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### **Facts and Myths**

**Myth #1: "There aren't that many people earning at minimum wage levels or affected by it."**

**FACT:** According to the report, Sustainable Communities, published by the City of Austin, TX, the Preamble Center Study shows that 11.8 million workers are directly affected by the most recent minimum wage. This study presents that three-quarters of these workers are adults and 40% of the larger group are the sole providers for their families. For example, the Texas Alliance for Human Needs has reported that fully one million Texans are earning at a minimum wage level.

**Myth #2: "Passing a Living Wage is bad for the local economy; small companies will go out of business."**

**FACT:** Paying a Living Wage is good for the local economy because small local businesses rely on local dollars. More money for city dwellers will mean more customers for municipal businesses.

**Myth #3: "Passing a Living Wage will hurt business."**

**FACT:** Paying a living wage will create new business as new revenue promotes commerce. Also, some economists argue that higher pay results in increased productivity by making jobs more desirable to both get and to keep, thereby reducing recruitment, training and supervisory costs associated with high rates of turnover.

**Myth #4: "A Living Wage will prevent new business from locating in a municipal district."**

**FACT:** Businesses choose cities because of quality of life issues, tax incentives and governmental considerations. According to a 1998 study issued by ICF Kaiser Economic Strategy Group of San Rafael, California, produced for the Greater Austin Chamber of Commerce entitled, Next Century Economy, "that in order to maintain Austin's economic success and high standard of livability, the region should focus on the business already here as opposed to attracting new business." The report cited three elements of a Sustainable Advantage Economy, one of which is the need for "...a long term commitment to protect the regions' environment, to improve quality of life and to address social disparity issues as the economy develops." Furthermore, the cornerstone businesses that are locating to Austin like Computer Sciences Corporation (CSC), Dell and Samsung already pay their lowest wage employees an amount well in excess of the federal minimum wage.

**Myth #5: "Passing a Living Wage will cause other business to leave our municipality."**

**FACT:** The kinds of businesses inspired to move into a municipality pay a wage or salary far in excess of a minimum wage. It is the "support" businesses like restaurants and laundries that pay minimum wage and these are support business that will stay wherever the large employers locate. In fact, the support businesses are often fully dependent upon the success of the primary businesses. As the primary employers succeed and expand they have greater need for the support businesses. The reverse is also true. Should the primary business downsize and employ fewer people, the support businesses have no choice but to follow suit. But the wage paid to the minimum wager is irrelevant in this equation. The support business will hire the number of minimum wage employees required to sustain the needs of the primary employer.

**Myth #6: "Teenagers and young adults will be hurt by the increase."**

**FACT:** According to The Sky Hasn't Fallen, a study by the Economic Policy Institute in Washington, DC, reporting on the results of the Federal minimum wage increase from \$4.25 to \$5.15 per hour, it was clearly shown that these workers were not adversely affected by the increase.

**Myth #7: "The minimum wage won't boost the earnings of low-wage workers."**

**FACT:** Also according to the report, The Sky Hasn't Fallen, the raise did increase earnings with low-wage workers which "primarily benefited low-income families." Additionally, according to

the report, Americans Well Targeted Raise, also released by the Economic Policy Institute, 57% of the gains from the increase go to working families in the bottom 40% of the income scale.

**Myth #8: "The wage increase will lead to job loss."**

**FACT:** Once again, the increase did not lead to job loss. In fact, the conclusion of The Sky Hasn't Fallen report ends with, "Given the statistically and economically insignificant (and mostly positive) employment effects of the change, it might be more useful if the next debate spends less time focusing on the cost of the increase and more on the benefits to low-income families." (The report was supported by grants from the Rockefeller, and the Charles Stewart Mott Foundations and the US Department of Labor.)

**Myth #9: "The typical minimum wage worker is a teenager working at a fast food restaurant who lives at home with parents."**

**FACT:** According to the study The Sky Hasn't Fallen and the study, Americans Well Targeted Raise, both produced by the Economic Policy Institute in Washington, DC, those "typical" minimum wage workers (teenagers) account for only 7% of the total minimum wage work force. About two-thirds of minimum wage workers are over 20 years old; about two-thirds are women and about two-thirds do not live with their parents. The report confirms that 40% of them are the sole source of income in their households.

**Myth #10: "Do teenagers living with their parents deserve to be paid at the ULW rate which is related to housing?"**

**FACT:** Yes. The goal of the Universal Living Wage is to set a wage that ensures that all minimum wage workers are able to afford basic housing. At the same time, the basic concept is not discriminatory in nature. We believe that wages should relate to a "unit of work," just as the U.S. Congress perceived it at its inception in 1938. It does not matter whether that work is performed by a black person, a white person, a male or female, an 80 year old or an 18 year old. If an employer believes that someone is capable of doing the job, and hires her/him, then a ULW should be paid regardless of who performs that work. \*If a few additional people benefit from the standard used to ensure housing millions of our nation's minimum wage workers, then so be it. \*See Myth #9 & Myth #11

**Myth #11: "A sub-minimum wage for teenagers would work."**

**FACT:** Although this argument is often quoted by business concerns during their efforts to derail Living Wage Campaigns, only 5% of all fast food employees use the sub-minimum (training) wage structure which was made possible by the 1989 minimum wage law. Most employers recognize that they need to be wage competitive right from the start.

**Myth #12: "If wages increase, the cost of everything else will increase."**

**FACT:** Wages are just one of many factors that make up the cost of an item. Factors such as manufacturing, transportation, equipment, rent, advertising, business location, income demographics of the community, employee recruitment and training, expenses all add together with wages to create the cost make-up of an item. Clearly, the cost of goods does not have to automatically rise just because one small portion of their make-up increases. An example of the non-inflationary relationship between wages and the cost of goods can be found in the 1996 survey report entitled, "Think Again: A Wage and Price Survey of Denver Area Fast Food Restaurants." This survey focused on four national fast food chains: Arby's , Burger King, MacDonald's and Taco Bell. All are major employers of entry level, low-wage workers. It was concluded that higher prices did not necessarily accompany higher wages. In fact, "survey results indicated that higher starting salaries are coupled with only slightly higher, identical, and in many cases lower prices than those in stores that paid a lower starting wage." For example, the lowest paid Arby's employees were found at a franchise charging the second highest price for a meal. Conversely, a Taco Bell store paying \$1.50 per hour above other restaurants for starting wages simultaneously had the lowest food prices among the twelve other Taco Bell Restaurants surveyed.

Overall, the study showed clearly that just because wages rise, there is not and does not have to be a corresponding increase in prices. It would appear that it is more a question of what the market will bear, or what the consumer will tolerate. The inflation has already occurred. It is only the wages that have not kept pace with inflation.

**Myth #13:" The best index for a national minimum wage is the Federal Poverty Guideline."**

**FACT:** The Federal Poverty Guideline uses food as the basis for its make up. This probably originated during the LBJ Administration and America's "War on Poverty." America was concerned about poverty and the need for food especially in the Appalachian area of the North Eastern United States. The Federal Poverty Guideline is based on a basket of food staples using a multiplier of 3 and based on the number of people in a household. During this time in the early

1960s, food made up 24% of a family's budget while housing made up 29%. Today, food only makes up 16% of a families budget and Housing now makes up 37% to 60% or more of a family's budget. Clearly, food was never the appropriate standard and just as clearly, housing continues to be the most significant item in a family budget. The seriousness of this is now evidenced as minimum wage workers all across America are becoming homeless.

**Myth #14: "Isn't an efficiency apartment an inadequate benchmark to aim for if we are to get homeless families off the streets? How about linking the ULW formula to some sort of per-child tax credit, because wages do not take the worker's individual financial burdens into account?"**

**FACT:** I greatly appreciate the idea of addressing the needs of America's families. And while the fastest growing segment of the homeless population continues to be women with children realities prevail. By just identifying efficiency apartments some of the calculated wages are around \$12.00 and 13.00 per hour due to local inflation. For example, a wage to afford an efficiency apartment in Austin, Texas needs to be \$13.35 per hour. The wage to afford a one bedroom apartment here is \$15.21. That's a \$ 1.86 additional leap. Remember we're starting at \$7.25 per hour. Political realities dictate that we take an approach that puts us on a track that not only points us in the right direction but that also starts to get us there. We can justify this wage because it uses existing government guidelines and it holds that no one should spend more than 30% of their income on housing. Without housing, our Nation's minimum wage work force continues to shrink and our homeless population continues to grow.

The formula allows for local communities to make upward adjustments. So if the City of Pleasantville should collectively decide it does not want a Community where a single Woman with a child are homeless and unable to afford housing, then Pleasantville can then vote to substitute the one bedroom figure into the formula. As a result, they have then customized the formula to their needs. They can do this while all America still uses the same formula.

**Myth #15: "Shouldn't we leave living wage campaigns to local jurisdictions?"**

**FACT:** Good Question. After all, there are over 100 local living wage victories at this point. Why not just continue in this fashion? These battles are Herculean and their warriors are to be commended. The Association of Community Organizations for Reform Now, ACORN (now defunct) was instrumental in promoting and coordinating local living wage initiatives. They pointed the way and led the way. But what about the scores of communities that can't spearhead campaigns enough to fight economic forces that stand in opposition? What about America's rural communities? What about all the states that passed laws that say "no wage will be set above the minimum wage set by the federal government? Do not these workers also deserve a roof over

their heads? Local living wage campaigns target and positively affect city workers, county workers and sometimes those that contract with them. However, if we doubled, no tripled or even quadrupled, all of the affected workers to date, the numbers would only be in the thousands.

Even in Louisiana where several thousand workers maybe affected, the numbers pale in comparison to the need. In fact, there are 10.1 million minimum wage workers nationwide. By employing the Universal Living Wage formula, we can begin to move all of these workers along a Wage Continuum that approaches the self-sufficiency models currently being pursued across the nation.

We see local initiatives as being vulnerable to attacks and repeal. For example, in 1996, the Houston, Texas living wage effort to raise the minimum wage to \$6.50/hour was stopped cold in the last week of the campaign. Moneyed interests poured over 1 million dollars into creating misinformation and then handily defeated the effort.

More recently, other efforts have been thwarted. And in Suffolk, New York a legislative victory was reversed after only four months. Today, even the Louisiana initiative is under extreme legal attack and serious efforts to repeal it. Continuing in this fashion will result in decades of anguished struggle with only mixed results. With annual homeless memorials being held in cities all across America, we feel that time is of the essence. We see that our minimum wage workers are being tossed into the streets. We recognize that we must quickly end their stay and prevent others from joining them. As a result, we feel that far more than using living wages as an organizing tool, we feel charged with a moral imperative to end this condition now. We believe that, in the final analysis, a strong singular federal law is the answer to ensuring continuity, stability and timeliness.

It is important to remember that our nation's Unions fought long and hard to create a minimum wage when it recognized that not all communities could withstand extreme financial opposition.

A Universal Living Wage provides uniformity, inclusion, timeliness and much greater ease of monitoring and enforcement than do isolated pocket victories. And finally, a singular Universal Living Wage, that is related to the local cost of housing across the United States, makes infinite common sense.

**Myth #16: "Why do we need to set any sort of wage? If we let a 'Free Economy' be free, everything will work itself out."**

**FACT:** I am most concerned about a "free economy" that is based in most states where the taxpayer subsidizes business with five subsidies: EITC (Earned Income Tax Credit), Food Stamps, TANF (Temporary Aid to Needy Families), GA (General Assistance --This would be for single men but Texas, for example, does not deem them worthy) and Tips. Patrons are expected

to bring the minimum wage of \$2.13 per hour up to \$7.25 per hour by paying tips in the Restaurant Industry. Count them...five (5) subsidies. These are all subsidies that the taxpayer and patrons are expected to pay because business does not respect the value of its workers on the same level as it values the other components of doing business; i.e.. manufacturing, advertising, transportation etc.

Why is worker value not respected on the same level? Today, business watches from the sidelines as the Federal Government sets a federal minimum wage below that minimal amount necessary to afford the most basic level of housing. This has not always been the case. Over the last 20 years, Congress has gotten behind the proverbial Eight ball as spiking inflation has occurred in many urban areas but left huge portions of our population as they were. As a result Congress cannot "fix" the Federal Minimum Wage with a single figure. One size does not fit all any more. Congress cannot pick a flat rate of say \$9.00 or \$10.00 per hour. This will continue to not get a single minimum wage worker off the streets in Washington DC, L.A., Austin etc. and at the same time it would only destroy small businesses in places like Harlington, Texas or Biloxi, Mississippi. It is for this reason that I have devised a formula that indexes the federal minimum wage to the local cost of housing throughout the United States. This ensures that anyone working a 40 hour week won't have to do it either from under a bridge or by holding down a second full time job.

It is time to begin to end homelessness for all 3.5 million minimum wage workers and prevent it for all 20 million minimum wage workers.

**Myth #17: "The boom of the 1990s ended in November 2001, when we were told that the United States "officially" entered a recession then shifted into near depression with the auto and bank fiascos. Wouldn't enactment of the Universal Living Wage cause people to lose their jobs?"**

**FACT:** No. Minimum wage jobs are support jobs. These low paying jobs are found in businesses such as the restaurant industry, janitorial, construction labor, landscaping, laundry and the like. These are support type businesses. They support "principal" businesses that pay well above the minimum wage. Even if we immediately enacted the Universal Living Wage, it would not affect the wages paid by these principle businesses to their lowest paid employees because they already pay more than the wages proposed under the Universal Living Wage. These minimum wage businesses will employ and unemploy people based on their need to meet the service requirements of the principle businesses. If Intel Corp. moves to town, it does not make the decision to do so based on minimum wage salary scales in as much as it does not employ workers at that low wage level. When Intel builds its offices it may contract employees such as construction laborers and ultimately landscapers. Once the facility is built, its workers need laundry services and restaurants.



Note: These support businesses do not ordinarily relocate independently of the principle businesses that they support. Clearly, in times of recession employees will be laid off but remember support businesses will maintain the number of employees necessary to satisfy the needs of the principle business.

It is clear that in manufacturing businesses, workers make up only a small portion of the budgetary concerns. Budgets include manufacturing costs, business location, shipping/transportation, advertisement, training, warehousing, and wages. "Think Again: A Wage and Price Survey of Denver Area Fast Food Restaurants", clearly demonstrates that there is no relationship between the cost of items and the wages that large employers of minimum wage employees such as MacDonal'd's and Kentucky Fried Chicken feel they have to pay their employees in order to conduct their business profitably.

**Myth #18: "The ULW does not affect people with fixed incomes such as those persons with disabilities."**

**FACT:** First, the attendants who serve these folks are clearly affected by a living wage or the lack there of.

Furthermore, it is clear that the federal minimum wage acts like a glass ceiling for those on fixed incomes such as SSI, Supplemental Security Income, which persons with disabilities might receive. The "Federal Government" does not feel it can justify a security income for someone who is not working above that which it allows for someone who is working (federal minimum wage).

Therefore, it must raise the floor of minimum wage workers to a level that allows them to afford housing and then we can argue that those persons on fixed incomes should also be supported with income that allows them to afford and maintain housing without risk of financial instability.

**Myth #19: "No one who works for a nonprofit is in it for the money. Therefore, non-profits should be exempt from paying their employees a living wage."**

**FACT:** It is true that employees are generally working at non-profits because they have altruistic perspectives. However, does this justify paying a wage that does not ensure them the most meager form of housing?

Also, nonprofit organizations themselves are often the only portal of reentry for those that we serve. As we help someone "up" with a job should it be at a wage that continues to keep them in a financial situation that either places housing just beyond their reach or in an unstable situation?

The National Coalition for the Homeless not only endorses and advocates for a Universal Living Wage for all workers, it also pays all of its workers by the ULW standard. We believe that non-profits should be the vanguard of the Living Wage movement. We must raise the appreciation of workers to a new level just as we must raise our appreciation of those who teach our children. We must say to both funders and economic backers whether they be for-profit or nonprofit, that workers are every bit as important as the work product they produce. When we seek funding we must clearly state how much it will cost to accomplish the goal at hand which includes paying our people a fair living wage. Funders will respect this and they will provide for it if it is uniformly explained and requested as part of the normal funding application.

When small businesses approach the Small Business Administration for loans, we must encourage them to raise the level of the request for employee wages to the same level as the importance of the manufacturing budget. It should be raised to the same level as that of the advertising budget and to that of the importance of transportation, geographic location and that of product design, development and engineering.

A stabilized work force is part of the cost of doing business and in the long run will reduce overall costs. The employees and the wages they are paid are of equal importance to that of any other part of the work product and must be valued in an appropriate fashion whether the business is for-profit or nonprofit

**Myth #20: "The Self-sufficiency Standard and the Universal Living Wage are two competing concepts."**

**FACT:** Not True. The Self-sufficiency Standard was devised by the Wider Opportunities for Women, WOW organization. The standard sets out precisely how much money working adults require to meet all basic needs without governmental subsidies. The standard assumes that all adults are working and includes the costs associated with working full time. At present, the Standard is being calculated for each state throughout the country.

The Universal Living Wage on the other hand can be seen as the economic mechanism for achieving the Standard. Not only does the ULW establish a pathway to achieve the Standard it does so through incremental steps using existing governmental guidelines.

**The Universal Living Wage is based on—**

**people working a 40 hour week**

**HUD Fair Market Rents**

**and the government guidelines that no one should spend more than 30% of their income on housing.**

Similar to the Standard, the ULW assumes full time workers. Also similar to the Standard, the ULW considers regional housing costs. The Standard then painstakingly looks at a plethora of other ancillary costs and takes into account that their costs inflate at various rates. The ULW also takes into account these other costs (2/3 of the total wage needed to meet budget).

The ULW formula sets the federal minimum wage level. Initially, it targets individual workers and ensures that they will be able to afford an efficiency apartment. This will prevent economic based homelessness for all of our nation's 20 million minimum wage workers. Then, because the formula is “dynamic,” members within each Fair Market Rent region can (at prescribed times) vote to move the community along the formula continuum. So initially, every full time worker is assured of reaching economic viability at an efficiency apartment level. Subsequently, with the ULW formula, each community (through local elections) will then have the ability to extend that economic viability to the next housing level. For example, by using the same ULW formula, but by merely substituting the HUD Fair Market Rent amount for a one bedroom apartment instead of the efficiency apartment, we then produce a wage that provides economic viability for all workers who need a one bedroom apartment. This can be repeated for a two bedroom, three bedroom apartment, etc.

The ULW formula produces similar economic levels as those of the Standard. However, the ULW identifies the vehicle (the federal minimum wage) and lays out the staged pathway and the methodology for actually reaching the economic viability.

The same case can be made regarding the National Priorities Project and their conservative family budget and the Economic Policy Institute living wage approach. These are all excellent standards. However, the Universal Living Wage using the cost of housing as its core indicator additionally establishes the methodology to achieve the desired economic goal in a gradual, politically acceptable fashion.

To see a comparison of the NPP budget, EPI Living Wage and ULW Formula, continue on to a portion of the [www.housingforall.org](http://www.housingforall.org) web site that they have graciously allowed us to duplicate on our own site.

| <b>Side by Side Comparison of Wage Proposals</b> |   |  |  |
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| <b>Proposal/Formula</b>                          | <b>Wage Determinant</b>   | <b>Current Status</b>  | <b>Who's Covered</b>                               |
| <b>Kennedy's bill</b>                            | Minimum wage: Fixed amount set by law since 1938                                | Current proposal is to increase the minimum wage to \$6.15 over 2 years. | All nonexempt workers.                             |
| <b>Gutierrez bill</b>                            | Sets the "living wage" at the federal poverty level (FPL) for a family of four. | Proposal would set the wage at \$8.20/hr (\$17,050/yr.) now.             | Requires all firms that hold a federal contract or |

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|   |  |  | subcontract worth at least \$10,000 to pay all employees working on that contract a living wage. Exempts small businesses and most non-profits.   |
| Living wage related to the cost of housing ( <b>Universal Living Wage Formula</b> ) | Working 40 hours/week, person would spend no more than 30% of their income on housing. Indexes the wage level to the FMR levels set by HUD. Takes FMR for i.e., a one bedroom unit, divides that figure by .3, multiplies it by 12, and then divides it by 2,080 to determine hourly wage. | Varies with each locality.   | All workers.  |
| <b>Self-sufficiency formula</b>   | Calculates how much money working adults need to meet their basic needs (including paying taxes) without subsidies of any kind, related to family size and composition and geographic location.  | Varies with each locality. Expectation is that it will be used to evaluate the impact of proposed policy changes, such as restructuring subsidy programs, changing CO-payment schedules, etc.; assessing the ability of various jobs, occupations and sectors to provide self-sufficiency wages; understand the interactive effects of taxes and tax credits; targeting education and job training investments, etc. | Calculated for all full-time workers.   |
| <b>Local/state ordinances</b>   | Variable -- some set specific wage, some set the wage levels higher or lower depending on whether benefits are included; others set at FPL for family of 3 or 4, or index to the FPL (i.e., 110% of the FPL).  | 51 different local (city or county) ordinances ranging from \$6.50 to \$11.00/hr. An additional 75 campaigns currently underway.   | Again, this is variable: some applicable to city employees, contractors or subcontractors only (some of these specify a minimum level of funding in their contract - ranging from \$10,000 to |

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|  |  |  | \$100,000), some specify subsidy or tax abatement or Enterprise Zone tax break recipients only. One is specific to public school system employees and service contracts only. |
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**Update-** In July 2015, MIT professor and expert in regional economies, Amy Glasmeier, released a “needs” based report in the form of a wage calculator <http://livingwage.mit.edu/> . Like the Women’s Wider Opportunities (WOW) Needs Assessment, she focuses on cost of living items including housing, food, child care, transportation, and miscellaneous costs. However, like the WOW Needs Report, there is no suggestion as how to incorporate these changes into people’s daily lives. Only the Universal Living Wage offers a solution to fixing the Federal Minimum Wage basing it on the local cost of housing. America still needs a vehicle to respond to family needs.

**Myth #21: The Universal Living Wage really only pertains to the United States...right?**

**FACT:** Actually, no. At present, there are more than 150 transnational business corporations. These companies attach themselves to no single country. Instead, they operate without ties and allegiance to any nation or any group of nations. While they stridently and unabashedly pursue maximum capitalism, some of their business application practices come into question. Their pursuit of riches coupled with their lack of allegiance leads them to make their businesses mobile. They locate their operations in the direct vicinity of the lowest paid workers around the world. The fact that these transnational companies are bringing employment to unemployed workers is applauded. However, we are quick to point out that these, the poorest paid of all workers, routinely live in abject squalor. Unless specific steps are taken to ensure living wages, little will occur to change that dynamic.

We believe that wherever there are workers and employers there exists a symbiotic relationship that is bordered by a delicate framework. The employer needs the employee for their labor and the laborer needs to make at least a minimal living through the employment. While the need is mutual, the power balance is not, and therefore, for the most part, workers must hope that the

employer will embrace the principals of the Universal Living Wage formula. This ensures that if an employee works a standard number of hours, that employee should, as a result of their work, be able to afford basic rental housing wherever that work is done.

Additionally, workers should spend no more than a certain percentage of their income on housing (the United States Department of Housing and Urban Development uses 30%). In this fashion, that they will not only be able to attain housing but also retain it while managing to afford all three of the basic necessities of life: food, clothing, shelter. (This is consistent with the Universal Declaration of Human Rights which identifies these as “definitive components of the right to a minimum standard of living and dignity,” “for every (nation) state.”

Finally, governments should create a standard that enables them to identify a reasonable price for housing similar in concept to the United States Department of Housing and Urban Development, Fair Market Rent calculation. Similarly, these amounts should be automatically reviewed annually to ensure that inflation has not overly affect the rents.

We are not suggesting a king's ransom here, in fact just the opposite. We are suggesting that minimally, workers should be paid at a rate such that if they are able to work a full week, based on local standards, the amount paid would afford them basic financial stability while providing enough to eat, clothing to wear, and shelter as provided through a Universal Living Wage.

**Myth #22: " Won't a ULW mean that less people could be employed and thus less customers served with the new wage levels?"**

In 2004 there were several attempts in the New York City area - and other cities across the nation - to have a "living wage" standard set through all recipients of government contracts. In NYC, this amounted to a \$10.00 - \$11.00 per hour wage depending on part or full time status, on health benefits levels, etc. By no means an unreasonable request and standard amounting to only \$21,000 - \$23,000 per year. The focus was placed on contracts let by government to non-profits, probably because of the empathy factor as well as the under payment of wages to this sector across all categories, not just the lowest wage earners. The sectors most impacted by this were homecare workers, assistant day care workers, kitchen staffs (senior centers, day care centers, food pantries, etc.), some entry level clerk-typists or reception workers, etc. and the nonprofit organizations that typically raise additional dollars to support what government has never supported - 100% of the cost of delivering the contracted service.

On both counts this was a good strategy except for one potentially negative outcome. Dollars required to pay the new wage were not to be added to the contract but taken from either the existing contract or reduced value contracts. This meant simply that less people could be

employed and thus less customers served with the new wage levels. This unintended consequence was opposed by the majority of non-profits in this area. We agreed with the spirit and intention of the proposed legislation but NOT the unfunded mandate. A legislative or other imposed requirement without the dollars allocated to support the new mandate would mean that already strapped non-profits, in a time of diminishing government contracts and demands to do more with less will actually be in the position of doing less with less.

As the victory is sought to boost federal minimum wages across the nation, we must be sure that dollars are allocated to those federal government entities (like Health and Human Services, like the Department of Education, like the Department of Labor, like Faith Based Initiatives, etc.) that fund localities (States, Counties and Cities) in the most critically vulnerable areas of our society."

**FACT:** There are many factors (nuances) to consider when talking about fixing the Federal Minimum Wage. First we are concerned that we provide the workers a living wage. We can't possibly ask our workers to continue to provide good, compassionate service when they feel resentful that they are not being paid a basic living wage.

Next, we recognize that social service jobs are often the single point of entry SPOE (at least initially) for many of the people who we serve. How can we introduce these struggling folks to poverty wage jobs? What's the incentive for them to leave their condition? What is the result if they get that job only to find out it can't sustain them without a second income?

According to the Federal Government, 42% of people experiencing homelessness are working at some point during the week. This year, 3.5 million people are expected to experience homelessness. With the enactment of the Universal Living Wage, over one million minimum wage workers will be able to work themselves off the streets of America, (conservatively) This will have a dramatic impact on caseloads. They will be reduced and dollars will be saved. As word of individual successes grow that one can get off the streets by putting in 40 hours of work, more people will join the ranks of the minimum wage worker. The bureaucracy that provides these services can then be reduced.

The original Congressional intent of food stamps was to help people experiencing temporary loss of jobs, spousal abuse, catastrophic events such as house fires, earthquakes, assistance for impoverished seniors and people experiencing disabilities. It was never intended as a subsidy for business. That is in fact what it has become. A few years back, we found that over 200 staff employees at the University of Texas, (the richest University in the World), were on food stamps. This is unconscionable but not at all unique. In any event, if you will review the document Globalization and Labor found on the front page of the web site [www.UniversalLivingWage.org](http://www.UniversalLivingWage.org) you will see a section ULW/Benefits to Tax Payers and Employers. We anticipate tens of billions of dollars of savings annually. These funds can be

redirected back into the same social service programs so as to keep service levels up and provide workers basic living wages.

Next, the reason that Spina Bifida of America, (people who may never work), endorsed the ULW, is because they recognize that the federal government is not about to set a livable income standard for people who are not working before it sets a living wage standard for people who are working. So the ULW is the next step in truly serving the least among us.

We believe that we, the social service providers must also be educators. We must begin a dialogue with our funders such as the one that you and I are having. We must call for fully funded projects that include all components including our service providers. We are only talking about a minimum standard.

In the 1980s the funders asked social service providers how much it would cost to fund a particular project and our deliberate, well thought out, bare bones response was \$1.00. They reached into their pockets and said they only had .85. Our response was that we could not complete the task for .85 and they said "Take it or leave it." We took it. We then cut the nurturing component or the aftercare piece or the follow-up monitoring. This only resulted in limited successes or in failed projects. This is unacceptable. Now, we must continue to learn from our mistakes that resulted in wasted tax dollars and clients that became more disenfranchised than even before we started to help them. Our workers are no less important. They are "the working poor." As administrators, we shoulder a responsibility not to help some, at the expense of others. Our voices must be loud and clear. We must be strong and we must hold the funders to a higher level of accountability.

**Myth #23: "I do not see any incentive for developing housing for low income workers. In fact, won't a ULW create an inflationary cycle and reduce, if not eliminate, small employers?"**

I agree that something needs to be done regarding the mismatch between housing prices and wages. I also agree that anyone working 40 hours per week should be able to afford housing. However, I have reviewed your proposal and I have some serious reservations regarding your proposed formula.

I do not see any incentive for developing housing for low income workers. In fact, I see the opposite. If the universal living wage is indexed to FMR's, why should developers build lower cost housing? By building only higher-end housing, FMRs will rise. If the FMRs are high, as you have described your formula, wages would be required to be high also. By only building higher end housing, developers would maintain a higher profit margin and communities would gain



more in property taxes. Wages can not rise unless the cost of goods and services also rise, so you would be creating an inflationary cycle and reducing, if not eliminating small employers. The cost of living also then becomes higher for all. What then happens to the retired, unemployed and underemployed?

**FACT:** You can see from our web site that we also support the Bringing America Home Act. This is referenced in our recent piece: ULW Ten Year Plan. Under this umbrella bill, is the call for National Health Care, the National Affordable Housing Trust Fund and Livable Incomes which include the Universal Living Wage for people who can and are able to work. We also call for fixing the Supplemental Security Income program on several levels for people who are unable to work. (However, we recognize that the Federal Government is not about to provide livable incomes for people who aren't working before it creates a living wage standard for people who are working. The soundness of our logic is reflected in the national endorsement by the Spina Bifida Association of America. For them the Federal Minimum Wage is their glass ceiling.

You have stated that no affordable housing will be created. In addition to the National Housing Trust Fund which calls for a permanent affordable housing income stream and the creation of 1.5 million units of housing over the next ten years (with 214 cosponsors in the US House of Representatives and 22 cosponsors in the Senate), the ULW will create truly affordable housing from the private construction sector. For the first time, there will be a huge repository of income available for housing at below 30% AMI. Once the ULW goes into effect, we will put the difference between the Federal Minimum Wage (\$7.25 per hour) and whatever the ULW has been determined to be in any Fair Market Rent region throughout the United States. For the first time, there will be millions of people with the financial ability to afford basic rental housing. However, that housing stock does not currently exist as there has been no financial incentive to build that housing stock. There will be plenty of financial incentive when the ULW is passed. The soundness of our logic is reflected in the endorsement of the ULW by the national construction company: HSR Construction. We had a series of deliberate, formal discussions with them prior to their endorsement.

You have expressed concern that with the passage of the ULW housing costs will soar raising housing costs beyond the reach of renters, and cause unbridled inflation. First, the cost of everything else has already inflated and only the Federal Minimum wage has not increased. Because the ULW is indexed to the local cost of housing, if anyone is willing/able to work 40 hours then they will be able to afford basic rental housing no matter how expensive basic rents rise.

Secondly, we believe that once established, the free market will continue to respond to this enormous pool of funds by building housing at this economic level. Additionally, for the first time, there will be incentive in the market for other corporate interests to apply pressure on the rental industry to keep rental prices in check. Failing that, because the Federal government is

already monitoring and establishing Fair Market Rents, it will be in position to respond to any unscrupulous market gougers as may then be deemed appropriate.

Three and one half million people will experience homelessness this year. The Feds say that 42% are working at some point. Clearly, the work ethic is in place. Passage of the ULW can end homelessness for over 1,000,000 minimum wage workers. The ULW may not be the perfect solution but it's a great start and it can get the discussion started in Congress.

**Myth #24: People receiving tips don't need to be paid a living wage.**

**FACT:** “To Insure Promptitude” is one suspected origin of the acronym “TIP” found on brass urns in coffee houses and local pubs in sixteenth century England. Brenner (2001, p. 131). The history of tipping in both Europe and the United States (where it took hold after the Civil War) is fascinating. Visit <http://econwpa.wustl.edu/eps/eh/papers/0309/030900/.pdf> to read Ofer H. Azars’ work, The History of Tipping – From Sixteenth Century England to United States in the 1910s. Over time, employers, employees and patrons have all organized both for and against tipping with great passion. In fact, tipping was outlawed in Washington, Mississippi, Arkansas, Iowa, South Carolina, Tennessee, and Georgia only to be later repealed in every state between 1913 and 1926. (Azar, 2003, p. 20).

Tipping in the United States has become a multi-billion dollar paradigm. According to Lynn, Zinkham and Harris (1993) there are basically 33 tipped service professions. Tipping in the restaurant industry alone now amounts to \$25 billion dollars per year (Azar, 20003a).

Today, we find that people tip because it is now a social norm, an expression of gratitude, born out of economic compassion and a way of ensuring future good service. For the most part, it is generally believed that tipping improves the quality of service, and while marginally small, there is a statistically significant correlation between tipping and the quality of service. (Lynn and McCall (2000b)

Today, under the Fair Labor Standards Act of 1938, where people are earning a living based on tips, we now require that employers pay tipped employees \$2.13 per hour such that the tipped amount brings the base wage up to the Federal Minimum Wage level. The Federal Minimum Wage is presently set at \$7.25 per hour.

At the Universal Living Wage Campaign, we advocate to fix the federal minimum wage by using the ULW formula which is based on existing government guidelines and ensures that anyone working a 40 hour week will be able to afford basic rental housing.

When looking at tipping, we are tempted to suggest that the tip ratio should remain the same as it is today. In other words: \$2.13 per hour is 30% of \$7.25 therefore by keeping the same ratio, it could be suggested that the base tip amount should be 30% of whatever the new Universal

Living Wage amount calculates out to be in each ULW region, throughout the United States. This would seem to be a reasonable approach. However, businessmen such as Jeff Trigger, Managing Director of the renown Driskill Hotel in Austin, Texas suggests that it would be hard to justify asking employers to pay a higher percentage of wages when a tipped employee in his establishment may currently make as much as \$30,000 per year in tips.

In response to this business concern, the ULW campaign looks to the original premise of the Federal Minimum Wage: a person willing to work a 40 hour week should be able to afford basic food, clothing, and shelter. The current federal standard was established in 1938 under the Fair Labor Standard Act; it should continue to prevail. Therefore, once an employer has brought the federally established tip amount up to the base level of the adjusted federal minimum wage to the new Universal Living Wage amount in that particular Fair Market Rent Region, (as established by the US Department of Housing and Urban Development), then the employer has met their financial obligation to the employee.

For example, in Austin, Texas the adjusted Federal Minimum Wage using the Universal Living Wage is now \$13.35 per hour. Under this new approach, an employer would continue to be obligated to pay no more than \$2.13 per hour so long as tips provided by patrons produce a total hourly wage of \$13.35.

Current enforcement standards will continue to prevail. Additionally, it will continue to be the responsibility of the employee to accurately report all wage earnings to the Internal Revenue Service as required under law.

### **Myth #25: Ten Facts and Myths in Black and White -- Video**

See ten big myths about homelessness spelled out from nationwide data collected by homeless advocacy groups. Send the link to your friends! It's time that everyone understood that millions of families are only one crisis away from homelessness.

Thanks to the Austin/Travis County Health and Human Services Department for their help in creating this video, and to producer Yooyung Lee, graduate student at the UT School of Journalism.

### **Myth #26: There is no relationship between economics and family violence.**

**Fact:** "Women living in households with high incomes experienced less violence at the hands of their intimate partners than did women whose households were less financially secure. The

results showed a very consistent pattern: As household income to needs goes up, the likelihood of violence goes down."

Found in the report: *When Violence Hits Home: How Economics and Neighborhood Play a Role*. Produced by the U. S. Department of Justice, John Ashcroft, Atty. General; Deborah J. Daniels Asst. Atty. General; Sarah V. Hart, Director, National Institute of Justice.

RESEARCH IN BRIEF: <http://www.ncjrs.gov/pdffiles1/nij/205004.pdf>

The National Criminal Justice Reference Service (NCJRS) Abstract and .pdf link has free access.

The Research In Brief is based on the authors' final report submitted to the National Institute of Justice, *ECONOMIC DISTRESS, COMMUNITY CONTEXT, AND INTIMATE VIOLENCE IN THE UNITED STATES, 1988 AND 1994*, by Benson, Michael L., and Greer Litton Fox. Purchasing information for the complete document.

"If alcohol is the bomb then economics is the fuse." — Richard R. Troxell on domestic violence