What Is a Living Wage in Virginia?

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Introduction

Poverty within society creates social strife and economic instability. Many studies have linked poverty to crime, decreased property values, and economic slow-down at the national, state, and local levels.[1] Individual causes of poverty include a lack of education, skill, and experience as well as health and handicaps, employment discrimination, and work orientation. Aggregate poverty theories focus on the (1) case measure assessing aggregate poverty as a function of accumulated individual poverty; and (2) the generic measure assessing economy-wide problems such as a lack of non-poverty employment opportunities or inadequate overall demand as the causes of poverty.[2]

The Commonwealth of Virginia provides a multitude of directly administered public services to low-income families and individuals. In order to determine eligibility requirements for state and joint federal-state administered programs such as Medicaid, welfare, and housing assistance, state legislators and administrators require a clear indicator of need and an accurate and meaningful measure of poverty. Recent concerns over the adequacy of different measures of poverty prompted this analysis of the current available poverty measures and a critique of the recently developed Self-Sufficiency Standard.[3]

Careful review of the federal poverty measure, the minimum wage, the Self-Reliance Measure, the living wage, and the Self-Sufficiency Standard reveal their strengths and weaknesses. This information is crucial to developing statewide programs and benefit

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1 The Richmond Office of Local Initiative Support Coalition. *The Ripple Effect, Neighborhoods in Bloom*. 2004. Online. http://www.lisc.org/resources/assets/asset_upload_file580_8224.pdf.

2 Hari Srinivas. *The Causes of Poverty*. Online. The Global Development Research Center. http://www.gdrc.org/icm/poverty-causes.htm.

3 Diana Pearce and Jennifer Brooks. *The Self-Sufficiency Standard for Virginia. Six Strategies for Economic Self-Sufficiency.* July 2002. Online. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, 1.

administration guidelines. This paper serves as a guide to the different measures of poverty and provides recommendations on which standard or standards will best suit Virginia's needs.

Poverty Measures

The Federal Poverty Measure

During the early 1960s, President Lyndon B. Johnson drew attention to the issue of living standards nationwide with his "War on Poverty." Concerns about the numbers of Americans living in poverty prompted officials at the Social Security Administration (SSA) to collect and publish detailed poverty statistics. These poverty statistics guided allocation of welfare spending for a variety of newly created programs. Mollie Orshansky, an economist working for the SSA, developed an income threshold measure to assess the relative risks of different demographic and family groups belonging to low economic strata. This standard, developed in 1962, defined the threshold based on minimum diet costs multiplied by three in order to account for other needs, such as housing, clothing and miscellaneous expenses. Today the federal poverty measure utilizes income thresholds, determined by the U.S. Census Bureau, for the statistical estimation of the poverty rate—the percentage of people living in poverty by social, economic and demographic characteristics. Alternate federal poverty measures, such as the poverty guidelines, determine eligibility criteria for welfare programs administered by the Department of Health and Human Services.[4]

Since the inception of the threshold, these measures account only for price index changes and do not reflect changes in the levels of real consumption. Because of this exclusion, the U.S. poverty threshold represents an "absolute" measure of poverty and does not assign relative

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[4] Gordon M. Fisher. *The Development and History of the Poverty Thresholds.* Social Security Bulletin. 1992 Vol 55, Number 4.

weighting in the threshold determination.[5] Poverty rate calculations result from comparisons between the annual March Current Population Survey (CPS) data and the official poverty thresholds. The CPS defines income on a pre-tax basis, including income from a variety of sources: pension, interest, rental, and asset income. The CPS income definition also includes government transfer payments, such as cash welfare or Social Security payments.[6]

The U.S. economy has undergone drastic structural changes since the inception of the federal poverty standards in the early 1960s. Changes to the structure of the U.S. labor market, particularly the increase of female labor force participation, continue to influence household resource allocation decisions. Furthermore, technological developments over time prompted increases in labor force productivity. Though the structure of the U.S. economy has changed, the poverty measure does not account for a number of significant factors:

- Federal poverty thresholds do not account for employment status. As many women now work outside the home, the standard does not allow for childcare costs;
- Federal poverty thresholds do not account for variation in insurance coverage, health status, and medical costs;
- Federal poverty thresholds do not differ by geographic region, taking into account variation of housing costs;
- Federal poverty measure does not reflect changes in family demographics and compositions over time;
- Federal poverty measure defines income on a gross money income basis and does not factor in government programs that impact the spending power of individuals (e.g. the Social Security payroll tax, federal food stamp program expansion);
- Federal poverty measure fails to reflect individual level preferences, such as the differing preferences for work over leisure.[7]

Many researchers continue to examine poverty measurement issues. One notable contribution by Dale Jorgensen of Harvard University and Daniel Slesnick of the University of Texas at Austin employs an econometric model integrating neoclassical consumer demand theory with measurements for inequality and poverty. Jorgensen and Slesnick specifically

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[5] National Research Council. *Measuring Poverty: A New Approach.*
[6] *Ibid.*
[7] *Ibid.*

examine the impact of equivalence scales on threshold determination. Equivalence scales measure the necessary level of expenditure for a given level of welfare and they vary with family size, composition, and other characteristics. The researchers find that small changes in equivalence scale estimation result in large impacts on threshold levels.[8]

Another issue of threshold measurement involves the definition of income. Debate over the precise definition of income raises many questions and results in substantial policy design implications. Numerous measures of income have been proposed, e.g., a multi-year income average, annual consumption measure, Modigliani's life cycle income and Becker's full income, which takes into account work and leisure allocation. Additionally, many feel that the basis for poverty threshold determination should be a consumption measure rather than an income metric.

The above issues present policymakers with several concerns. The federal poverty measure understates incidence of poverty for African Americans and Hispanics, as well as for citizens living in very large families, families headed by a person with a very low level of schooling, and families headed by a female. On the other hand, the federal poverty measure overstates the poverty levels of people living in families headed by a young or old person, households with one person, and families with both a husband and wife.[9]

The Minimum Wage

In 1938, the Fair Labor Standards Act (FLSA) created the first federal minimum wage laws under the auspices of President Franklin D. Roosevelt who said, "no business which depends for existence on paying less than living wages to its workers has any right to exist in this country."[10] To create a livable wage floor, Congress initially set the federal minimum wage at

8 Robert K. Triest. *Journal of Economic Perspectives*. Vol. 12, No. 1. Winter 1998.

9 See Appendix A for Graph on Federal Poverty Rate Year by Year

10 Amy Vassalotti. *How will an increase from $6.75 to $7.75 in the California minimum wage impact the California economy?* Institute of Industrial Relations University of California, Berkeley. Spring 2005.

twenty-five cents per hour. Since that time, the wage has been raised twenty times and reached the current rate of $5.15 enacted in 1997. Congress sets the minimum wage at approximately fifty-five percent of the nominal average wage. Over time, rising wages throughout the economy erode the real value of the minimum wage, creating a long-term cyclical effect. The current minimum wage of $5.15 is valued at $4.15 in 1996 dollars.[11]

The minimum wage applies to covered-sector jobs filled by non-farm, non-supervisory wage and salary employees of non-exempt firms. Un-covered sector jobs include small service, trade, and retail employers. When the minimum wage is increased, some employers lose their protected status and are required to pay minimum wages.[12] Although the minimum wage initially applied to fewer than half of all American workers, ninety percent of private employees are covered by the FLSA. [13]

The limited scope of the minimum wage makes it a less-than comprehensive evaluative tool in measuring or preventing poverty. A strength of the minimum wage is that it provides a guaranteed minimum earnings level for hourly and salaried employees. The minimum wage theoretically corresponds to average nominal wages, but responds to political influences more than inflation or cost-of-living variables. The minimum wage is a mandated wage and does not measure consumption, or take into account individual factors related to poverty.

Although Virginia adopted the federal minimum wage rate by reference, states and localities reserve the right to impose an independent minimum wage requirement for residential employees.[14] Proponents of a statewide minimum wage increase in Virginia include the Virginia

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[11] See Appendix B for Table on the Federal Minimum Wage Rate and the Value of the Minimum Wage

[12] Charles Brown. *Minimum Wage Laws: Are They Overrated?* Journal of Economic Perspectives. Vol. 2, Num. 3. Summer 1988.

[13] Donald Deere, Kevin M. Murphy, and Finis Welch. *Sense and Nonsense in the Minimum Wage.* Regulation, the Cato Review of Business and Government. Online. http://www.cato.org/pubs/regulation/reg18n1c.html.

[14] US Department of Labor. *Minimum Wage Laws in the States*. Online. August 1, 2005. http://www.dol.gov/esa/minwage/america.html.

Interfaith Center (VIC) who created a legislative petition encouraging Virginia lawmakers to raise the minimum wage to $7.25. VIC predicts that more than 150,000 workers in Virginia would feel the direct effects of an increased wage that would reduce poverty in the state. VIC also claims that minimum wage increases do not produce unemployment, referencing new job creation and unemployment decreases since the 1997 minimum wage increase.[15]

Of the fourteen states with minimum wage laws, Washington and Oregon offer the highest wages and adjust for inflation using the Consumer Price Index. A study by the Institute of Industrial Relations at the University of California at Berkeley found that an increase in the state minimum wage would "unambiguously raise the wages of 1.65 million Californians," but cautioned that increased operating costs could force businesses to reduce employment or relocate to another state. Businesses such as the food industry, that face an inelastic demand, would be best able to pass on the increased labor costs through higher retail prices.[16][17]

San Francisco, California will lead the nation when municipal minimum wage rates of $8.62 an hour go into effect in January 2006. At this time, only three other cities, the District of Columbia, Santa Fe, New Mexico, and Milwaukee, Wisconsin, have passed municipal wage laws. Studies conducted on San Francisco's initial adoption of the municipal minimum wage in 2003 showed a significant increase in pay for low-wage workers, an employment increase of 2.5 percent in affected businesses, increased job retention, and an increase in the price of goods and services.[18]

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[15] Virginia Interfaith Center Campaign to Raise the Minimum Wage. *Legislative petition*. Online. 2005 http://ga4.org/campaign/raise_the_wage.

[16] Amy Vassalotti. *How will an increase from $6.75 to $7.75 in the California minimum wage impact the California economy?* Institute of Industrial Relations University of California, Berkeley. Spring 2005.

[17] See Appendix C for Graph on Minimum Wage Laws in States

[18] Michael Reich, et. al. *Economics of City-Wide Minimum Wages, the San Francisco Model*. Institute of Industrial Relations University of California at Berkeley. Sept. 2005. IIR Policy Brief.

The reported success of the state and municipal minimum wage programs contradict some of the long-held beliefs about minimum wage economics. Raising the minimum wage raises the cost of low-skilled labor relative to the cost of higher-skilled substitute labor. Minimum wage increases move employers up the demand curve for productivity and reduce low-skilled labor demanded. This forces the economy back along the demand curve and reduces employment of low-skilled and unskilled workers at a rate equal to the elasticity of the demand for their labor multiplied by the proportional wage increase.[19]

Economists across the political spectrum have long agreed that raising the minimum wage has an unemployment effect but have argued over the other long and short-term benefits and detriments of minimum wage laws. Researchers often overlook other factors affecting employment and overstate the effects of minimum wage laws. Labor economists find "ripple effects" where higher wage earners experience increased salary, no decrease in fringe benefits, and some instances of positive employment effects after minimum wage increases.[20]

Studies focus on the characteristics of low-wage workers affected by minimum wage laws, giving special attention to teenagers and minorities, and on employer reactions to the cost of higher labor. Mechanisms firms adopt to adjust to increased labor costs include reducing employment, raising prices, increasing productivity, and relocating to another state or locality if state and local minimum wages apply.[21]

During debate preceding the 1997 minimum wage increase, the joint Congressional committee charged with researching the Federal minimum wage found that the minimum wage

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[19] David Neumark and William Wascher. *Minimum Wage Effects on Employment and School Enrollment*. Journal of Business & Economic Statistics. April 1995. Vol. 13, No. 2.

[20] David Card and Alan B. Krueger. *Myth and Measurement, The New Economics of the Minimum Wage*. 1995. Princeton University Press.

[21] Amy Vassalotti. *How will an increase from $6.75 to $7.75 in the California minimum wage impact the California economy?* Institute of Industrial Relations University of California, Berkeley. Spring 2005.

increased unemployment, reduced employment specifically among black teenage males, and increased the number of individuals on welfare. The committee also found that the minimum wage detrimentally affects unskilled low wageworkers while favorably benefiting upper income families. The committee produced research showing that minimum wage laws led employers to cut back on fringe benefits and on-the-job training, increased inflationary pressure, and lowered capital stock.[22]

In 1982, the Minimum Wage Study Commission found that minimum wage laws reduce employment opportunities for teens. A 1995 study found that minimum wage laws not only reduce employment for youths, but also lead to lower-levels of school enrollment as high-skilled teenagers enter the more immediately lucrative work force. This leaves fewer youths enrolled in schools as well as fewer youths holding jobs.[23]

In their 1999 study, labor economists Adam J. Grossberg and Paul Sicilian examine the effect of minimum wages on on-the-job training and wage growth. Although model results showed that minimum wage jobs offer less wage growth than other jobs (especially for men), it revealed no conclusive evidence of minimum-wage induced reduction of training opportunities in those jobs.[24]

In "Minimum Wage Laws: Are they Overrated?" Professor Charles Brown determines that minimum wage laws effect the economy less than most economists would expect. Brown views the reduction in employment after a minimum-wage increase as a market correction that lowers the 12.5 percent monthly turnover in these jobs. He argues that this rate places the same

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[22] Joint Economic Committee of the Congress of the United States. *50 Years of Research on the Minimum Wage*. Online. Feb. 15, 1995. Online. http://www.house.gov/jec/cost-gov/regs/minimum/50years.htm.

[23] David Neumark and William Wascher. *Minimum Wage Effects on Employment and School Enrollment*. Journal of Business & Economic Statistics. April 1995. Vol. 13, No. 2.

[24] Adam J. Grossberg and Paul Sicilian. *Minimum Wages, On-the-Job Training, and Wage Growth*. Southern Economic Journal. Vol. 65, No. 3. 1999.

low-skilled workers in both the category of "workers experiencing higher wages from a minimum wage increase" and "workers unable to find employment due to the increase" within a matter of months. Ultimately, Brown cautions that annual statistical measurement of the minimum wage and unemployment effects may fail to reflect the true employment situation.[25]

Whatever the true effects of the minimum wage, the debate continues. Those convinced that it reduces poverty currently petition Virginia legislators to create an independent minimum wage while those who unquestionably believe that unemployment and market effects outweigh the positive attributes oppose minimum wage increases at both the federal and state level. New research will commence as the economy grows and Congress considers a new increase in the current wage.

The Self-Reliance Measure

Another form of poverty measurement is the self-reliance standard formalized by Robert Haveman of the University of Wisconsin-Madison and Andrew Bershadker of the U.S. Department of the Treasury. The self-reliance measure reflects "the capabilities of families to meet some minimum level of living by means of their own efforts."[26] A family must meet this minimum level of consumption, excess of needs, by using its own resources in order to be considered self-reliant. Nobel Prize Winner Amartya Sen argues, "the reorientation from an income-centered to a capability-centered view [of poverty] gives us a better understanding of what is involved in the challenge of poverty" and influences the concept of self-reliant poverty.[27]

Haveman and Bershadker contend that there is both a conceptual and a policy-related reason to support a poverty indicator such as self-reliance. Conceptually, the idea of a self-

[25] Charles Brown. *Minimum Wage Laws: Are They Overrated?* Journal of Economic Perspectives. Summer 1988.
[26] R. Haveman and A. Bershadker. *Self-Reliance as a Poverty Criterion: Trends in Earnings-Capacity Poverty, 1975-1992*. American Economic Review. Vol. 88, No. 2, 343. 1998.
[27] R. Haveman and M. Mullikin, *Alternatives to the Official Poverty Measure: Perspectives and Assessment*. Online. www.irp.wisc.edu/research/method/havemanall.pdf, 11.

reliant poverty measure focuses on the long-term aspects of a person's life and their permanent capabilities. Under this measure, it is important to identify those who are incapable of meeting a minimum level of consumption, as they are the ones who will have long-term poverty problems. With respect to the policy-related argument, government welfare programs induce inefficient behaviors. People come to rely on these welfare programs and public transfers, which generate "more long-term poverty as recipients come to depend on government support, and fostering the creation of a dysfunctional social class."[28]

The self-reliant poverty measure uses the net-earnings-capacity (NEC) poverty definition as a measure to determine whether families are capable of meeting some minimum level of living on their own efforts. Families considered to be NEC poor are "unable to generate an annual net income stream equal to or greater than their family-specific poverty line, even when the human and physical capital of all adults is fully utilized."[29] Haveman and Bershadker obtained data from the Current Population Surveys (CPS) to estimate the NEC. The standard ignores "a variety of other required expenses such as transportation and clothing cost associated with full-capacity work."[30] These data were dropped from their regression analysis due to constraints in the CPS. By disregarding certain key expenses associated with full-capacity work, the self-reliant poverty measure may provide an upward bound on Haveman and Bershadker's NEC estimates.

The self-reliant measure possesses some drawbacks as a poverty measure standard. First, the "estimate of NEC reflects the application of one set of complex statistical techniques to

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28 *Ibid.*

29 R. Haveman and A. Bershadker. *Self-Reliance as a Poverty Criterion: Trends in Earnings-Capacity Poverty, 1975-1992*. American Economic Review. Vol. 88, No. 2, 343.1998.

30 R. Haveman and A. Bershadker. *The 'Inability to be Self-Reliant' as an Indicator of Poverty: Trends for the U.S., 1975-97*. Review of Income and Wealth. Vol. 47, No. 3, 344. 2001.

survey data, and equally defensible procedures might lead to somewhat different results."[31] Second, obtaining the poverty status data from the CPS does not result in the optimal estimation methodology. Ideally, poverty status data should be attained through statistical estimates incorporating a number of variables. Third, "only those capabilities that are reflected in market wages are captured in the measure; the potential services of other valuable, though nonmarketed, capabilities are neglected."[32]

The government could enact policies to reduce the self-reliant poverty level by encouraging independence rather than reliance on income supports. First, by "increasing the level of education, training, skills, and other human capital characteristics of those at the bottom of the capability distribution" government can help move individuals from poverty status.[33] Second, it is possible to reduce self-reliant poverty by "increasing the 'return' that the least capable members of society receive on the use of their human capital."[34] This could occur by raising the minimum wage or subsidizing specific costs for those in the lowest income brackets. For example, creating a subsidy for childcare costs would reduce poverty by decreasing the amount of income spent on childcare costs and increasing income for other goods and services.

The self-reliant poverty measure as a theoretical concept is an interesting alternative in measuring poverty. As a poverty standard, it reduces the economic and policy role of government by setting a standard for families to live without government assistance. It is a measure that rests on individual capabilities and seeks to identify those in the population who are considered the neediest. The differences between the self-reliant poverty measure and other

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[31] R. Haveman and M. Mullikin, *Alternatives to the Official Poverty Measure: Perspectives and Assessment*. Online. www.irp.wisc.edu/research/method/havemanall.pdf, 11

[32] *Ibid.* 14.

[33] R. Haveman and A. Bershadker. *The 'Inability to be Self-Reliant' as an Indicator of Poverty: Trends for the U.S., 1975-97*. Review of Income and Wealth. Vol. 47, No. 3. 344. 2001.

[34] *Ibid.* 357.

measures of poverty suggest that "no single poverty measure has a monopoly in identifying the number of people in a nation who are destitute, and the growth and composition of the poor."[35] As Haveman implies in his discussion of self-reliance, different poverty measures are not substitutes but complements.

The Living Wage

Living wage laws increase the wages for "low-wage, low-skill workers and low income families" in specific localities.[36] The existence of living wage ordinances dates to 1994. These ordinances started in Baltimore, Maryland and expanded to approximately 100 other areas in the United States.[37] By raising the wages low-skill and low-wage workers receive, local governments attempt to reduce their poverty levels, an occurrence which can affect their economies positively.

Living wage laws have three basic components:

1. establish a wage floor that is higher than the federal and state minimum wage;
2. calculate for a family of three or four with one full-time workers reaching the federal poverty line; and
3. exhibit narrow coverage—generally for companies that receive business assistance from the city or for businesses under contract with the city.

Companies that receive business assistance from local governments benefit from "financial assistance, tax abatements, grants, low-interest loans, and many other forms of government assistance." These incentives encourage companies to increase their wage floor to the regulated living wage.[38] Areas with contractor-only living wage laws clearly define which jobs and responsibilities workers must undertake in order to qualify for the living wage. Approximately one percent of workers receiving living wage coverage live in areas with contractor-only

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[35] R. Haveman and M. Mullikin, *Alternatives to the Official Poverty Measure: Perspectives and Assessment*. Online. www.irp.wisc.edu/research/method/havemanall.pdf, 11.
[36] *Ibid.*
[37] Scott Adams and David Neumark. *A Decade of Living Wages: What Have We Learned?* California Economic Policy. Vo. 1, No.3. July 2005. Public Policy Institute of California. Online. http://www.ppic.org/content/pubs/EP_605SAEP.pdf, 2.
[38] *Ibid.* 2.

legislation, while most other areas with living wage ordinances have some form of business assistance.

Scott Adams and David Neumark of the Public Policy Institute of California assess the impact of living wage ordinance on low-wage, low-skilled workers in order to determine if the legislation meets its goal. The July 2005 study found that living wage laws increase the wages of the workers who receive the lowest-wages but may decreases the employment rate of low-skilled citizens.[39] By analyzing metropolitan statistical areas with living wages laws, the authors show that a 50 percent increase in the living wage creates a three percent increase in wages for citizens making less than the 10th percentile of earnings who live in business assistance areas.[40] On the other hand, a 50 percent increase in the living wage decreases employment in business assistance areas for this income group by six percent.[41] The effects of increasing living wages for contractor-only areas are statistically insignificant. Furthermore, a 50 percent increase in living wages deceases an area-level poverty level by 1.7 percentage points.[42] These findings illustrate mixed results for the success of living wage legislation, as both wages and unemployment for low-wage earners increase.

The outcomes of the statistical analyses conducted by Adams and Neumark demonstrate the major criticisms of living wage policies. One critique emphasizes that the mandated wage increases act as a tax on low-skilled labor, which ultimately decreases employers' demand for low-skilled workers.[43] The increase in unemployment for low-skilled workers in business assistance areas could reflect such an occurrence. Additionally, living wage policies may assist low-skilled teenager's more than low-skilled adults. Young laborers have the potential to

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[39] *Ibid.* 1.
[40] *Ibid.* 6.
[41] *Ibid.* 7.
[42] *Ibid.* 9.
[43] *Ibid.* 2.

increase their skill levels with time. This makes young workers more attractive job candidates than adult workers who may not be able to improve their work competence. As a result, employers may hire younger workers at the living wage than low-skilled adults.

The authors conclude that cities may have to supplement their living wage policies with other programs so that low-skilled adults, who may belong to low-income families, receive financial assistance to assuage their poverty. Localities need to be aware that "low-wage workers are not synonymous with low-income families."[44] Finally, in order to achieve the desired decrease in poverty rates with an increase in the living wage, localities must enact less restrictive living wage laws, like business assistance laws.[45] However, broader living wage laws do not give companies an incentive to hire primarily low skilled workers, whereas contractor-only laws could mandate businesses to employ low-skilled laborers. Living wage legislation may improve the overall economies of localities; however, it may not address the issue of low-skilled worker unemployment and subsequently low income.

The Self-Sufficiency Standard

"The Self-Sufficiency Standard for Virginia," written by Dr. Diana Pearce and Jennifer Brooks for the Action Alliance for Virginia's Children and Youth, establishes an estimated wage that Virginia residents would need for self-sufficiency. Self-sufficiency reflects an economic state in which employed residents receive wages that "adequately meet [their] basic needs—without public or private assistance."[46] The Standard calculated in this report estimates the income a family needs to acquire all basic goods simultaneously, as opposed to the family being

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[44] *Ibid.* 18.
[45] *Ibid.* 17.
[46] Diana Pearce and Jennifer Brooks. *The Self-Sufficiency Standard for Virginia. Six Strategies for Economic Self-Sufficiency.* July 2002. Online. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, 1.

able to afford only some of the basic commodities.[47] While the authors promote the idea that all citizens should be self-sufficient in the long-term, the Standard does not consider long-term spending and saving activities, such as purchasing a car, investing in a retirement account, financing college tuition or funding medical emergency expenses.[48] Overall, the Standard indicates the wages that families need in order to begin the process of self-sufficiency.

The self-sufficiency wage for Virginia's regions and family types vary according to differing familial characteristics and financial burdens, which influence the amount of income needed for self-sufficiency. The authors calculate the Standard for seventy family types, ranging from one single adult to two adults and three teenage children households.[49] Additionally, the Standard wage changes geographically, as the cost of living within the state varies. By including these features into the Standard's computation, the self-sufficiency wage becomes more realistic in its assessment of living expenses.

The Self-Sufficiency Standard accounts for six basic needs: housing, childcare, food, transportation, healthcare and miscellaneous expenses. The Standard also includes possible tax refunds from the Earned Income and Child Care Tax Credits and tax expenses on food and other commodities.[50] It computes costs with the assumption that all adults in a household work full-time. The data used to estimate the cost of housing comes from the Fair Market Rents value for metropolitan and non-metropolitan areas.[51] The Standard uses the 40th percentile value of homes, where 40 percent of the homes in the area are less expensive then the threshold while 60 percent of the residences are more expensive. The authors use the 50th percentile value following metropolitan areas because of more expensive housing costs: Norfolk, Virginia Beach, Newport

47 *Ibid.* 4.
48 *Ibid.* 3-4.
49 *Ibid.* 5.
50 *Ibid.* 3.
51 *Ibid.* 5.

News, Richmond, Petersburg and the Washington, DC area. The report assumes that adults and children do not share bedrooms and there are not more than two children per bedroom.

Childcare data comes from surveys that estimate market childcare costs.[52] The Standard uses the 75th percentile for childcare costs, which entail daycare payments for infants, preschoolers, and before and after-school programs for school age children. The measure for food expenses derives from the Low Cost Food Plan, which does not include take-out, fast food or restaurant costs.[53]

Estimating the cost of transportation, the Standard assumes that all working adults need a car to get to work, as opposed to using public transportation. The authors assert that no area in Virginia has at least seven percent of its population using public transportation; therefore, public transportation is an inadequate way to measure transportation costs. The Standard calculates the fixed costs of automobiles—e.g., fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments and finance charges—using data from the Consumer Expenditure Survey for families between the 20th and 40th income percentile. Virginia's average auto insurance premium proxies the auto insurance rate used in the modeling. These data come from the National Association of Insurance Companies.

As a final note about transportation, the Self-Sufficiency Standard assumes that the cost of automobiles matches the expenses needed for a five-day a week commute to work and a once a week shopping trip. Having young children lengthens the weekday trip, as parents take them to daycare centers before going to work. The Standard measures healthcare costs as 23 percent of the premium for individuals and 25 percent for family plans adjusted with the Consumer Price

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[52] *Ibid.* 5-6.
[53] *Ibid.* 6.

Index.[54] It also includes out-of-pocket expenses for medical care uncovered by employee insurance. The final classification for basic needs is miscellaneous goods, e.g., clothing, non-prescription drugs, cleaning products and telephone service. These costs equal ten percent of the other total costs.

There are some similarities between the self-reliant poverty measure and the self-sufficient poverty measure. Both measures share the common belief that the nation's poorest families are headed by minorities and single females. These two measures also have a common purpose – determine those in the United States that are incapable of meeting some minimum level of living by their own efforts. Neither measure considers long-term needs such as cars, emergency expenses, and retirement. Importantly, both measures set the poverty rate to be much higher than would the federal poverty measure.

There are also major differences between the two standards. The self-reliant poverty measure, like the federal poverty measure, sets a line delineating poverty. The Self-Sufficiency Standard sets a living wage for a family of a given composition in a given place to meet its basic needs adequately—without public or private assistance. The Self-Sufficiency Standard also fluctuates due to the location and composition of a family while the self-reliant standard varies with family/demographic characteristics but not with geographic locations.

The Self-Sufficiency Standard Critique

Few written criticisms exist for the self-sufficiency wage, as it is relatively a new standard. One critique is that it does not account for productivity or value of the product/service that the recipient of the self-sufficient wage would deliver.[55] Many economists believe that wages

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[54] *Ibid.* 7.

[55] David H. Ciscel. *The Living Wage Movement: Building a Political Link from Market Wages to Social Institutions*. Journal of Economic Issues. Vol. 34, No. 2. 2000.

should reflect the quality of labor that workers produce. By advocating a certain wage for employees, self-sufficiency supporters stipulate the types of services that deserve a higher wage. Others argue that the self-sufficiency measure is unrealistic and conflicting. Ellen Mutari of *Dollars & Sense* responds to the notion that self-sufficiency is a state where people do not depend upon public assistance by writing,

> "Just as middle-class families rely on federal transportation subsidies, federal highway spending, and mortgage deductions, low income families depend on public subsidies for basic needs. There's no reason to expect poor women to be self-sufficient when no one else is expected to meet that goal."[56]

While the authors of the self-sufficiency report advocate low-income families receiving subsidies, like TANF, to help them reach economic independence, their support contradicts their definition for self-sufficiency. Furthermore, their standard does not reflect the reality of social and political interactions between citizens and the government, which may decrease the need to acquire so much income to meet basic needs.

In lieu of having few published reviews of the Self-Sufficiency Standard, policy analysts may compare the standard with other poverty wages, furthering their critique of the new method. A relative strength of the Self-Sufficiency Standard lies in its variability. The Self-Sufficiency Standard, calculated for various family compositions and geographic locations, provides a better estimate of the cost of living for families meeting their basic needs than the other standards. The number of members in a family affects the cost of food, clothing, housing and other essentials; therefore, a fluid estimate of the living wage would be more accurate than a fixed estimate that the living and minimum wage laws propose. Furthermore, the cost of living across and within states substantially fluctuate family living expenses. For example, housing for Buffalo, NY

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[56] Ellen Mutari. *Self-Sufficiency: An Elusive Goal*. Dollars & Sense. July 2001. InfoTrac. Online. http://web6.infotrac.galegroup.com/itw/infomark/837/417/70774823w6/purl=rc1_ITOF_0_A77384519&dyn=30!xrn_46_0_A77384519?sw_aep=viva_wm.

residents is about $238,000, which is $757,000 less than Manhattan, NY housing, at $994,000. National living expense estimates, such as the national minimum wage laws and the federal poverty measure, significantly miscalculate living costs for many areas throughout the country. The Self-Sufficiency Standard does not have this problem, as it varies according to cities and regions.

Additionally, the self-sufficiency level establishes a more reflective level of poverty than other poverty measures. The self-sufficiency measure sets the poverty rate in the United States at a much higher level than the federal poverty measure. It captures those in the population who are not poor enough to qualify as "poor" by federal guidelines but who are still incapable of being self-sufficient. Unlike the official poverty measure, which draws essentially arbitrary lines, the Self-Sufficiency Standard produces a living wage that is reflective to a family's capability of meeting its basic needs. The Self-Sufficiency Standard tries to the answer the following question: "At what point does a family have sufficient income and resources (such as health benefits) to meet its needs adequately, without public and private assistance?"[57]

In contrast with other poverty standards, the Self-Sufficiency Standard is a comprehensive measure of realistic expenses. While the federal poverty standard triples the cost of food to determine household needs, the Self-Sufficiency Standard evaluates each basic need independently to calculate the true cost of living. Furthermore, an important assumption of the Self-Sufficiency Standard demands that each adult in the household holds a full time job and cannot afford the luxury of a "stay-at-home mom" presumed in the federal poverty standard.

[57] Diana Pearce and Jennifer Brooks. *The Self-Sufficiency Standard for Virginia. Six Strategies for Economic Self-Sufficiency.* July 2002. Online. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, 1.

Thus, the Self-Sufficiency Standard includes cost factors associated with working such as childcare, taxes and tax credits, and transportation to and from work.

As a poverty measure, however, the Self-Sufficiency Standard does not address the casual motivations of why people in the United States are poor. Politicians in the United States have different methods and means for addressing the poverty issue but poverty persists. Understanding why people are poor is a key question, which the self-sufficiency method does not answer. The measure does indicate that minorities or single females head the nation's poorest families, though this does not address why these two groups are nation's poorest. Creating policy to address poverty must stem from the answer to the question, "why are certain groups disproportionately poor."

The criticism of how increasing living wages do not successfully aid low-skilled workers applies to the self-sufficiency wage. If a state decides to mandate that businesses increase their wage floor to the self-sufficiency wage, then companies are going to demand higher skilled workers, leading to an increase in unemployment for the lower skilled. If states implement strict living wage laws, stipulating that low-skilled workers should receive the self-sufficient wage, then higher skilled laborers would demand higher salaries for their services. Ultimately, low-skilled workers would receive the lowest-wage relative to others, which may lead to an increase the cost of living and result in their inability to achieve self-sufficiency.

The political gridlock in the US Congress prevents any sort of self-sufficiency wage from becoming a federal standard. Instituting the self-sufficiency wage as a replacement, or alternative to, the federal minimum wage would represent a drastic increase in input prices for producers. Lobbyists that represent small business, corporate, and other business interests would campaign heavily against any such increase. In fact, the Pearce Self-Sufficiency Standard already carries the branding of a “left-of-center” policy. Liberal women’s groups and think-tanks such as the Economic Policy Institute support the implementation of the Self-Sufficiency Standard.

According to the Self-Sufficiency Standard, a full-time employee making the current federal minimum wage in Virginia makes between less than one fourth and one third (22 percent -31 percent) of the annual income required to be self-sufficient.[58] However, price theory predicts that increasing the wage for unskilled labor above the free-market equilibrium reduces employment because the demand for labor at that price is lower all else constant.[59] If demand for unskilled workers is elastic, total earnings of unskilled workers will fall and if demand for unskilled workers is inelastic, total earnings of unskilled workers will rise. Opponents of higher wages for low-wage workers argue that raising the minimum wage does more harm than good by creating unemployment for low wage workers. Proponents argue that, overall, low-wage earners enjoy the benefits of increased earnings.[60]

Future Policy Implications

Dr. Pearce calculates the Self-Sufficiency Standard for Richmond, Virginia for a single adult at $8.57, a single adult with a preschooler at $12.45, a single adult with both a preschooler and a school age child at $15.17, and a family with two working adults and both a preschooler and a school age child at $9.08 per working adult. [61] This wage outstrips the proposed $7.25 minimum wage proposed by the Virginia Interfaith Center’s statewide minimum wage campaign

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[58] Diana Pearce and Jennifer Brooks. *The Self-Sufficiency Standard for Virginia. Six Strategies for Economic Self-Sufficiency.* July 2002. Online. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, 1.

[59] Charles Brown. Minimum Wage Laws: Are They Overrated? Summer 1988 Journal of Economic Perspectives, 134.

[60] Joint Economic Committee of the Congress of the United States. 50 Years of Research on the Minimum Wage. Feb. 15, 1995. Online. http://www.house.gov/jec/cost-gov/regs/minimum/50years.htm.

[61] Diana Pearce and Jennifer Brooks. *The Self-Sufficiency Standard for Virginia. Six Strategies for Economic Self-Sufficiency.* July 2002. Online. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, 1. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, Table 5.

and resembles the average hourly living wage of $9.05 with health benefits.[62] The comprehensive variability of the Self-Sufficiency Standard makes it an excellent evaluative tool for structuring statewide benefit programs, measuring economic growth and maximizing the efficiency of poverty-management programs. The Standard serves as a guideline for determining both eligibility and need for services, placing job seekers in appropriate positions, targeting education and job training investments, and sets a benchmark for economic evaluation and program improvement.[63]

Policy Recommendations

Federal, state, and local government officials attempt to measure poverty and income adequacy through various methods in order to improve the conditions of the impoverished and promote growth in their economies. Noting the strengths and weaknesses of the available poverty measures, we recommend cautious adoption of the Self-Sufficiency Standard. The Standard's greatest strengths are its evaluation of public program benefits and the tailored services that meet residents' needs at both the statewide and local level.

The Standard is also a precise measurement tool for calculating the increase and decrease of poverty among Virginia's working poor. Self-Sufficient wage research, particularly the specific method for calculating the wage, should be made available to county and city planners. Furthermore, voluntary adoption of living wage ordinances modeled by the self-sufficiency calculations should be proposed and encouraged in localities but not mandated by the State.

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[62] The Employment Policy Foundation. Living Wage Research. The Living Wage: Gaining Momentum. Online. http://www.livingwageresearch.org/factsheets/overview.asp.

[63] Diana Pearce and Jennifer Brooks. *The Self-Sufficiency Standard for Virginia. Six Strategies for Economic Self-Sufficiency.* July 2002. Online. http://www.sixstrategies.org/files/VApercent20Fullpercent20Reportpercent207-9.pdf, 1.

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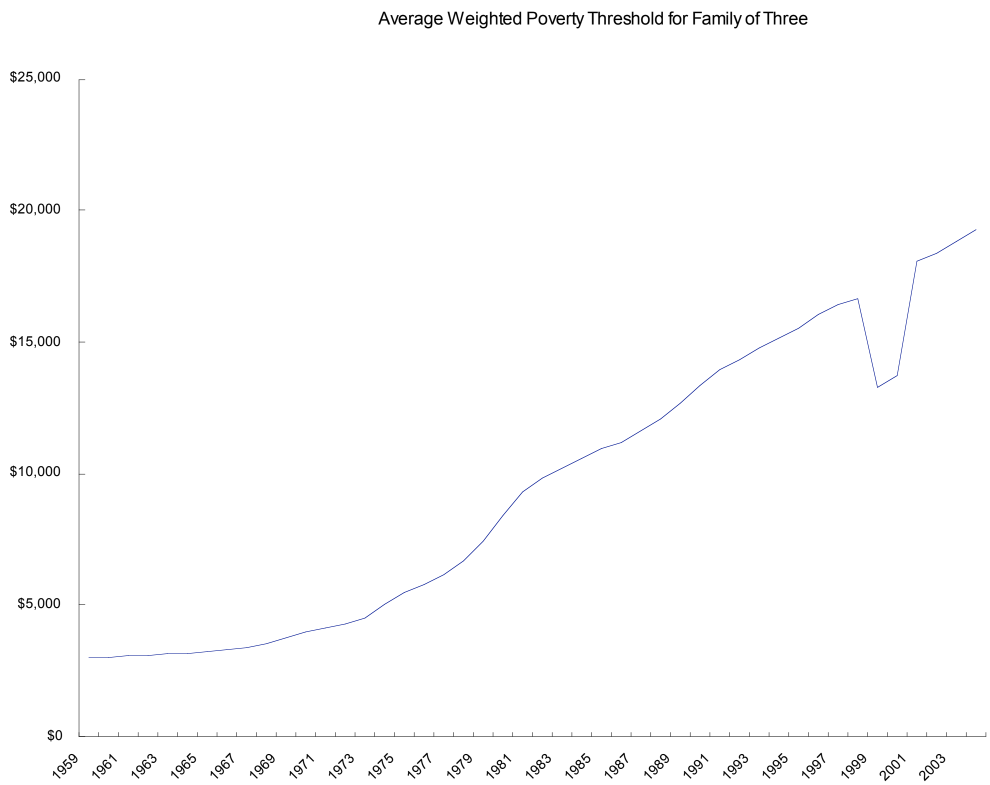
Before legislators and policy analysts adopt the Self-Sufficiency Standard, they must closely examine the general formulas and tables used by Dr. Pearce to calculate the poverty and income thresholds for each variable. Without this information, a realistic and consistent assessment of local poverty and the factors affecting it cannot be determined. Despite our efforts to contact Dr. Pearce, we were unable to obtain the models used to set the standard for Richmond or other localities in Virginia. However, the inclusiveness and flexibility of the Standard exhibit its potential as a tool for legislators and policy makers within the state. The Self-Sufficiency Standard best estimates the cost of living for state residents, relative to other measures, by calculating a more representative measurement scheme. States, however, should observe caution when implementing the Self-Sufficiency Standard. Additional research into (1) how family size demographics affects living wage levels and (2) how the living-wage affects local labor market dynamics is required for effective implementation of this standard.

Appendix A



Notes: Nominal dollars
Source: Bureau of Labor Statistics

Appendix B

Federal Minimum Wage Rates, 1955–2005

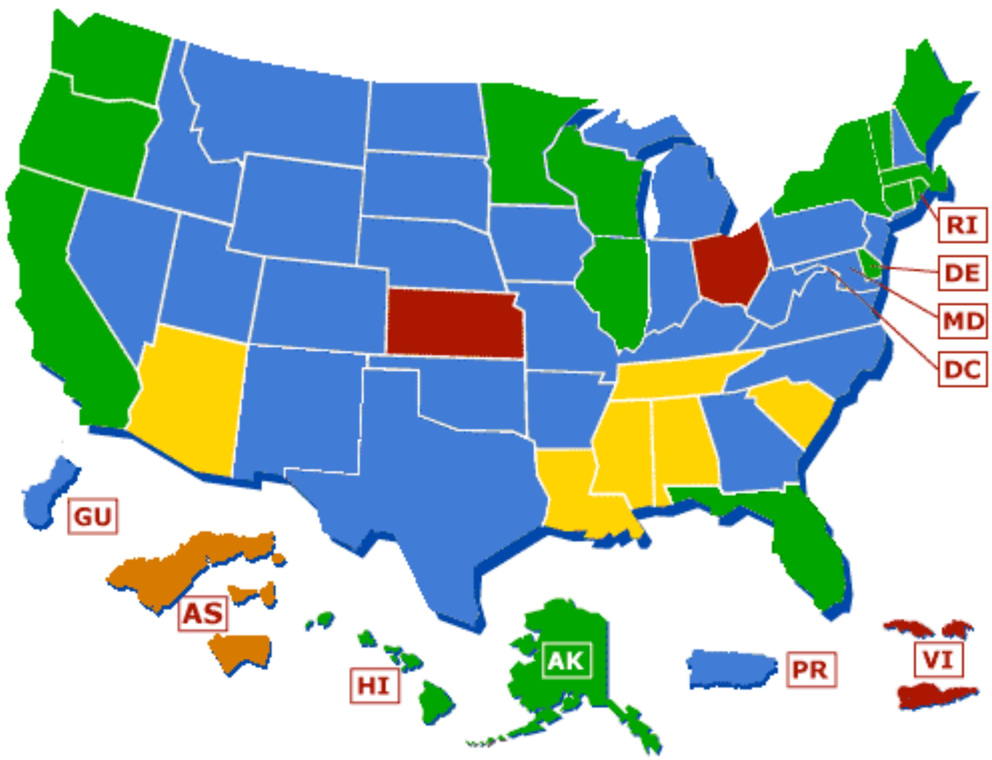
1. Adjusted for inflation using the CPI-U (Consumer Price Index for All Urban Consumers).
Source: U.S. Department of Labor. Web: http://www.dol.gov/esa/whd/flsa/.

	Minimum Wage	
Year	Nominal Dollars	Constant 1996 Dollars
1955	$0.75	$4.39
1956	$1.00	$5.77
1961	$1.15	$6.03
1963	$1.25	$6.41
1967	$1.40	$6.58
1968	$1.60	$7.21
1974	$2.00	$6.37
1975	$2.10	$6.12
1976	$2.30	$6.34
1978	$2.65	$6.38
1979	$2.90	$6.27
1980	$3.10	$5.90
1981	$3.35	$5.78
1990	$3.80	$4.56
1991	$4.25	$4.90
1996	$4.75	$4.75
1997	$5.15	$5.03
1998	$5.15	$4.96
1999	$5.15	$4.85
2000	$5.15	$4.69
2001	$5.15	$4.56
2002	$5.15	$4.49
2003	$5.15	$4.39
2004	$5.15	$4.28
2005	$5.15	$4.15

Appendix C

Minimum Wage Laws in the States - August 1, 2005

Note: Where Federal and state law have different minimum wage rates, the higher standard applies.



States with minimum wage rates higher than the Federal

States with minimum wage rates the same as the Federal

American Samoa has special minimum wage rates

States with no minimum wage law

States with minimum wage rates lower than the Federal

Minimum Wage and Overtime Premium Pay Standards Applicable to Non-supervisory NONFARM Private Sector Employment Under State and Federal Laws January 1, 2004
US Department of Labor - http://www.dol.gov/esa/minwage/america.htm

Part II: Living-Wage Campaigns and Poverty Measure Recommendations

Introduction

In Part I of *What is a Living Wage in Virginia*, we review a number of poverty measures including the federal poverty measure, the minimum wage, the Self-Reliant Standard, the living wage, and assessed the Self-Sufficiency Standard for Virginia. In Part II, we perform an in-depth analysis of living wage ordinances, focusing on successful living wage campaigns and evaluating an assortment of case studies including living wage campaigns in Virginia. Successful living-wage campaigns often require coordination and cohesion among groups with disparate aims; we illustrate the factors driving both successful and unsuccessful outcomes. Finally, we evaluate each poverty standard on a variety of dimensions and conclude by recommending cautious adoption of the Self-Sufficiency standard for use as a state-wide poverty measure for Virginia.

The Purpose and Composition of Living Wage Ordinances

According to the "Living Wage Guide 2002," the federal minimum hourly wage of $5.15 does not reflect productivity gains from labor.[64] In order to account for productivity, the authors recommend that the minimum wage be raised to $11.20. With the current minimum wage, full-time laborers earn $7,800 below the federal poverty line for a family of four. Approximately seventeen percent of the population and twenty-five percent of all children lived below the federal poverty line during 1992. As of August 2004, the percentage of impoverished Americans dropped to 12.5% while the percentage of children under the poverty line declined to 17.6%.[65] Families headed by women with

[64] David Reynolds and Jen Kern, *Living Wage Guide 2002*, P. 7.
[65] CNN Money, *Poverty Spreads*, 26 August 2004. Online.

children under the age eighteen are more inclined to be impoverished, as half of that population earned incomes below the poverty line. The report asserts, however, that women participate in the labor force as much as men but earn 71 cents to every one-dollar men receive.[66] Because of these and other poverty issues within localities, governments and citizens decided to remedy the problem by implementing living wage ordinances.

Living wage laws have three basic characteristics:

1. They set a wage floor that is higher than the federal and state minimum wages;
2. The wage is calculated for a family of three or four with one full-time worker reaching the federal poverty line;
3. Living wage ordinances exhibit narrow coverage, generally for companies that receive business assistance from the city or for businesses under contract with the city.[67]

Cities may adopt one of the following three formats for living wage legislation. The first arrangement is business assistance, where the government provides grants, low interest loans, tax abatements and other financial aid programs to businesses that adopt the living wage policy. Companies receiving such financial assistance may use government aid as economic development subsidies, which help to create more job opportunities and training programs.[68] A second model for living wage laws highlights contractor-only ordinances.[69] The legislation clearly defines wages and job criteria that are applicable to the living wage. Typically, companies in contract with the government extend the living

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http://money.cnn.com/2004/08/26/news/economy/poverty_survey/.

[66] David Reynolds and Jen Kern, *Living Wage Guide 2002*, P. 8.

[67] Scott Adams and David Neumark, *A Decade of Living Wages: What Have We Learned?*, California Economic Policy, 1:3 (July 2005) Public Policy Institute of California, Online http://www.ppic.org/content/pubs/EP_605SAEP.pdf, P. 2.

[68] David Reynolds and Jen Kern. *Living Wage Guide 2002*, P. 30.

[69] Scott Adams and David Neumark, *A Decade of Living Wages: What Have We Learned?*, California Economic Policy, 1:3 (July 2005) Public Policy Institute of California, Online http://www.ppic.org/content/pubs/EP_605SAEP.pdf, P. 2.

wage to security, parking attendants, janitors and food service workers.[70] Finally, localities may adopt living wage ordinances that combine the previous formats. Generally, business assistance laws are broader, allowing businesses to choose who may receive the living wage. On the other hand, contractor-only legislation benefits target low-skilled workers but take away the companies' ability to decide who may receive the living wage. As of December 2002, only one percent of living wage beneficiaries resided in areas with contractor-only laws, while the remainder lived in either business assistance or a combination ordinance locality.

The city of Baltimore enacted the first living wage ordinance in December 1994.[71] Council Bill 716 required city contractors to pay their service workers a minimum of $6.10 an hour. Since this legislation, over one hundred localities nation-wide implemented living wage ordinances, including Alexandria and Charlottesville, VA.[72] In order to calculate a living wage threshold, many local governments use a percentage increase of the federal poverty line.[73] Other areas wanted the living wage to reflect housing prices. Ultimately, the authors of the living wage guide insist that the living wage threshold "is a question of politics and organizing strength rather than a technical one."[74] As for the format of living wage legislation, campaigns that specify the kinds of workers that should benefit from the ordinance produce contractor-only legislation.[75] Campaigns that propose a dollar amount for the living wage and define the number of workers generate business assistance or combination designs. Logistically, local

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70 David Reynolds and Jen Kern, *Living Wage Guide 2002*, P. 30.
71 *Ibid*. P. 4.
72 *Ibid*. P. 31-32.
73 *Ibid.* P. 38.
74 *Ibid.* P. 39.
75 *Ibid.* P. 37.

governments create various enforcement agencies, such as the Department of Public Works, a Wage Commission, a Board of Estimates and the Department of Purchasing; to ensure that living wage beneficiaries receive their mandated earnings.[76]

An Evaluation of the Chicago Living Wage Campaign

In 1996, the Chicago City Council considered adopting a living wage ordinance. If passed, the proposed ordinance would raise the hourly living wage to $7.60 from the then current minimum wage of $4.25. Those affected by the ordinance would include "city contractors, subcontractors, and concessionaires, as well as recipients of subsidized loan, tax increment financing (TIF) funds, tax abatements, and other beneficiaries from city government."[77]

Before the Chicago City Council considered the living wage ordinance an economic and financial consulting firm, RCF, analyzed the proposed ordinance in a paper titled, "Economic Analysis of the Chicago Living Wage Ordinance." The authors of this study analyzed the proposed effects of the living wage by surveying 133 firms affected by the new proposal. By surveying these firms, the authors were able to extrapolate effects to the entire city. The Chicago living wage case study provides two interesting analytic viewpoints: (1) it presents a worst-case scenario for the living wage; and (2) it illustrates the politics involved with living wages.

The study found the proposed ordinance would cost the employers over $37.5 million per year in additional employer labor costs. An additional $4.2 million in "administrative cost for certification, monitoring, and enforcement of the ordinance" would add to the

[76] *Ibid.* P. 43.
[77] George Trolley et al., *Economic Analysis of the Chicago Living Wage Ordinance*, Employment Policies Institute. July 1999. P. 1.

total cost.[78] Each employer would experience an increase of $6,700 in labor costs to raise an employee's hourly wage from $4.25 to $7.60 (assuming 2000 hours of work per year). In addition to labor costs, employers would experience an increase in FICA taxes of $512.55 per employee. Thus, the cost of raising one full-time worker's hourly wage from $4.25 to $7.60 would be $7,212.55 per year.

The authors of the living wage study believed the new labor costs faced by certain employers would force employers to respond in three ways:

1. Raise prices to cover the increase in wage costs, thereby passing the costs of the ordinance on to firms' customers;
2. Reduce costs by reducing the number of workers employed;
3. Reconsider the firm's association with the city and contemplate relocating the firm elsewhere.[79]

Employers could pass the increased labor costs onto customers through price increases. As the proposed ordinance affects employers who provide services to the city of Chicago, the costs would be passed onto the city. Therefore, it is possible the city would pass on these costs through an increase in taxes, an increase in debt issuance, or a decrease in spending. If a firm passed on the additional costs, then employment would likely remain stable. However, if a firm cannot fully pass on their costs to consumers, the authors anticipated that firms would reduce their employment. Higher labor costs may cause some firms to consider relocation outside the city. If the benefits provided by the city outweigh the increased labor costs, some firms may decide to relocate.

The proposed living wage ordinance produced benefits for the employees, the state and the federal government. An employee who previously earned an hourly wage of $4.25 would have a net after-tax increase in annual household income of $5,371.45

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[78] *Ibid.* P. 9.
[79] *Ibid.* P. 11.

with the new hourly wage of $7.60. Although employees would be making more income, they would also lose benefits from federal assistance programs. As Table 1 below illustrates, the higher wage would force employees into a higher wage bracket and they would consume less federal assistance such as food stamps and Medicaid.

Table 1: After-Tax Income with Government In-Kind Benefits[80]

Annual Income and Benefits	*At $4.25/hour for 2000 hours*	*At $7.60/hour for 2000 hours*
Net After-Tax Income	$11,124.75	$16,496.20
Food Stamps	$3,721.20	$1,598.40
Medicaid Benefits	$3,408.00	$1,992.00
Total Income plus Benefits	$18,253.95	$20,086.60

The total benefit to a recipient of increasing the hourly wage to $7.60 is only $1,832.65 and the net-cost to the taxpayers, if the additional wage cost is passed on to the city, amounts to $7,212.55 per recipient. Both Chicago and the federal government increase individual income tax collections by $909 and $4,470.90 respectively, due to wage rate increases. Thus, the difference in the amount costing the city and benefiting the recipient is "due to an increase in taxes paid to the state and federal governments and a decrease in benefits received from them."[81]

The Chicago case study presents the worst-case possible for the costs associated with a living wage ordinance. While it illustrates many negative aspects of living wage implementation, this case study also shows the positive affects of the living wage. Other living wage case studies emphasize that "contracting employers were reported to have absorbed much or all of the additional labor costs without demanding increased funds from the cities."[82] Contrary to RCF's analysis, employers did not pass on increased labor

[80] *Ibid.* P. 26.
[81] *Ibid.* P. 38.
[82] Elmore, Andrew, *Living Wage Laws & Communities: Smarter Economic Development, Lower than*

costs to the city. As Table 2 below illustrates, city contract price increases remain negligible.

Table 2: Increases in City Contract Costs after Passage of Living Wage Laws, 2001[83]

Locality	*City Budget*	*Contract Cost Increase*	*Increase as a % of City Budget*
Alexandria, VA	$395,636,000	$265,000	0.07%
Berkeley, CA	$289,546,000	$229,000	0.08%
Cambridge, MA	$296,467,000	$150-$200,000	0.07%
Hartford, CT	$422,667,000	$160,000	0.04%
Hayward, CA	$135,400,000	$9,000	0.01%
Madison, WI	$159,000,000	$29,000	0.02%
New Haven, CT	$511,071,000	$20,000	0.00%
Pasadena, CA	$493,596,000	$240,000	0.05%
San Jose, CA	$645,000,000	$40,000	0.01%
Warren, MI	$136,490,000	$60,000	0.04%
Ypsilanti, MI	$13,000,000	$6,000	0.04%
Ypsilanti Township, MI	$24,745,000	$0	0.00%

Several of the cities listed above assume that contractors would pass on the entire cost of the increased wages to the city and budgeted for these impacts. However, all the cities that budgeted for these impacts found that "their projections substantially overestimated the actual impact that their living wage law had on local contracting costs."[84] As other case studies illustrate, costs moderately increased due to contractors absorbing some of the labor cost increases and the small concentrations of low-wage workers in many service contracts.

Other living wage case studies also suggest that living wage laws do not deter firms from locating or remaining in a community. Living wage ordinances do not cause harm to local economies by discouraging firms from participating in business subsidy programs. Current living wage ordinances suggest "the requirement to pay a living wage

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Expected Costs, Brennan Center for Justice, November 2003, P. 2.

83 *Ibid.* P. 6.

84 *Ibid.* P. 8.

and health benefits to employees [does] not result in fewer applicants for business subsidies" and therefore, there is little or almost no "adverse impact on subsidized economic development projects" from living wage laws.[85]

In 1996, the Chicago City Council failed to pass the living wage ordinance due to the economic costs detailed in the RCF report. Although the RCF report gave an unpromising account of the living wage ordinance, the proposal also failed for political reasons. Chicago Mayor Richard Daley opposed the ordinance and the ordinance failed to pass two separate times, once in 1996 and in 1997. In 1998, the living wage ordinance finally passed when "advocates linked the living-wage issue with proposed increases in city council and mayoral salaries, and the mayor struck a deal allowing a living-wage law covering city contracts to pass the city council."[86] The passage of the Chicago living wage ordinance illustrates how political motivations can influence the passage of living wage initiatives.

Living Wage Campaigns in Virginia

In 1997, the Tenants' and Workers' Support Committee (TWSC) launched a campaign in Alexandria, Virginia for a living wage ordinance. The TWSC is "a democratically-controlled, grassroots organization committed to winning social and economic justice and power for the people of Northern Virginia – Latinos/as, African Americans, tenants, immigrants, workers, women, youth and low-income people."[87] The campaign was successful and in June of 2000, the Alexandria City Council passed living

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85 *Ibid*. P. 11.
86 Levi, Margaret, *Living-Wage Campaigns and Laws*, Working USA, Vol. 6, No. 3, Winter 2002-3. P. 111-132.
87 Tenants' and Workers' Support Committee, Mission & Accomplishments, http://www.twsc.org/main_history.html

wage legislation. The wage ordinance applies to "contractors, excluding construction, providing services on City-owned or City-controlled property to pay a minimum wage to their employees."[88] Currently, the living wage ordinance sets the minimum wage at $11.80 per hour and is calculated by combining the average federal poverty threshold for a family of four and the average health insurance costs incurred by an employer with 500 or more workers.

Like other living wage proposals, the Alexandria ordinance faced political pressure from the local business community attempting to obstruct the passage at the state-level. The business community was successful in blocking the legislation but the Alexandria City Council then pressed the legislature for local control. The Alexandria City Council won back the right to institute a living wage ordinance for the locality.

Several other areas in Virginia implemented living wage ordinances for city contract workers. A coalition in Charlottesville successfully rallied for direct employees to earn living wage salaries.[89] The city council later implemented a living wage ordinance for all city contract workers. Employees, students and community groups convinced the University of Virginia to raise the lowest wage of $6.15 to $8.65 an hour for direct employees. The school currently is proposing a living wage policy for contract workers. Albemarle County, James City County, the College of William and Mary and Richmond have raised the wages of direct employees to living wage levels. Many areas, including Virginia Tech and James Madison University, are in the process of

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[88] City of Alexandria Division of Purchasing, *Alexandria City Council Adopts a Living Wage Ordinance*, http://alexandriava.gov/purchasing/livingwage.html

[89] *How to Organize a Living Wage Campaign*, The Virginia Organizing Project. Online. http:// www.virginia-organizing.org/articles/organize_living_wage.php.

administering living wages to employees. These localities also are trying to pass living wage ordinances for city contract workers.

Descriptions of Other Living Wage Campaigns Nationwide [90]

This section highlights a few of the more than one hundred successful living wage campaigns across the country including information about coalition efforts. As with the previously mentioned living wage campaigns, these descriptions illustrate that living wage implementation depends upon coalition building and political support.

Baltimore

- Initiated by coalition of forty-six churches and labor organizations called Baltimoreans United in Leadership Development (BUILD).
- BUILD hoped to rebuild Baltimore and provide "economic justice" to marginalized populations through its living-wage campaign.
- Living-wage ordinance passed with strong city council support in December of 1994.

Milwaukee

- In 1993, the Milwaukee County Labor Council (MCLC) initiated the Campaign for Sustainable Milwaukee (CSM). The MCLC led a group of housing activists, environmentalists, community organizers, and religious leaders in a living-wage campaign.
- Under the CSM living wage plan, private-sector firms involved in business relationships with public-sector entities (e.g. city government, county government, and the school board) were required to pay a minimum $7.70 hourly wage.
- Initially, minimum wage was set at $6.05 for city service contract employees (1995). The next year, the school board set its minimum hourly wage at $7.07. County contracts were required to pay a minimum hourly wage of $6.25 in 1996.

Los Angeles

- Los Angeles Alliance for a New Economy (LAANE), a coalition of community, religious, and labor organizations initiated a living-wage campaign after union members lost their jobs at a Los Angeles airport.
- A well-funded and organized campaign by LAANE resulted in the passage of living wage legislation in 1997 by the city council.

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[90] Levi, Margaret, *Living-Wage Campaigns and Laws*, Working USA, Vol. 6, No. 3, Winter 2002-3. P. 111-132.

Miami/Dade County

- The Community Coalition for a Living Wage (CCLW) represented the South Florida AFL-CIO and Human Services Coalition. Campaign consisted of mass phone calling, a public rally, and voter turnout efforts.
- City council passed living wage ordinance in May 1999.

Oakland

- Association of Community Organizations for Reform Now (ACORN) initiated a living-wage campaign in association with local unions, community organizations, and churches to institute a living-wage ordinance in Oakland. This campaign later expanded to cover the Port of Oakland, the city's largest employer.
- Oakland voters approved an inflation indexed living-wage ordinance in March 2002 for Port of Oakland employees. The ordinance provided for a $9.37 hourly rate with benefits and a $10.50 hourly rate without benefits.

The Significance of Coalition Building

Strong coalitions can ensure successful living wage ordinance passage and implementation but poorly organized coalitions can impede the process. Successful living wage campaign coalitions encompass a combination of labor movement, religious, community, and sometimes university student organizations. Labor unions can operate through a variety of channels to most effectively leverage resources: (1) local or central labor councils, (2) community-based organizations such as the Association of Community Organizations for Reform Now (ACORN) and the Industrial Area Foundation (IAF), and (3) civic and religious organizations.[91]

Labor movements support living wage campaigns to increase union membership, targeting previously unreachable low-wage employees in industries that "have been particularly resistant to union organizing."[92] Labor unions historically ignored the needs of female and minority low-wage employees but are now making efforts to reach these groups. Because living wage campaigns are often linked to membership drives,

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[91] *Ibid*. P. 111-12.
[92] *Ibid.* P. 113.

organized labor may see a campaign as a victory even if legislation for the targeted city or industry does not pass.[93]

Although more than one hundred successful living wage campaigns have raised wages in covered sections across the US, coalition efforts demonstrate mixed success rates. In Portland, Oregon, living wage ordinances were largely ignored and only partially implemented because coalition members did not remain vigilant or cohesive after the legislation passed. In Los Angeles, labor groups and community representatives disagreed over project-specific living wages for workers at LAX airport and DreamWorks studios. Labor groups wanted high wages for temporary construction workers who commuted to the site, while community groups favored long-term workers who would maintain the facility and remain in the area. The Chicago case shows that political machinations can be important to living wage legislation and that elected politicians will manipulate living wage legislation for their own ends.[94]

In Virginia, the Virginia Interfaith Council currently advocates raising the state minimum wage to no less than $7.25 an hour.[95] In Baltimore, the Baltimoreans United in Leadership Development (BUILD), an organization comprised of forty-six churches initiated the first living-wage campaign in the early 1990s.[96] Religious organizations and church groups take part in most of the living wage campaigns and work as coordinators and social net workers for the movements. By taking an active interest in the needs of poor workers in urban communities, churches offer opportunities for their congregations

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[93] *Ibid.* P. 114.
[94] *Ibid.* P. 123.
[95] Virginia Interfaith Center Campaign to Raise the Minimum Wage. *Legislative petition*. Online. 2005 http://ga4.org/campaign/raise_the_wage.
[96] Levi, Margaret, *Living-Wage Campaigns and Laws*, Working USA. Vol. 6, No. 3, Winter 2002-3. P. 111-132.

or parishes to engage in social and political campaigns that directly effect local community members. Churches benefit from strong ties developed by activists and community members.[97]

Community organizations are highly visible participants in living wage legislation enactment. With an agenda that most often includes mobilizing and empowering the working poor through positive action, community organizations such as the Association of Community Organizations for Reform Now (ACORN) and the Industrial Area Foundation (IAF) recruit volunteers, solicit funds, and often coordinate the living-wage campaigns.[98]

Local community and religious groups must share similar goals and develop trusting relationships with labor organizations in the coalition. Often, nationally based labor unions seek to improve conditions for their members or gain bargaining power while community groups hope to achieve long-term stability, increased employment, and a reduction in local poverty. To enact living-wage ordinances, coalitions require "solidarity- 'a little bit of church, a little bit of union, a little bit of social service, a whole lot of politics!'"[99]

Although living wage campaigns have been locality and industry-specific for the most part, there is some national interest in providing a "living wage" for federal contract workers. Data from 1999 reported that 11% of America's 1.4 million federal contract workers earned less than would be required to support a family of four at the poverty level. In addition to the contract workers who would benefit directly from proposed Congressional living wage legislation, another 59,000 workers could benefit from

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[97] *Ibid*. P. 115.
[98] *Ibid*. P. 117.
[99] *Ibid*. P. 122.

spillover effects of successful legislation.[100] Federal contract workers in certain sectors are protected by the Service Contract Act and the Davis-Bacon Act, which regulate wages for specific contracts, but as many as 162,000 in defense, service-providing, and product producing industries earn below the federal poverty line.[101] Congressional interest in the living wage may change the political landscape of wage setting and bring unexpected actors into the coalition partnerships.

Living Wage Effects on Wages and Employment

Living wage ordinances have had lasting positive effects on income at the lower end of the wage distribution. Broader business assistance living wage laws generate lasting positive income effects at the lower end of the wage distribution.[102] On the other hand, positive effects in the higher end of the wage distribution may result from employers substituting their demand away from low skilled and toward high-skilled workers. Although standard economic theory accepts that raising the wage floor reduces employment in any labor market, some economists argue that this theory is incorrect and that raising wages can have a positive employment effect in some markets.[103] Living wage ordinances may have negative employment effects for low-wage workers – but most employment studies fail to measure where in the income distribution job losses occur.[104] Studies may also fail to capture increased wages due to longer job retention and increased work hours for low-wage workers.

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[100] Chauna Brocht, *The Forgotten Workforce – More than One in 10 Federal Contract Workers Earns Less Than a Living Wage*, Economic Policy Institute Briefing Paper, November 2000, p. 1.

[101] *Ibid.* p. 8.

[102] Scott Adams and David Neumark, *A Decade of Living Wages What Have We Learned?*, California Economic Policy, Vol. 1, No. 3, July 2005, P. 6.

[103] David Card and Alan B. Kreuger, Myth and Measurement: The New Economics of the Minimum Wage, Princeton University Press, 1995, P. 114.

[104] David Neumark and William Wascher, *Do Minimum Wage Laws Fight Poverty?*, Economic Inquiry, Vol. 40, No. 3, July 2002, P. 315-333, 332.

Evidence from living wage studies indicates that a well-targeted living wage ordinance could "generate non-trivial changes in poverty" for poor families.[105] Literature on living and minimum wage laws focuses on the impact of living wage ordinances and wage floor increases on families. Adams and Neumark ruminate, "If the gains from living wages accrue to low-wage adults and the employment losses fall on low-wage, non poor teenagers, living wages are likely to reduce poverty. But the reverse outcome is possible, with adverse outcomes for low-income families." [106]

In an analogous study on minimum wage law impacts, David Neumark and William Wascher determine the "effects of minimum wages on family incomes" by exploring the relationship between low-wage workers and low-income *families*."[107] They find that minimum wage increases result in an immediate boost that lifts some poor families out of poverty coupled with a long-term effect of keeping them out of poverty for more than a year. However, there is no measurable effect on overall poverty rates and initially non-poor families can be pushed into poverty by the long-term effects of minimum-wage increases such as unemployment, reduced hours, and the shift to more productive or higher skilled employees.[108] Due to the highly structured nature of living wage ordinances, this negative effect may be avoided by targeting wages at particular work sectors and workers.

Living wage policies have a poverty reducing effect, but do not necessarily help the lowest-wage, lowest skilled individuals.[109] Living wage ordinances create positive

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105 Scott Adams and David Neumark, *A Decade of Living Wages What Have We Learned?*, California Economic Policy, Vol. 1, No. 3, July 2005, P. 10.

106 *Ibid*. P. 4.

107 David Neumark and William Wascher, *Do Minimum Wage Laws Fight Poverty?*, Economic Inquiry, Vol. 40, No. 3, July 2002, P. 315-333, 318 (emphasis in original).

108 *Ibid*. P. 326.

109 Scott Adams and David Neumark, *A Decade of Living Wages What Have We Learned?*, California

income effects and may have positive employment effects for poor workers between the tenth and fiftieth percentiles of the wage distribution. Researchers believe that both preservation of wage spreads between covered and uncovered workers and shifts in demand for more-skilled workers cause these positive wage effects.[110]

"Living wages deliver net benefits to families at or near the poverty line" but not those far below it.[111] This may have the perverse effect of pushing some low-income families out of the maximum wage bracket for receiving state-funded benefits such as Medicaid, food stamps, and school-lunch programs without enabling them to afford the private equivalent of these services.

For more specific descriptions of how living wage ordinances influenced employment, the following text details employment effects for a few localities:

> **Boston**
> Studies estimate that a fifty percent increase in the living wage decreases employment by fourteen percent, while increasing the number of full-time employees and the number of hours worked by retained employees.[112]
>
> **Los Angeles**
> In Los Angeles, surveys found that eighteen percent of firms in covered industries reported some decrease in employment, but that 50 percent increase in the living wage would result in a three percent decrease in employment.[113]
>
> **San Francisco**
> In San Francisco, analysis of home health care living wage ordinances found that an hourly wage increase of $1 increased the probability of a new worker remaining for a year by 17 percentage points. Overall annual retention rate of new workers in the field rose by 89 percent.[114]

Economic Policy, Vol. 1, No. 3, July 2005, P. 18.
[110] *Ibid*. P. 10.
[111] *Ibid*. P. 11.
[112] Scott Adams and David Neumark, *A Decade of Living Wages What Have We Learned?*, California Economic Policy, Vol. 1, No. 3, July 2005, P. 8.
[113] *Ibid*. P. 8.
[114] Candace Howes, *Living Wages and Retention of Homecare Workers in San Francisco*, Industrial Relations, Vol. 44, No. 1, P. 139-162, 140.

Perspectives and Responses of Employers

To measure the effects of living wage ordinances on employees and employer opinions of living wage ordinances, researchers Grant and Trauntner surveyed both employers required to pay living wages and employers who signed on to the mayoral incentive program to voluntarily pay living wages to employees in Tucson, Arizona. Although the majority of employers interviewed supported the living wage ordinance, employers gave a variety of reasons to oppose it, complaining of higher wages for affected employees and others to maintain wage differentials and changing how payroll is reported.[115] Employers simply absorbed the increased costs of higher wages, opting to neither leave the city nor raise prices significantly.

Employers exempted from the living wage ordinances had the option of joining the mayoral Good Business Partnership Program, which provided community recognition of the employer's efforts to provide a "living wage" to its employees. Employers who registered either already paid higher wages or represented sectors that did not have to increase wages for many workers. Unfortunately, the mayor's office failed to promote the program actively and provided no other benefits for joining.

Employers subject to a living wage ordinance reported significant reductions in absenteeism, turnover, theft, accidents, and overtime hours, and an increase in productivity and morale.[116] Employers who made no work-place changes reported none of these benefits. They also reported few advantages of joining the mayor's program. Grant and Trautner suggest that the program would profit from a change in the incentive

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[115] Don Grant and Mary Nell Trautner, *Employer Opinions on Living Wage Initiatives*, Working USA, Vol. 8, Sept. 2004, P. 71-82, 76.
[116] *Ibid*. P. 75.

structure or advertising benefits.[117] The existence of a mayoral program and the positive reinforcement that businesses receive from the community exhibit another facet of community activism and coalition efforts to create and enforce living wages.

Conclusion

More than one hundred localities have passed living wage ordinances, with varying measures of success. Living wage activists came together "out of frustration with Congress' failure to enact a minimum wage that lifts families out of poverty."[118] If properly structured and targeted living wages have the ability to reduce local poverty, decrease the consumption of state and federal assistance, and lead to financial independence. As the Chicago case study illustrates, when a living wage standard is applied the consumption of federal assistance by those affected by a higher wage will decrease. A higher wage forces beneficiaries into new and higher income brackets. If a beneficiary is in a higher income bracket then they will receive less federal/state assistance, as they are now able to afford a higher consumption of goods.[119]

Unfortunately, a higher wage does not always mean a beneficiary is self-sufficient. Lowering the amount of federal assistance may cause those benefiting from a higher wage but who are still at or below the poverty line to remain in their current situation instead of their being able to become self-sufficient. Although a living wage may make some recipients better off in the short-run, in the long-run these recipients are still in poverty. In the short-run, recipients of living wage ordinances benefit from more disposable income but the living wage does address the long-term effects of poverty. It

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117 *Ibid*. P. 79.

118 Chauna Brocht, *The Forgotten Workforce – More than One in 10 Federal Contract Workers Earns Less* T*han a Living Wage*, Economic Policy Institute Briefing Paper, November 2000, p. 1.

119 George Trolley et al., *Economic Analysis of the Chicago Living Wage Ordinance*, Employment Policies Institute. July 1999. P. 26.

may behoove local and state governments to invest in human capital programs that target those receiving living wages. Job training programs and education classes deal with the long-term problems of poverty and do not simply provide a quick fix to poverty addressed by living wage ordinances.

Although many politicians may consider living wage ordinances to be only a short-term solution to poverty, it is however, moving in the right direction. Living wages do not necessarily mean a recipient is Self-Sufficient. As seen in Appendix D, living wages are below what is considered to be a Self-Sufficient wage. The table compares existing living hourly wages and the corresponding self-sufficient wage displays the wages from the "Living Wage Guide 2002" as of January 2001 and from various state Self-Sufficiency Standard reports.[120] It lists the Self-Sufficiency wage for single adults as well as for an adult who lives in a two-parent home with two children. The latter wages capture the effects of childcare and other children-related expenses. The Self-Sufficiency hourly wage for workers who live in a two-parent home with children is greater than existing living wages. According to the Self-Sufficiency Standard, most beneficiaries of current living wages are not able to reach economic self-sufficiency, though they mostly are receiving wages higher than the minimum wage and the federal measure.

Comparison of Different Poverty Measures

Therefore, it is our policy recommendation to adopt a cautious implementation of the Self-Sufficiency Standard. Compared to other poverty measures, the Self-Sufficiency

[120] Reynolds, David and Jen Kern. "Living Wage Guide 2002." pp. 31-33.
Pearce, Diana and Jennifer Brooks. Self-Sufficiency Standard Reports. Six Strategies. Online. www.sixstrategies.com

Standard is the most precise measurement tool for calculating the increase and decrease of poverty among Virginia's working poor. Table 3 below compares the different poverty measures discussed in our previous report to JLARC to the criteria listed on the left of the table.

Table 3: Comparison of Different Poverty Measures

	Federal Poverty Measure	*Minimum Wage*	*Self-Reliant Poverty Measure*	*Living Wage*	*Self-Sufficiency Standard*
Consumption Basis	✓		✓		✓
Politically Driven		✓		✓	
Targeted Impacts			✓	✓	✓
Geographic Component					✓
Family-Breakdown Component			✓		✓

Consumption Basis

- The Self-Sufficiency Standard, as well as the Self-Reliant Poverty Measure and the Federal Poverty Measure, are all based on consumption. That is, the poverty measure or level is determined by the goods consumed by individuals as opposed to setting a subjective level of earnings. The minimum wage and living wage rely on income-based thresholds to determine eligibility.

Politically Driven

- Establishment of living-wage ordinances and minimum wage levels require legislative action. Although political factors may motivate or influence the federal poverty measure, Self-reliant, and Self-Sufficiency Standards, legislative bodies do not set standard thresholds or eligibility levels. These three standards rely on a consumption based measure and are somewhat insulated from political forces.

Targeted Impacts

- The Self-Reliant Poverty Measure, the Living Wage, and the Self-Sufficiency Standard are narrowly tailored to target specific employment sectors with the end goal of establishing independent households without needs for public financial assistance.

Geographic Component

- The Self-Sufficiency Standard is the only measure with a geographic component in its allocation formula. The Standard's greatest strengths lie in its evaluation of public program benefits and the tailored services at the state and local level that meet residents' needs.

Family-Breakdown Component

- Both the Self-Reliant Poverty Measure and the Self-Sufficiency Standard account for family composition. Each standard has a different wage depending on a family's structure (e.g., two parents and one child, one parent and two children). The federal poverty measure lacks this level of specificity resulting in poverty overstatement/understatement for several populations.

Based upon this comparison of the five different poverty measures, the Self-Sufficiency Standard is the best. While the Self-Reliant Poverty Measure is similar to the Self-Sufficiency Standard and has many of the same benefits and weaknesses, the Standard's geographic component sets it apart. This vitally important difference allows this comprehensive poverty measure to adjust the monetary level of poverty from locality to locality and state to state. Without this component, a poverty measure fails to differentiate between areas in the country with higher or lower cost of living and the different wages needed to reach self-sufficiency in each. The inclusiveness and flexibility of the Standard exhibit its potential as a tool for legislators and policy makers within the state. States, however, should observe caution when implementing the Self-Sufficiency Standard. Additional research into (1) how family size demographics affect living wage levels, (2) how the living-wage affects local labor market dynamics, and (3) a close examination of the formulae and tables used by Dr. Pearce to calculate the poverty and income thresholds for each variable is required for effective implementation of this standard.

Appendix D

Figure 1: Comparison Table between Existing Living Hourly Wages and the Self-Sufficient Hourly Wage

*This table uses data from the Living Wage Guide 2002 and Self-Sufficiency Standard reports (www.sixstrategies.com). The years in parentheses indicate the most current year for living wage enactment in that locality.

Locality	Living Wage	Self-Sufficiency Wage
Alexandria, VA	$9.84 (2000) indexed to poverty threshold	$10.63 single adult
		$12.96 two adults, infant, preschooler
Baltimore, MD	$7.70 (1999)	$9.90 single adult
		$9.85 two adults, infant, teenager
Bellingham, WA	$10.00 with health benefits; $11.50 without health benefits (2002)	$7.35 single adult
		$10.63 two adults, infant, preschooler
Broward Co, FL	$9.57 with health benefits; $10.82 without health benefits (2002)	$8.69 single adult
		$11.10 two adults, infant, preschooler
Buffalo, NY	$8.08 with health benefits; $9.08 without health benefits (2002)	$6.39 single adult
		$8.72 two adults, infant, preschooler
Charlottesville, VA	$8.00 (2001)	$7.88 single adult
		$9.91 two adults, infant, preschooler
Chicago, IL	$7.60 (1998)	$9.83 single adult
		$11.45 two adults, infant, preschooler
Cook Co, IL	$7.60 (1998)	$8.57 single adult
		$10.69 two adults, infant, preschooler
Cumberland Co, NJ	$8.50 + $2.37 without healthcare (2001)	$9.17 single adult
		$11.82 two adults, infant, preschooler
Denver, CO	poverty level for family of four (2000)	$9.05 single adult
		$11.72 two adults, infant, preschooler
Durham, NC	$7.55; equal to the wage of least paid city employee (1998)	$6.71 single adult
		$7.45 two adults, infant, preschooler
Hudson Co, NJ	$7.50 and at least $2,000 per year healthcare expenses (1999)	$7.98 single adult
		$10.16 two adults, infant, preschooler
Jersey City, NJ	$7.50 (1996)	$9.89 single adult
		$11.12 two adults, preschooler, school age
Los Angeles, CA	$8.32 with health benefits; $9.46 without health benefits (1999)	$9.83 single adult
		$12.49 two adults, infant, preschooler
Miami-Dade Co, FL	$8.56 with health benefits; $9.81 without health benefits (1999)	$8.82 single adult
		$10.51 two adults, infant, preschooler
Milwaukee Co, WI	$6.25 (1997)	$7.12 single adult
		$11.28 two adults, preschooler, school age
Montgomery Co, MD	$10.25 (2002)	$12.20 single adult
		$14.85 two adults, infant, preschooler
New York, NY	$8.10 with health benefits; $9.60 without health benefits; will reach $10.00 by 2006 (2002)	$8.09-$13.59 single adult
		$8.90-$14.37 two adults, infant, teenager

San Francisco, CA	$10.00; will increase 2.5% in three years; three health insurance options (2001)	$13.26 single adult
		$16.37 two adults, infant, preschooler
Ventura Co, CA	$8.00 with healthcare; $10 without healthcare (2001)	$10.62 single adult
		$12.62 two adults, infant, preschooler