic Benefits Of ULW National Days of Action***

Someone asked if we were getting anywhere with our National Days of Action. The answer is a resounding **yes!** We continue toward our interim goal of 5 actions in every state with an average of 1.7 Actions in EVERY STATE IN THE UNION (plus), per year.

But moreover, unlike BAHA as a whole, where a couple hundred organizational sign-ones were forgotten about as soon as they were gathered, the ULW has maintained constant contact with its endorsement list with a monthly e-mail update designed to **inform, engage** and **encourage**. Also, as opposed to gathering names just for the sake of showing support for the concept and teaching about NCH, we’ve created these two National Days of Action, Bridge the Economic Gap Day and Tax Day. We promote the living wage concept empowering our endorsers and providing them **with a great local organizing tool**. Furthermore, we actively engage our members in an activity while we at the national level, struggle to create legislative language and support. See the website and click on “Legislative” button for more information.

Unfortunately, Senator Paul Wellston and Representative Julia Carson both died before those efforts could bear fruit. However, we push on in this area and will continue to engage our members.

## ***“Endorsements” and their Relationship to the National Coalition for the Homeless***

It should be pointed out that the list of endorsing organizations is ever evolving, ever changing, ever growing. In our monthly e-mails we work to introduce our members to the ideas surrounding the concepts of homelessness, NCH and the idea that many homeless people come from the work force. This is our intellectual link to our nation's Unions. We insert these concepts in each of our individualized “cold” letters that we send to the businesses, faith based organizations, nonprofits, and unions, when making initial contact. We imagine that when NCH commits to fully embrace the Universal Living Wage, this pool of untapped energy will become an incredible tool for our goal of ending homelessness. That is our desire.

## ***Universal Living Wage points of Clarification for NCH***

There have been some discussions by some of the members of the NCH Executive Committee expressing need for a greater understanding of the Universal Living Wage. It is my pleasure to take this opportunity to share some core information about this dynamic formula.

### ***The ULW Is Indexed To The Local Cost of Housing Throughout The United States***

One of the incredibly significant and logical tenets of the Universal Living Wage is that it recognizes that *one wage size does not fit all*. It has been pointed out that a worker would need to be paid \$9.65 an hour in Austin, \$10.94 in Houston, \$9.64 in Cleveland, \$20.55 in New York City, \$16.21 in Los Angeles and \$8.19 in Louisville, KY using the ULW formula. And if you speak with anyone in any of those cities they will tell you, “That’s about right.” The reason is because our nation is a collection of communities. People congregate in areas and an economy grows in each locality based on the commerce generated in that area.

The current approach, where the minimum wage identifies one single wage to meet the basic needs of workers all across America, while reasonable at its inception 70 years ago, is no longer appropriate. To continue to expect that \$7.25 (by the year 2009) will house anyone in Los Angeles or New York or Houston or Louisville, KY is an inappropriate and unrealistic practice of using “one size fits all” and now only causes minimum wage workers to fall into homelessness.

Coming out of the Great Depression in the 1930s, the United States Congress recognized that there had been over a million people wandering our nation looking for living wage jobs (just as they are doing today). In response, in 1938 both halves of Congress determined that our nation needed a wage that would afford the basics of life: food, clothing, and shelter. It then created the **Federal Minimum Wage** to address this concern. This worked fairly well for decades until in the 1980s we started to have “economic booms” in some of the communities which comprise America. Not every economy soared, however. Rural America lagged behind while many urban areas experienced periods of relative prosperity. The cost of everything inflated; then, over

time, deflated...all but the cost of housing. The cost of housing tends not to rock back fully to its former levels. In fact, in commercial real estate, owners tend to allow properties to sit fallow for years waiting for the rest of the economic market to catch up again to the price escalation. This general approach has prevented full time minimum wage workers from being able to afford even the most basic housing. Furthermore, construction dollars have logically chased the money and building has stopped at an “affordable” level. The concern of NCH is about ending homelessness. Therefore, the ULW formula, which **indexes the wage to the local cost of housing**, makes an infinite amount of sense, because *no matter where the cost of housing rises, if people work forty hours in a week, they will always be able to afford basic rental housing and utilities*, thus avoiding homelessness.

### ***The ULW Creates A True Economic Stimulus***

Also, one of our National Endorsing Organizations, HR Construction, has endorsed the ULW because today there is no economic incentive to build truly affordable housing at the level of our need. HR Construction recognizes that when we put the monetary difference between the minimum wage and the Universal Living Wage into the pockets of one million homeless minimum wage workers, it will create the ability to rent housing at that level. And, economy of scale, coupled with this dollar infusion, will create the conditions that will forge a ***true economic stimulus*** in the housing industry starting in America’s neighborhoods.

### ***The ULW Uses Existing Government Guidelines***

It has been suggested that the idea of a *varied wage*, indexed to the local cost of housing, will not appeal to legislators. I suggest that this is our task as advocates. Any new idea must be logically presented and promoted to all persons that we may wish to convert to our way of thinking. Fortunately for us, *the Universal Living Wage formula is based on existing government guidelines*:

- \*work a 40 hour week (standard government work week)
- \*spend no more than 30% of one’s income housing (HUD standard and that of the US banking industry regarding mortgage practices)
- \*use HUD Section 8 Formulas to set reasonable housing costs by using existing economic areas pre-determined by HUD, thus establishing regions called Fair Market Rent areas (FMR). It uses a very sophisticated formula to establish housing costs to determine the level of housing subsidy that it will pay to landlords. If it’s good enough for the landlords, it should be good enough for people experiencing homelessness.

So these ideas are *not* strange to Congress. In fact, they are *policies of Congress*.

### ***US Military and Federal Government Use Geographical Considerations in Setting Wages***

Furthermore, the United States Military completely re-vamped its entire worldwide pay system, starting in the United States, when it recognized these natural economic variations. It came to realize that a family relocating from Portsmouth, VA to San Diego, CA could not sustain its monthly budget under the old pay system at the old pay rate. So, in addition to basing pay on “time in grade” and “years in service”, it moved to incorporate “geographic considerations” thus creating the BAH pay system, Base Housing Allowance. See [www.UniversalLivingWage.org](http://www.UniversalLivingWage.org) for more details.

Additionally, the federal government has now established “locality pay” for its workers (government employees).

If this approach is good enough for the U.S. Military and the U.S. Federal Government, it should be good enough for the citizens of America.

### ***The Inflation Question***

It has been suggested that the ULW formula, because it is tied to housing costs, might be inflationary. It was suggested that: “If employers were required to pay their employees based on the cost of housing, landlords would increase their rents accordingly since tenants would have the ability to pay higher rents. This would by law require employers to increase their wages, which would allow landlords to raise their rents, etc.”

Good question. However, we realize that the underlying problem that demands the enactment of the ULW did not take place overnight, nor do we intend to resolve it over night. In fact, we have devised a *Ten Year Plan/Formula* that allows a slow, measured phase-in process for the ULW. Fortunately, all previous studies show no such inflationary responses, i.e., “Think Again” out of Denver and the “Restaurant Study” in Austin, Texas to name a few. See [www.UniversalLivingWage.org](http://www.UniversalLivingWage.org) and click on the Statistics and Reports button. It is important to realize that *market forces* are in play where other businesses are expected to keep housing prices in check as is occurring today...even as we speak. While we recognize that these reports speak to general inflationary responses, this is a unique approach to a unique situation and adjustments may be required. If necessary, *rent control* can be employed as has successfully occurred in New York City. Adjustments can be made and the beauty of the formula is that the ***ULW will end homelessness for over 1,000,000 homeless minimum wage workers*** (conservatively). It will simultaneously ***prevent economic homelessness*** for all 10.1 million minimum wage workers because people putting together 40 units of work will be able to afford basic rental housing regardless of where housing costs go.

Furthermore, from an inflationary perspective, indexing to housing is not dissimilar to the concept of indexing the wage to the Consumer Price Index, CPI, which reflects the “cost of living” for which people often advocate. It is universally recognized that the *cost of housing* comprises the single most expensive item in every budget. Our approach is merely a more precise approach using existing government guidelines -- the Section 8 Fair Market Rents.

### ***Real Life Situations***

It has been suggested that the ULW “does not take into account real life situations... asking if wage would vary based on the household or apartment size? How would two wage earning households be affected? What about houses in subsidized housing? Would that wage be lower or would they lose their subsidy?” These are all good concerns. However, we must first understand the federal minimum wage, FMW, and Congress’s intent in 1938 (even as it exists today).

The FMW is based on a *Unit of Work*. **It is an hourly wage.** It pays for work. (Do not confuse this with “piece work” which pays for the work by the number of pieces produced).

The FMW does not discriminate against a person who is 16 or 61, black, white or Hispanic. It is pay for a job. If the person accomplishes the task then they are compensated with the wage. It does not discriminate against a rich person, a married person, or a subsidized person. ***The Federal Minimum Wage pays for a unit of work.*** What we are saying is that if you put 40 of those units of work together, you should be able to afford to eat, be clothed, and put the most reasonably priced roof over your head (other than a bridge).

Nor does the ULW wage discriminate against a part-time worker. A minimum worker will still be paid at the same *hourly rate* whether you work 40 hours or 4 hours. It pays for *units of work*. Some people work less than 40 hours and many employers (at this level), offer less than 40 hours of work to avoid paying benefits. This may require that a person hold down multiple jobs, but what we are saying is that by this standard, ***a person putting 40 units of work together, will be able to afford basic food, clothing, and shelter (including utilities) wherever that work is done throughout the United States.*** This is *an incentive to work*. Who doesn’t want to encourage meaningful, self-sustaining work?

### ***The ULW Effect On SSI Recipients***

The concern was raised that “if wages were increased to allow working people to afford the average apartment, persons on SSI would be left behind as wage earners would be able to afford increased housing prices, while those on benefits were not.”

Again, this is an important concern. At the same time, we must recognize that we cannot solve every existing problem with one solution. However, one of the national endorsing organizations, Spina Bifida of America, shows us the way. A person with Spina Bifida often ends up as quadriplegic and never able to work. However, this national organization endorsed the ULW because they recognize the Federal Minimum Wage as their “glass ceiling.” They realize that the federal government is not going to provide a living wage for people who *aren’t* working until it provides one for those who *are* working. They get it.

### ***Livable Incomes Campaign***

As I stated, we cannot expect one solution to solve every problem. That is why we do not just have a Universal Living Wage Campaign, but rather we have a Livable Incomes Campaign. For the second time in four years, House the Homeless has written Philip Mangano and the Interagency Council on Homelessness consisting of all heads of State, President Bush, (as Mr. Mangano's boss) along with Hillary Clinton and Barack Obama, as one of them is expected to be the next President of the United States. In the letter, (which can be read in its entirety at [www.UniversalLivingWage.org](http://www.UniversalLivingWage.org), click on the "What's New" Button) you can see where we have suggested that the 10 year plans being promoted by the federal government and coming out of our municipalities must:

- 1) include **all** people experiencing homelessness not just the "chronic homeless," and
- 2) that there must be an *economic component* to the 10 year plans calling upon the federal government to index the Federal Minimum Wage to the local cost of housing as is being done for Federal Employees and as is being done for the U.S. Military, and to
- 3) ***index the Supplemental Security, SSI, to the local cost of housing throughout the United States*** using the existing HUD Section 8 Fair Market Rents for people who *cannot* work while ensuring that they spend no more than 30% of their income on the housing.

### ***Strength Of The Universal Living Wage***

We have earned the support of over 1,000,000 registered voters coming from a general pool of nonprofits, faith-based organizations, unions, and businesses. We have gotten the endorsement of their boards of directors, which are very hard-earned endorsements. We have now created two National Days of Action designed to actively engage our base of support while we work to move forward legislatively. Are they all wrong? We must remember that ***nothing that goes into Congress comes out the same way.*** We just need a reasonable, and an arguably defensible approach to get things started. This approach may or may not be perfect, but with over 1,000,000 people supporting it, representing 1,668 organizations, it gives us the platform to begin the dialogue that homeless people ***are working***, and that ***they would work a 40 hour week*** if it would afford them basic food, clothing, and shelter.

Thank you for the opportunity to comment in a responsible fashion about the concerns raised.

We have responded in precise detail when asked by the NCH Board to do so with regard to the Strategic Plan (see attached). We have two studies under way looking at all effects of the ULW over 10 years. The Fiscal Policy Institute, FPI, out of New York is looking at state level effects of the ULW, and Professor Dean Corbae, at the University of Texas, is looking at nationwide effects. We have provided clear, concise arguments for this approach that address the question of livable incomes for people experiencing homelessness. We have created that reasonable, defensible argument that allows us to continue to go forward at this time.

***Last but not least: VISION***



***There is nothing but a lack of social vision to prevent us from paying an adequate wage to every American citizen...There is nothing except shortsightedness to prevent us from guaranteeing an annual minimum and livable-income for every American Family.”***

***Dr. Martin Luther King Jr.***

Homelessness is the antithesis of housing, and housing is the antitheses of homelessness. Housing is the single greatest expense in the monthly budget of every American household, single or otherwise.

In closing, let me say that it has been a pleasure to answer these questions about the Universal Living Wage. As a national organization, NCH has made it our charge to end homelessness. By indexing Supplemental Security Income, SSI, to the local cost of housing, we will ensure housing for our nation’s disabled citizens. Truly, this is a worthy goal. Furthermore, there can be no greater privilege than to fight to end poverty, one of the principal root causes of homelessness. We all know that economics is the source of poverty. Creating avenues that draw people away from a lifetime of dependence and instead offers them opportunities, self-reliance and self-esteem is priceless. The Universal Living Wage creates such a pathway. The ULW is based on the moral premise that anyone working 40 hours in a week, will be able to afford basic food, clothing and shelter (including utilities), wherever that work is done throughout the United States. Conservatively, it will ***end homelessness*** for over 1,000,000 homeless minimum wage workers and ***prevent economic homelessness*** for all 10.1 million minimum wage workers. By creating a simple three-prong formula that uses ***existing*** government guidelines, and ***phases the ULW into effect over 10 years***, we can foster dignity, fairness and prosperity in the workplace while minimizing any disruptive or inflationary effects throughout our nation. This is a challenge worthy of our concerted efforts.

Thank you.

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