

Making Ends Meet

A Conversation about Living Wage & Just Wage

1. Definitions

Living wage (from Webster dictionary) 1. a subsistence wage; 2. a wage sufficient to provide the necessities and comforts essential to an acceptable standard of living.

(From answers.com) A theoretical wage level that allows the earner to afford adequate shelter, food and the other necessities of life. The living wage should be substantial enough to ensure that no more than 30% of it needs to be spent on housing. The goal of the living wage is to allow employees to earn enough income for a satisfactory standard of living.

Minimum wage (from Webster) 1. living wage; 2. the lowest wage paid or permitted to be paid; specifically: a wage fixed by legal authority or by contract as the least that may be paid either to employed persons generally or to a particular category of employed persons.

Poverty Threshold: is a statistical figure that is set by the Office of Management and Budget of the Census Bureau and it measures the poverty threshold of the previous year – It's an after the fact figure. It states the number of peoples who lived in poverty in the year previous. It uses a set of income thresholds that vary by family size and composition. If the total income (money income before taxes and does not include capital gains or non cash benefits such as public housing, Medicaid or food stamps) is less than the family threshold, then everyone in the household is considered to live in poverty. The poverty thresholds are updated annually using the change in Consumer Price Index for all urban consumers and the base figure is from the original threshold developed in 1963-64. – The Poverty Threshold is updated annually using the percent increase in the Urban Consumer Price Index.

Poverty Guideline is issued by the Department of Health and Human Services and is a simplified version of the Poverty Threshold (which has 48 different situation figures). It is administrative and used to determine financial eligibility for certain federal programs. It gives a set of numbers by which agencies can go by for the current year using figures from the previous year. Examples of programs that use the Poverty guideline are Head Start, Food Stamp Program, National School Lunch Program, Low-Income Home Energy Assistance Program and Child Health Insurance Program. Examples of programs that do not use the poverty guideline are TANF (Temporary Assistance for Needy Families), Earned Income Tax Credit program, Supplemental Security Income, Section 8 housing, and a large part of Medicaid (69%).

Working poor is a term used to describe individuals and families who maintain regular employment but remain in relative poverty due to low levels of pay and dependent expenses.

2. What does the Catholic Social Teaching tell us about living/just wages

The living wage is a concept central to the Catholic social teaching tradition beginning with the foundational document, *Rerum Novarum*, (On the Condition of Workers) a papal encyclical by Pope Leo XIII, issued in 1891 to combat the excesses of both laissez-faire capitalism on the one hand and communism on the other. In this letter, Pope Leo affirms the right to private property while insisting on the role of the state to require a living wage. The means of production were considered by the pope to be both private property requiring state protection and a dimension of the common good requiring state regulation.

Pope Leo first described a living wage in such terms as could be generalized for application in nations throughout the world. *Rerum Novarum* touched off legislative reform movements throughout the world eliminating child labor, reducing the work week, and establishing minimum wages.

"If a worker receives a wage sufficiently large to enable him to provide comfortably for himself, his wife and his children, he will, if prudent, gladly strive to practice thrift; and the result will be, as nature itself seems to counsel, that after expenditures are deducted there will remain something over and above through which he can come into the possession of a little wealth." (*Rerum Novarum*, Pope Leo XIII, 1891, #65)

In 1931 in *Quadragesimo Anno*, On Reconstructing the Social Order Pope Pius XI clarifies *Rerum Novarum* by warning that, in seeking to protect the worker from exploitation, society must not exploit the employer.

"...(T)he wealthy class violates (the common good) no less, when, as if free from care on account of its wealth, it thinks it the right order of things for it to get everything and the worker nothing.." (*Quadragesimo Anno*, #57)

Since then the rights for just and living wages have been reaffirmed by Pope John XXIII in *Mater et Magistra* (On Christianity and Social Progress) in 1961:

"We therefore consider it our duty to reaffirm that the remuneration of work is not something that can be left to the laws of the marketplace; nor should it be a decision left to the will of the more powerful. It must be determined in accordance with justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner. Other factors too enter into the assessment of a just wage: namely, the effective contribution which each individual makes to the economic effort, the financial state of the company for which he works, the requirements of the general good of the particular country—having regard especially to the repercussions on the overall employment of the working force in the country as a whole—and finally the requirements of the common good of the universal family of nations of every kind, both large and small." (John XXIII, *Mater et Magistra*, 1961, #71)

and again in 1963 in *Pacem in Terris* (Peace on Earth):

Furthermore, and this must be specially emphasized, the worker has a right to a wage determined according to criteria of justice, and sufficient, therefore in proportion to the available resources, to give workers and their families a standard of living in keeping with the dignity of the human person" (Pope John XXIII, *Pacem in Terris*, 1963, # 20)

The idea of a just wage was then defined in the Catholic Social Teaching as one that allows a family to have access to the basic rights to life: food, clothing, shelter, healthcare, education, security, social services and employment.

This social justice topic that touches each of the seven principles of Catholic Social Teaching:

Life and Dignity of the Human Person

This is the foundational principle, from which all the others come. It is ALWAYS important in any situation to consider the dignity of the person! We can't reduce topics to just numbers and figures, but we must consider the person that it affects. (Pope John XXIII, *Pacem in Terris*, 1963)

Call to Family, Community, and Participation

In *Centisimus Annus* (On the hundredth Anniversary Of *Rerum Novarum*) John Paul II reminded us that workers have a responsibility to take care of their family and for this "It is necessary to help these

needy people to acquire expertise, to enter the circle of exchange, and to develop their skills in order to make the best use of their capacities and resources.”

Rights and Responsibilities of the Human Person

Responsibility comes up again – the worker has the responsibility to work hard and well, producing good quality of work, but the employer also has the responsibility to provide proper working conditions, give a proper wage for the work...

Option For and With the Poor and Vulnerable

We should always remember the poor and the effect that our actions have on them. “A basic moral test of a nation is how it’s most vulnerable members are faring”... (USCCB, A Century of Social Teaching)

Dignity of Work and the Rights of Workers

Work is more than a way to make a living; it is an expression of our dignity and a form of continuing participation in God’s creation. People have the right to decent and productive work, to decent and fair wages, to private property and economic initiative. The economy exists to serve people not the other way around.” (USCCB, A Century of Social Teaching)

Solidarity

We are all people of God, wherever we are in the world. We should all to be treated with respect and be given a fair wage for our work.

Care for God’s Creation

Through the work of our hands we participate in creative acts.

3. Numbers and examples

• Minimum wage

There is a federal and state regulated minimum wage. The higher of the two is always what is used. There are 14 states that have a minimum wage higher than the federal wage along with the District of Columbia and three cities - Albuquerque, NM; San Francisco, CA; and Santa Fe, NM.

There are a few exceptions to the minimum wage.

- Tipped employees are not required to be paid minimum wage – their salary requirements vary from state to state – but the average of their base wage and the amount they make in tips has to equal the minimum wage.
- Small businesses that bring in \$500,000 or less annually can pay their employees less than minimum wage.
- Youth (20 yrs old or younger), can be paid less in the first 90 days of employment, but employers can’t fire adults in order to hire youth so they can pay them less.
- business can file for an exemption when they hire handicapped individuals paying them a reduced minimum wage to compensate for work lost in comparison to non handicapped workers.

The current federal minimum wage as of July 2009 is set at \$7.25/hr. In the last 15 years, it went from \$4.25 in 1996, to \$4.75 in 1997, \$5.15 in 1998, \$5.85 in 2007, \$6.55 in 2008 and finally reached \$7.25 in 2009.

• Can a family of four live on a minimum wage in Bryan/College Station?

Can someone who works at a minimum wage job support a family – two parents, two children under 18 yrs old?

Yearly minimum wages: \$7.25/hr * 40hrs/week * 52weeks/yr = \$15,080

Monthly costs of living for a 4 person family in Brazos County:

Housing:	\$700
Utilities:	\$200
Food:	\$250 (plus an additional \$411 in Food Stamps)
Transportation:	\$375
Medical expenses:	\$200
Monthly total:	\$1,725

$\$1,725 \times 12 = \text{Annual cost: } \$20,700$

And that doesn't include child care, clothing, phone bill, school supplies, or money for emergencies.

A good thing to note...the Poverty Threshold for 2009 was \$22,490

- **Some more facts and figures**

The 2009 Poverty Guidelines for the 48 Contiguous States and the District of Columbia	
Persons in family	Poverty guideline
1	\$10,830
2	14,570
3	18,310
4	22,050
5	25,790
6	29,530
7	33,270
8	37,010

For families with more than 8 persons, add \$3,740 for each additional person.

Annual poverty rate in 2008 was 13.2% that equals to 39.8 million persons. Up from 12.5% in 2007 and 37.3 million persons. That makes for the largest number of people in poverty since 1960!

A break down according to ethnicity:

White non-Hispanic	8.6% - up from 8.2%
Hispanic	23.2% - up from 21.5%
Black	24.7% - unchanged
Asian	11.8% - up from 10.2%

(Current Population Survey 2009 Annual Social and Economic Supplement survey of 100,000 household nationwide)

Typical Hourly Wages 2009

Occupational Area	Typical Hourly Wage Average for Texas	Typical Hourly Wage for Brazos County	Typical Hourly Wage Average for New York	Typical Hourly Wage Average for Louisiana	Typical Hourly Wage Average for Arkansas	Typical Hourly Wage Average for California	Typical Hourly Wage Average for Georgia
Management	\$35.51	\$38.11	\$42.56	\$33.42	\$31.86	\$42.06	\$35.55
Business and Financial Operations	\$24.08	\$25.27	\$26.88	\$21.09	\$20.72	\$27.78	\$24.71
Computer and Mathematical	\$26.14	\$26.97	\$29.00	\$24.41	\$21.32	\$30.90	\$24.39
Architecture and Engineering	\$25.27	\$27.33	\$29.88	\$26.74	\$26.18	\$32.19	\$25.59
Life, Physical and social Science	\$24.32	\$26.31	\$26.53	\$25.37	\$23.81	\$28.66	\$24.74
Community and Social Services	\$17.74	\$18.11	\$17.86	\$17.01	\$14.41	\$21.79	\$16.70
Legal	\$27.86	\$32.30	\$38.72	\$27.98	\$20.92	\$40.47	\$29.34
Education, Training and Library	\$18.50	\$19.76	\$22.42	\$17.17	\$16.98	\$23.83	\$18.36
Healthcare Practitioner and Technical	\$26.16	\$27.73	\$29.36	\$24.26	\$23.76	\$34.17	\$25.77
Healthcare Support	\$17.74	\$18.11	\$17.86	\$17.01	\$14.41	\$21.79	\$16.70
Protective Service	\$15.95	\$16.65	\$20.64	\$13.29	\$12.96	\$23.45	\$14.17
Food Preparation and Serving Related	\$7.61	\$7.75	\$9.50	\$7.58	\$7.65	\$9.38	\$7.71
Building and Grounds Cleaning and maintenance	\$8.71	\$8.79	\$11.53	\$8.57	\$9.07	\$11.96	\$9.27
Personal care and Services	\$7.97	\$8.10	\$10.74	\$8.69	\$8.44	\$11.69	\$9.01
Sales and Related	\$12.40	\$13.36	\$14.93	\$12.11	\$11.35	\$15.70	\$11.89
Office and Administrative Support	\$11.99	\$12.44	\$14.03	\$11.69	\$11.51	\$15.09	\$12.32
Farming, Fishing and Forestry	\$9.63	\$10.13	\$12.30	\$12.82	\$12.51	\$10.74	\$12.25
Construction and Extraction	\$13.99	\$14.12	\$19.79	\$15.50	\$14.31	\$20.96	\$14.06
Installation, Maintenance and Repair	\$15.52	\$15.83	\$18.13	\$16.20	\$15.37	\$19.66	\$16.09
Production	\$12.86	\$13.29	\$14.64	\$14.94	\$12.39	\$15.13	\$12.67
Living Wage for One Adult, One Child	\$14.95	\$15.95	\$18.83	\$15.39	\$14.50	\$19.67	\$15.16

4. Different approaches on the issues

In the United States, fiscal conservatives tend to argue in favor of the approaches recommended by Trickle-down economics, in which stimulation of the investment sector is assumed to lead to increased job opportunities and a better economy. Examples of conservative measures include lowering taxes and reducing governmental regulation of business and trade. Fiscal progressives tend toward a more direct approach, usually with increased taxes and regulation. The government funds social welfare programs like food stamps and vouchers, subsidized housing, meal plans, and healthcare, and regulating wages, or by helping the working poor become more competitive in the labor market, through such measures as job training programs, low-interest student loans, and small business loans. (Wikipedia)

There are supporters and critics of the idea of a living wage and its effects on the economy. The critics of a living wage argue that implementing a living wage establishes a wage floor, which will harm the economy. They believe that companies will choose not to hire the same number of employees at such high levels of pay. This creates higher unemployment, resulting in deadweight loss, as people who would work for less than a living wage are no longer offered employment.

Supporters of the living wage, on the other hand, argue that benefiting employees will also help the company. If employees are more satisfied earning a living wage, there will be less employment turnover. This reduces expensive recruitment and training costs for the firm. They also argue that the higher wage will boost morale. Employees with high morale are expected to have higher productivity, allowing the company to benefit from increased worker output. (Investopedia)

The Catholic Church position on the issue is best expressed by John XXIII in *Mater et Magistra* (On Christianity and Social Progress) in 1961;

“We therefore consider it our duty to reaffirm that the remuneration of work is not something that can be left to the laws of the marketplace; nor should it be a decision left to the will of the more powerful. It must be determined in accordance with justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner. Other factors too enter into the assessment of a just wage: namely, the effective contribution which each individual makes to the economic effort, the financial state of the company for which he works, the requirements of the general good of the particular country—having regard especially to the repercussions on the overall employment of the working force in the country as a whole—and finally the requirements of the common good of the universal family of nations of every kind, both large and small.” (#71)

5. Resources

Church documents:

Rerum Novarum (On the Condition of Workers), Pope Leo XIII, 1891:

www.vatican.va/holy_father/leo_xiii/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum_en.html

Quadragesimo Anno (On Reconstructing the Social Order), Pope Pius XI, 1931:

www.vatican.va/holy_father/pius_xi/encyclicals/documents/hf_p-xi_enc_19310515_quadragesimo-anno_en.html

Mater et Magistra (On the Christianity and Social Progress), Pope John XXIII, 1961:

www.vatican.va/holy_father/john_xxiii/encyclicals/documents/hf_j-xxiii_enc_15051961_mater_en.html

Pacem in Terris (Peace on Earth), Pope John XXIII, 1963:

www.vatican.va/holy_father/john_xxiii/encyclicals/documents/hf_jxxiii_enc_11041963_pacem_en.html

Centesimus Annus (On the Hundredth Anniversary of *Rerum Novarum*), Pope John Paul II, 1991:

www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_01051991_centesimus-annus_en.html

Caritas in Veritate (Charity in Truth), Pope Benedict XVI, 2009:

www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate_en.html

Websites

www.aspe.hhs.gov/ /[index.cfm](http://www.aspe.hhs.gov/index.cfm): the US Department of Health and Human Services website.

www.livingwage.geog.psu.edu

www.epi.org/content/budget_calculator