

THE WASHINGTON ECONOMY:

Working But Not Making a Living

By Kathleen Ackley

The Washington Economy Series: No. 1

Washington Citizen Action (WCA)
Northwest Federation of Community Organizations (NWFCO)
January 2000

THE WASHINGTON ECONOMY:

Working But Not Making a Living

*A Report for Washington Citizen Action by Kathleen Ackley,
The Northwest Federation of Community Organizations
January 2000*

Washington Citizen Action (WCA) is a social and economic justice organization with over 50,000 individual members statewide. In addition to its dynamic grassroots membership, WCA also includes permanent coalition partners from other community organizations, labor, senior, religious and people of color organizations. WCA has both a legislative and a non-legislative issue agenda that focuses on increasing access to health care and living wage jobs.

The Northwest Federation of Community Organizations (NWFCO) is a regional federation of five statewide, community based social and economic justice organizations located in the states of Idaho, Montana, Oregon and Washington—the Idaho Community Action Network, Montana People’s Action, Coalition of Montanans Concerned with Disabilities, Oregon Action and Washington Citizen Action. Collectively, these organizations engage in community organizing and coalition building in fourteen rural and major metropolitan areas. Each of the organizations represents a broad-based, grassroots constituency including disenfranchised and low to moderate income residents of the Northwest.

WCA and NWFCO would like to extend their thanks to the following organizations whose help was invaluable in writing this report:

Center on Budget and Policy Priorities
Economic Policy Institute
Jobs With Justice
Office and Professional Employees International Union
Service Employees International Union
Seattle Union Now Project
Washington Association of Churches
Washington Department of Health and Human Services
Washington State Employment Security Department
Washington State Labor Council, AFL-CIO
Washington State Office of Financial Management
We Are The World Daycare Center

For more information, contact:

Washington Citizen Action
419 Occidental Avenue South #609 • Seattle, Washington 98104
(206) 389-0050

Northwest Federation of Community Organizations
1905 South Jackson Street • Seattle, Washington 98144
(206) 568-5400

TABLE OF CONTENTS

I. Introduction	1
II. Defining Poverty	2
III. Why Poverty Despite Work Persists in Washington	5
IV. Solutions	12
V. Conclusion	18
Endnotes	19

I. INTRODUCTION

The State of Washington has seen tremendous economic growth in the past decade. Unemployment is at its lowest in thirty years and the economy is booming. Yet, despite these facts, more than 307,000 families (11.9 percent) live below the Federal Poverty Level in our state.¹ In families in which parents are not ill, disabled or retired, more than half, or 62 percent, work.² Such a large number of working poor indicates a public policy failure to create a sustainable economy that generates living wage jobs. Indeed, 41 percent of all job openings pay less than a living wage for a single adult, and 72 percent pay less than a living wage for an adult with two children.

A number of factors have had a direct effect on Washington's ability to create living wage jobs that support working families. These include: a minimum wage that puts working families in poverty; an increase in underemployment and contingent work; the decline of unionized work places; the lack of benefits associated with employment; and increased competition for jobs due to welfare reform. In order to create more living wage jobs in Washington, this report recommends several solutions. These initiatives include:

- Instituting a Statewide Living Wage Ordinance
- Raising the Minimum Wage
- Passing a Corporate Accountability Law
- Passing a Labor Bill of Rights
- Instituting a GI Bill for Working Parents
- Funding Work Supports
- Funding a Career Ladder Program for Low-Wage Workers

Each of these initiatives promotes living wage jobs by either directly raising workers' earnings or by expanding the opportunities for workers to get higher paying jobs. Establishing and funding these programs can help create and sustain an economy that has the ability to provide living wage jobs to all that need them.

The report is divided into four sections. The first section looks at two measures used in defining poverty, the Federal Poverty Level and the Living Wage Level. The second section provides an overview of the factors affecting the state's ability to create more living wage jobs. The third section outlines seven living wage initiatives, and the fourth and final section provides a summary and conclusion.

II. DEFINING POVERTY

There are two different guidelines that can be used to measure poverty, the Federal Poverty Level and the Living Wage Level. The Federal Poverty Level is a measure issued each year by the Department of Health and Human Services and is used by the government to determine financial eligibility for particular programs. The Federal Poverty Level for 1999 starts at \$687 a month for a single adult and increases according to family size (see Table 1). Many feel that the Federal Poverty Level is too low.³

Number in Family	Gross Monthly Income	Gross Yearly Income
1	\$ 687	\$ 8,240
2	\$ 922	\$11,060
3	\$1,157	\$13,880
4	\$1,392	\$16,700

Source: U.S. Department of Health and Human Services, <<http://aspe.hhs.gov/poverty/99poverty>>.

*The most current available, for the 48 contiguous states.

The Living Wage Level is another guideline used to measure poverty. The Living Wage Level is determined by how much a person must earn to meet all the family's basic needs, deal with emergencies and plan ahead without resorting to public assistance. In Washington, the Living Wage Level for a single adult is \$1,777 a month (\$10.25 an hour), or 259 percent of the Federal Poverty Level, and increases with family size (see Table 2).⁴

Number in Family	Gross Monthly Income	Gross Yearly Income
1	\$1,777	\$21,322
2	\$2,274	\$27,288
3	\$2,923	\$35,079
4	\$2,419	\$29,023*

Source: Northwest Policy Center and Northwest Federation of Community Organizations, "The Northwest Job Gap Study," Seattle, WA, January 1999.

*Household 4 is two adults (one of whom is working) with a toddler and school-aged child.



BERNICE MEYER

Bernice has been working as an in-home care giver with a Seattle based agency for four and a half years. She spends between 30 and 35 hours a week providing non-medical care for elderly and disabled clients so they can stay in their own homes rather than go to a nursing home.

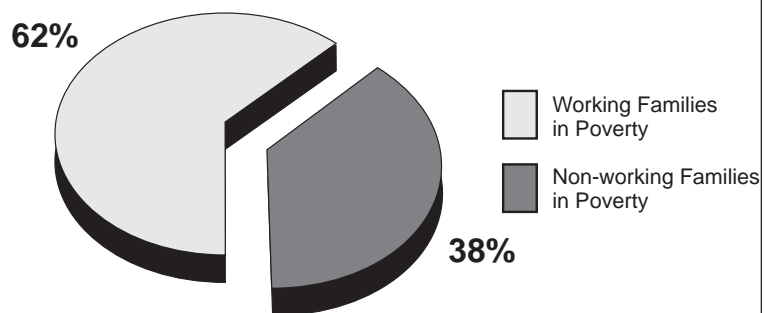
“I have been doing service oriented work all my life. I have always been drawn to work that involves caring for others. It gives me great satisfaction. I find it much more rewarding than, say, an accounting job, even though I’d get paid more.” Indeed, with her col-

lege education, Bernice could get a better paying job, but she loves her work. “More money would be great, of course, as is I live paycheck to paycheck and more money would allow me to save. And to afford a regular apartment.” When she first started working as an in-home care giver in 1995, Bernice earned \$5.32 an hour and the only benefit offered was a paid holiday at Christmas. Bernice now makes \$7.94 an hour (between \$953 and \$1,112 monthly depending on the hours) and has three paid holidays. She also has very limited paid leave and her health insurance is state subsidized.

To supplement her income, Bernice earns an additional \$60 a month providing private in-home care. Nonetheless, Bernice’s job does not pay a living wage. In fact, she is so poorly paid, she has lived at the YWCA for the past four and a half years. While she has her own small bedroom, she shares kitchen facilities with about eighteen others and a bathroom with six other people. “I have been feeling stressed and burnt out lately. I think it’s related in part to me not having more of my own space. I applied for a low-income rent assistance program, which if I get, I’ll be able to move to somewhere with my own kitchen and bathroom!” Bernice has no car and lives extremely frugally. “I don’t have any idea how anybody with a child could do this work. Not only is it physically and emotionally demanding, but it doesn’t pay.”

Chart 1 illustrates that the majority of people living in poverty in Washington, 62 percent, are employed.

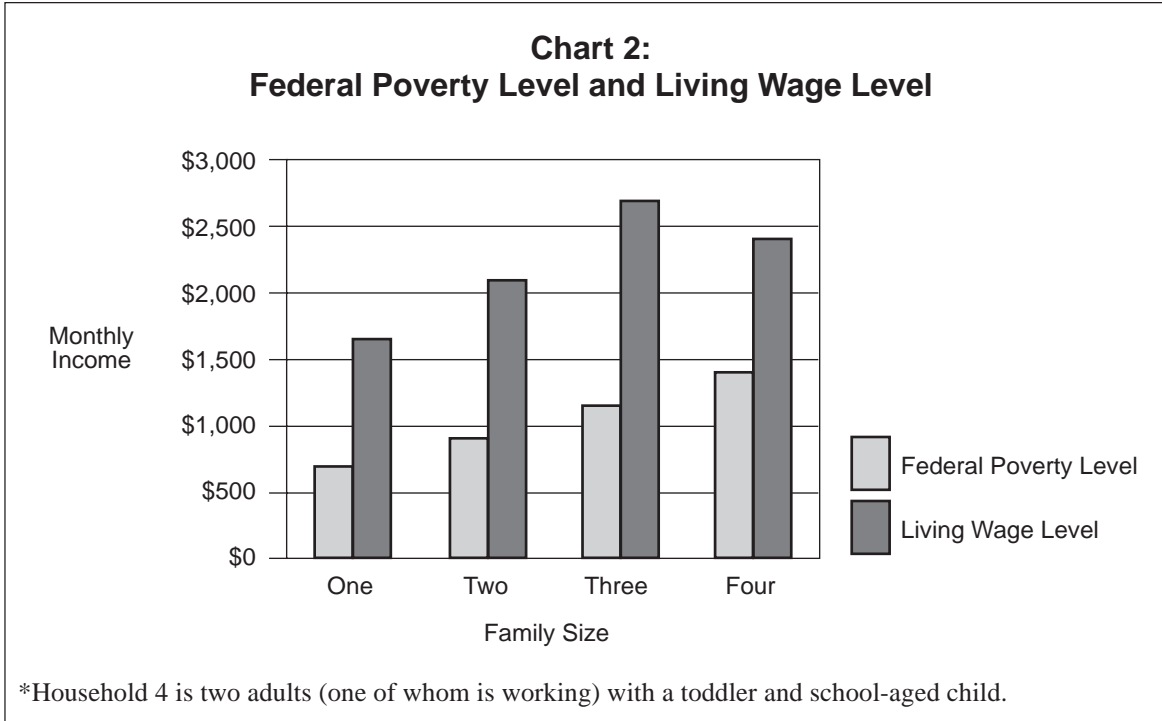
**Chart 1:
Families in Poverty: Employed vs.
Unemployed***



Source: Christina Smith FitzPatrick and Edward Lazere, “The Poverty Despite Work Handbook,” Center on Budget and Policy Priorities, Washington, DC, April 1999.

*Families in which parents are not ill, disabled or retired.

Currently, the guideline most often used to measure poverty is the Federal Poverty Level. However, this measure is a gross understatement of the income needed to support a family. Chart 2 compares the Federal Poverty Level to the Living Wage Level, demonstrating the large difference between the two poverty measures.



The Living Wage Level measure is a more accurate representation of poverty. Hence, the report uses this measure whenever possible. The report draws primarily on secondary sources for data, however, and these sources rely almost exclusively on the Federal Poverty Level. As a result, the author uses the Federal Poverty Level measure when no Living Wage Level data is available.

There are 307,000 families living in poverty in the state of Washington, when measured by the Federal Poverty Level. If the Living Wage Level is applied, the number goes up to approximately 453,100, an increase of 46 percent.⁵ In families which fall below the Federal Poverty Level, and in which parents are not ill, disabled or retired, 62 percent work.⁶ With Washington's booming economy, why are there so many working families struggling to make ends meet? The following section addresses this question.

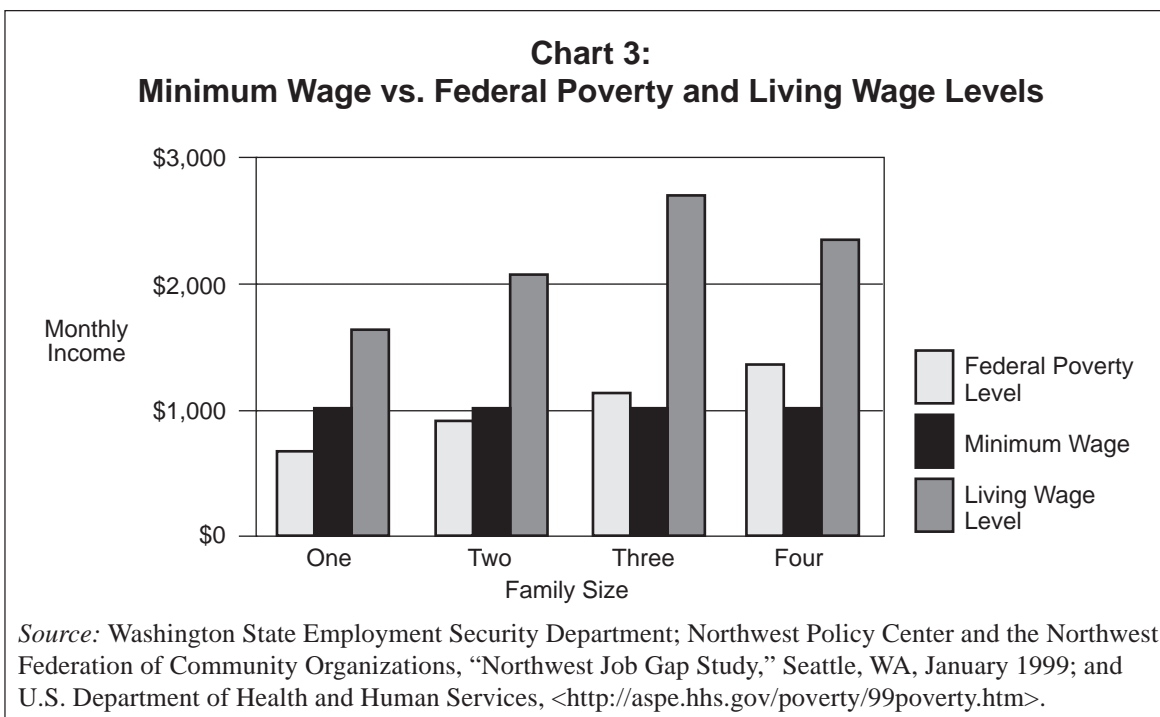
III. WHY POVERTY DESPITE WORK PERSISTS IN WASHINGTON

Working families are struggling to make ends meet because their jobs are not paying enough for them to meet all the family's basic needs, deal with emergencies and plan ahead without resorting to public assistance. In other words, they are working at jobs that do not pay a living wage. This was clearly demonstrated by the "Northwest Job Gap Study," which found that the region is not creating enough living wage jobs for all those that need them.⁷ In Washington, 41 percent of all job openings do not pay a living wage for a single adult. For a single adult with two children, 72 percent of all job openings pay less than a living wage. Not only are there not enough living wage jobs, but there are more job seekers than job openings. For each job opening, regardless of pay, there are, on average, three job seekers.

Several key factors have adversely affected the state's ability to create living wage jobs that support working families despite a strong economy. These factors include: poverty earnings for minimum wage workers; the increased use of part time and contingent workers; the decline in unionization; the lack of benefits associated with employment such as health insurance; and increased competition for less-skilled jobs due to welfare reform's emphasis on work instead of education.

FACTOR 1: Minimum Wage Jobs Put Families Below the Federal Poverty and Living Wage Levels

Every state has a minimum hourly wage under which employers cannot legally pay their employees.⁸ At least 246,000 people in Washington State, or almost 10 percent of the workforce, work at or below the state minimum wage of \$6.50 an hour.⁹ As illustrated in Chart 3, the state's minimum wage is a poverty-level wage.¹⁰ Working full time at the minimum wage earns an individual \$1,118 a month. For an adult with two children, this is 97 percent of the Federal Poverty Level and 38 percent of the Living Wage Level.¹¹



FACTOR 2: The Fastest Growing and Most Abundant Jobs Pay Poverty Wages

Washington has seen a decline in the growth of the high paying manufacturing and mining sectors, along with a rise in the low paying retail and services sectors. The occupations that employ the most people in the state of Washington are in retail, which does not pay enough to support even one adult at the Living Wage Level. As Table 3 illustrates, of the top ten occupations, only two (19 percent) pay above the Living Wage Level for a single adult or an adult with one child. Only one job category (11 percent), that of general managers and top executives, pays above the Living Wage Level for a family of three (see Chart 4). Not only are there not enough living wage jobs currently, but 71 percent of occupational categories with the most growth in Washington pay less than a living wage.¹²

**Table 3:
Washington's Top Ten Occupations**

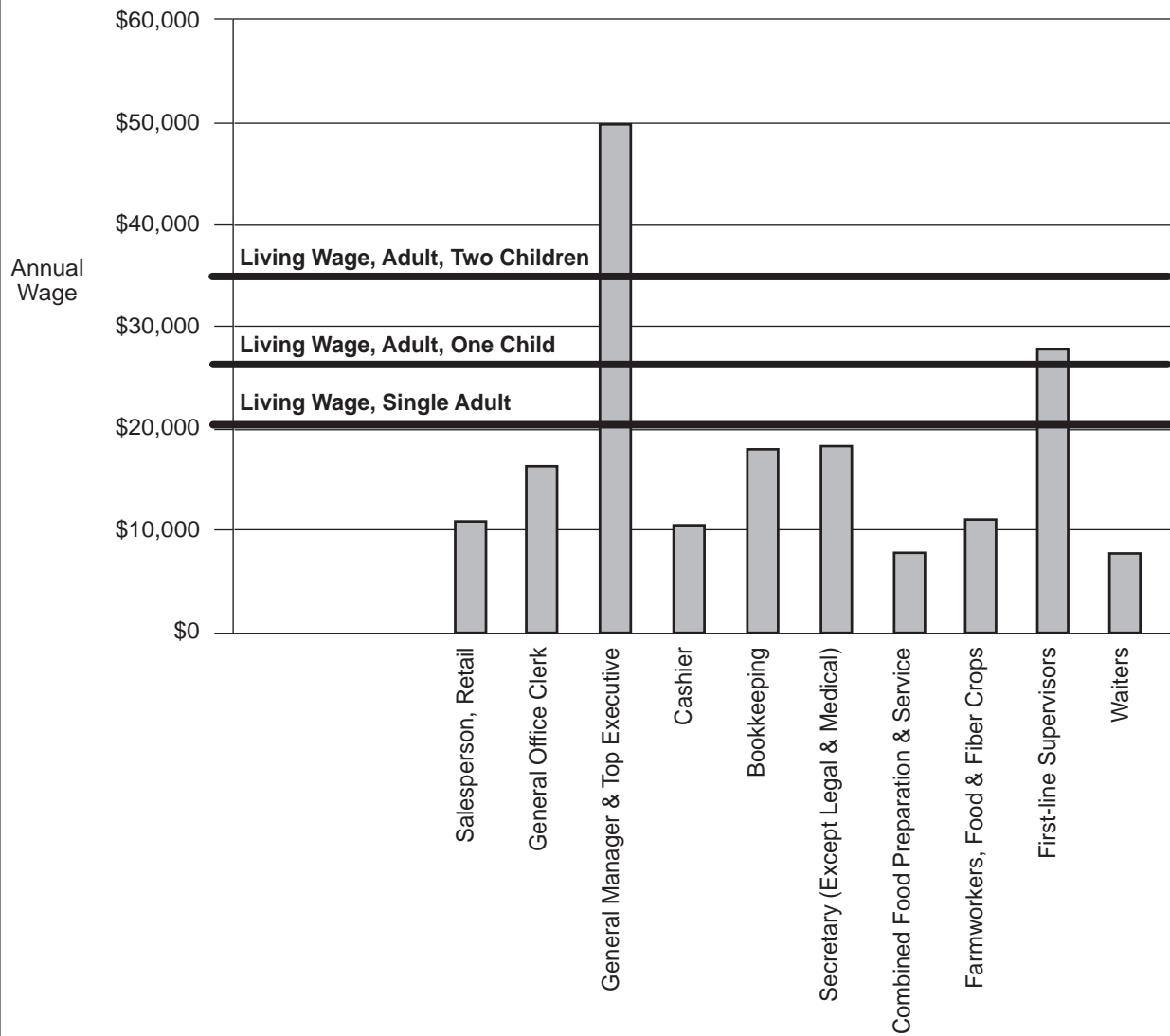
	Employment	Annual Growth Rate	Median Wage	Annual Wage*
Salesperson, Retail	89,343	2.7%	\$ 8.01	\$ 11,188.37
General Office Clerk	64,579	1.4%	\$10.46	\$16,518.43
General Manager & Top Exec.	59,810	2.1%	\$25.23	\$49,652.64
Cashier	57,659	2.8%	\$ 7.72	\$10,783.30
Bookkeeping	49,440	0.2%	\$11.55	\$18,239.76
Secretary (except legal & medical)	44,659	0.7%	\$11.71	\$18,492.43
Combined Food Prep. & Service	42,715	2.2%	\$ 5.75	\$ 8,031.60
Farmworkers, Food & Fiber Crops	39,690	-0.4%	\$ 5.86	\$11,251.20++
First Line Supervisors	39,552	2.1%	\$14.10	\$27,748.80
Waiters	39,184	1.8%	\$ 5.58	\$ 7,794.14

Source: Washington Employment Security Department, "Occupational Projections, 1996-2006," <www.wa.gov/esd/lmea> and "Statewide Occupational Wage Data," <www.wilma.org/wilma>; Bureau of Labor Statistics, "National Employment, Hours and Earnings Data," <<http://stats.bls.gov>>.

* Based on average hours worked.

++ Average hours worked unavailable. Annual wage is based on full-time, year-round employment. Due to the seasonal nature of farm work, this figure is more than likely inflated.

**Chart 4:
Top Occupational Wages vs. Living Wage in Washington State**



Source: Washington Employment Security Department, "Occupational Projections, 1996-2006," <<http://www.wa.gov/esd/lmea>>; "Statewide Occupational Wage Data," <<http://www.wilma.org/wilma>>; Bureau of Labor Statistics "National Employment, Hours and Earnings Data," <<http://stats.bls.gov>>; and Northwest Policy Center and the Northwest Federation of Community Organizations, "Northwest Job Gap Study," Seattle, WA, January 1999.

FACTOR 3: The Rise in Underemployment and Contingent Work

The rising use of contingent workers is another factor affecting the lack of living wage jobs in Washington. Contingent work is any work that does not carry the expectation by the employer or employee of regular, full-time employment.¹³ The use of contingent workers helps keep wages below the Living Wage Level by allowing employers to lower the amount of hours employees work, contract work out for lower wages, and decrease or eliminate benefits such as health



DENISE GRAY-WILEY

Denise is a 31-year-old widow who has spent the past 13 years working with children in Washington state. She currently works full time at a day care center in Seattle.

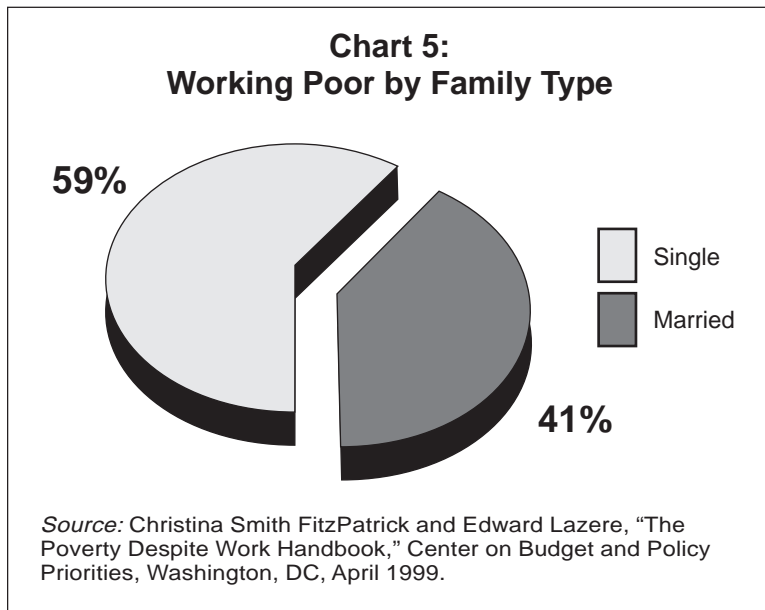
“My mom raised me by herself and I always knew this was what I wanted to do—to work with children from single parent homes. I love working with kids, but the pay is really low.”

Denise has held only two jobs in the past 13 years, and both have involved working with children. She was at her first job for five years and has now been with her current employer for eight years. Her dream is to complete her education in childhood development and to open a home to provide respite care for children.

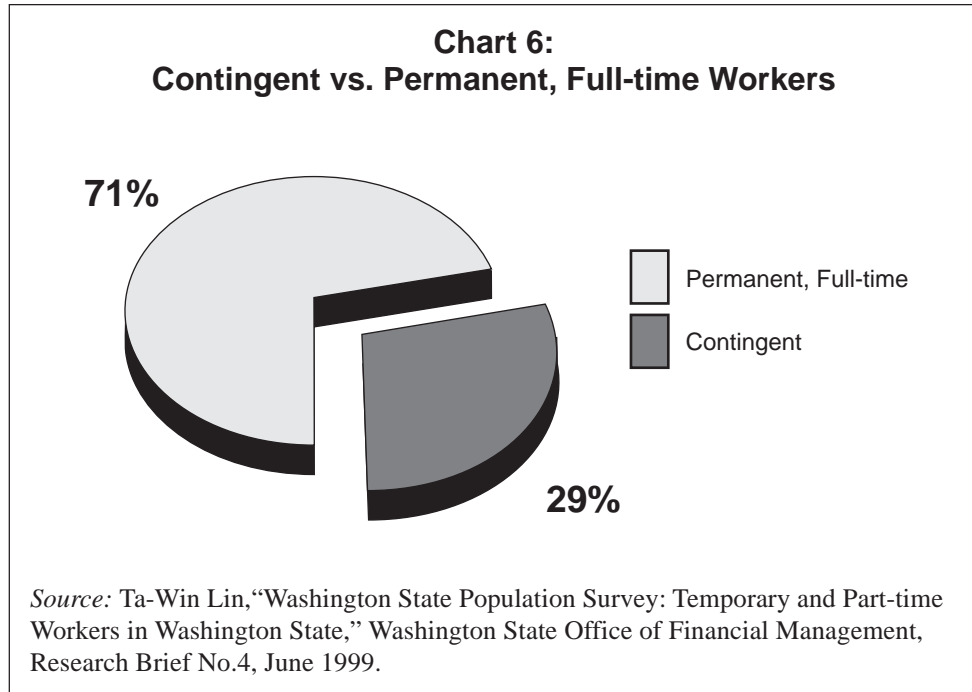
“I am lucky. The only reason I am able to survive is because of the house I inherited from my mother when she died, and I get a little financial help from my family. Otherwise, my bills are bigger than my paycheck. There’s no way I can save anything. When everything’s paid for, I’ve got nothing left over! I clip coupons and have to be very careful with my money. I’ve ended up with a huge credit card debt because that’s the only way I can pay for things like clothes and shoes. Anything above and beyond the bare necessities I have to charge. I am going to school to get my associates degree in child development. Thankfully, I have family paying the cost, because I can’t afford to on what I make. I need to start saving money so I can open up my home for children, but that will have to wait.” Her current employer helps pay for ongoing early childhood development education.

Denise brings home \$1,198 a month, which is less than a living wage. Her living expenses total \$1,209 a month. The expenses calculated do not include personal toiletries and clothing.

Chart 5 shows that a large portion, or 41 percent, of the working poor families in Washington are headed by married couples.



insurance and sick leave. Part-time workers earn as much as 44 percent less than full-time, permanent employees.¹⁴ Chart 6 shows that almost 30 percent of Washington's workforce are contingent workers: almost 20 percent of workers are in temporary positions, and another 22 percent are part-time; 10 percent are both part-time and temporary.¹⁵



FACTOR 4: The Lack of Unionized Workplaces

The level of unionization in a state has a direct effect on the proliferation of low-paying jobs. Approximately 20 percent of Washington's workforce is unionized.¹⁶ Non-union jobs pay considerably less than unionized jobs: union workers earn as much as 28 percent more than non-union workers.¹⁷ In addition, non-unionized jobs are much less likely to offer benefits such as health insurance and pension plans: 85 percent of unionized workers in large- and medium-sized businesses receive health care benefits compared to only 74 percent of non-unionized workers.¹⁸

Employer practices have made union organizing a difficult task. A study conducted on plant closings and the right of workers to organize found that:

- 80 percent (of private sector employers) hire professional consultants to fight workers' unions;
- 91 percent hold mandatory, closed-door, one-on-one meetings with employees to attack workers' unions;
- 80 percent hold one-on-one sessions with supervisors to train them to attack unions;
- 32 percent fire employees who actively help others join unions;

- 77 percent distribute literature attacking unions; and,
- 50 percent threaten to close the plant if workers form a union.¹⁹

In addition, existing labor laws are weak and poorly enforced, enabling employers to freely engage in anti-union activities, such as harassing, intimidating and firing organizers. As a result, there is a thriving, half-billion-dollar-a-year union-busting consulting industry.²⁰

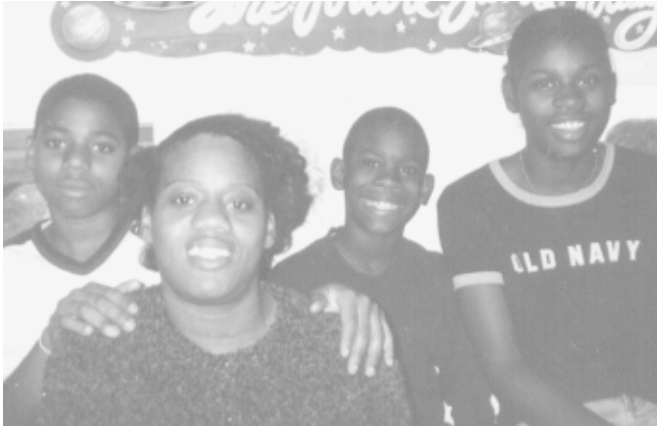
FACTOR 5: The Lack of Jobs With Benefits

Many jobs do not have employment-based benefits, such as health insurance, sick leave and disability insurance. Fifty-five and seven-tenths percent of working poor families are uninsured in Washington.²¹ Health insurance is a necessity if working families are to make ends meet. If they are not provided by the employer, workers must pay for the costs of insurance out of their own pockets. Additionally, not all employers provide coverage for spouses and dependents and many require the employee to share in the cost of the insurance premiums. In Washington, health insurance premiums can cost as much as \$200 a month for a single adult.²² For someone making less than a living wage, this cost is prohibitively expensive. Thus, many working poor families are without health care coverage.

FACTOR 6: Increased Competition for Jobs Due to Welfare Reform

One of the results of welfare reform's emphasis on work first, education later, has been an influx of less-skilled workers into the labor market. Washington's statewide welfare program²³ requires all able-bodied adults to work in return for benefits.²⁴ Attending school is not an option. More than 58,500 families receive welfare in Washington,²⁵ and since fiscal year 1996, between 8,000 and 9,000 adults have left welfare for the labor market.²⁶ This means that, since welfare reform, as many as 67,500 people have entered or are trying to enter the labor market.²⁷ With an extremely low state unemployment rate of 4.5 percent,²⁸ the addition of several thousand less-skilled workers has a negative impact on wages. Because of a lack of higher education and training, current and former welfare recipients are forced to compete with other job seekers for a limited number of less-skilled, low-wage jobs.²⁹

According to one study that looked at the number of jobs in the state available to meet the demand created by people leaving welfare, it is projected that there would be enough jobs to employ only 79 percent of former welfare recipients. However, this figure does not factor in current recipients required to work under WorkFirst or other job seekers competing for those same jobs. Factoring in these additional job seekers further decreases the ability of the labor market to absorb less-skilled workers.³⁰ In fact, a survey conducted by the Department of Health and Human Services found that only 64 percent of former welfare recipients were currently employed. Those lucky enough to find work are employed in low-paying occupations such as clerical, retail, and food and beverage service.³¹



BARBARA METCALF

Barbara is a single parent, working full time in day care to support three children. She is 29 and cares for her 11-year-old son, as well as her 13-year-old niece and 9-year-old nephew. Barbara has been struggling to get off public assistance since she was 19 years old. "I had my son when I was really young and I almost didn't finish high school. I finished late, but I finished." She just recently returned to day care after attempting

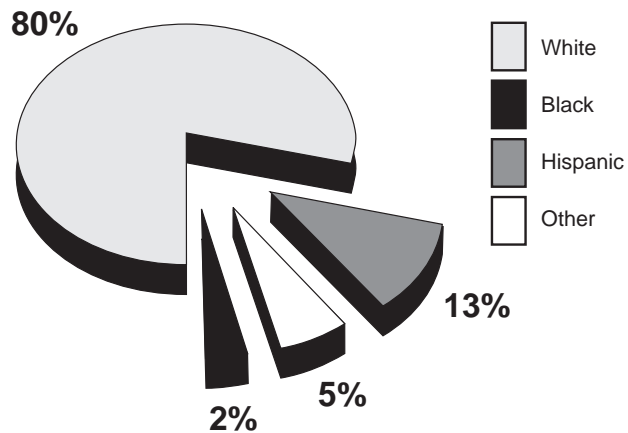
to pursue a college education. At the time, she was barely able to stay off welfare working in day care due to low-wages, so Barbara decided to quit her job and attend college.

"I was so tired of working for nothing that I figured I'd go to school, learn about computers and make something of myself. I got some financial assistance, but it was such a struggle to stay in school, pay all my bills and take care of my kids. I ended up quitting and going back on public assistance. I had to give up school and go back to work in day care again to keep my head above water and off welfare."

Barbara survives now by living in Section 8 housing which subsidizes her rent, and by receiving assistance for taking care of her niece and nephew. Without this help, she would have to pay \$1,100 a month in rent. As is, she brings home \$1,198 monthly, which is below the Federal Poverty Level. Once all the bills are paid and she puts \$40 into savings, Barbara has a meager \$3 left over. She is trying to save money so that she can complete her associate's degree in child development, but admits that saving any money is extremely difficult. "I budget very carefully and go to the cheapest grocery store and clip coupons. If I want to save any money I have to cut corners, like not getting the kids' hair cut or buying them any new clothes or shoes. I can't afford a car, so I walk everywhere I can to save on bus and cab fare. Several times I have had utility bills that I couldn't pay for, so I had to go to the Central Area Motivation Program for help."

Chart 7 shows the ethnicity of working poor families. People of color make up 15 percent of the workforce, but 20 percent of the working poor. Hispanics in particular are over-represented in the working poor. While they make up only 5.4 percent of the workforce, they make up 13 percent of the working poor.⁵⁰ While people of color make up a disproportionate share of the working poor, Caucasians nevertheless constitute the vast majority (80 percent) of the working poor.

**Chart 7:
Ethnicity of Working Poor Families**



Source: Christina Smith FitzPatrick and Edward Lazere, "The Poverty Despite Work Handbook," Center on Budget and Policy Priorities, Washington, DC, April 1999.

IV. SOLUTIONS

This section recommends seven initiatives to create more living wage jobs in Washington. Each of these initiatives promotes living wage jobs by either raising worker's earnings or by expanding the opportunities for workers to get higher paying jobs. These initiatives are:

- Enact a Statewide Living Wage Ordinance
- Raise the Minimum Wage
- Pass a Corporate Accountability Law
- Pass a Labor Bill of Rights
- Institute a GI Bill for Working Parents
- Fund Work Supports that Lower the Cost of Living
- Fund a Career Ladder Program for Low-Wage Workers

SOLUTION 1: Enact a Living Wage Law

A living wage law is designed to raise the wages of very low-income workers by requiring state or municipal contractors, recipients of public subsidies or tax breaks, and, in some cases, all businesses, to pay employee wages above the Living Wage Level or significantly above the federal minimum of \$5.15/hour.³² In the case of Washington State, employers would have to pay workers above the \$6.50 an hour minimum wage. No two living wage ordinances passed so far have been identical. Provisions of proposed and existing living wage ordinances include:

- Indexing the Wage to the Consumer Price Index: This allows for wages to keep pace with the rising cost of living.
- Providing Health Benefits: Wages can be set with and without health benefits.
- Vacation/Sick Leave: Paid and unpaid.
- Disclosure/Reporting Requirements: This requires companies to make public the amount of jobs created, benefits provided and rates of pay.

Other provisions that Living Wage ordinances might include are the right to organize, child care benefits and job creation goals tied to subsidies. Across the country, at least 30 living wage laws have been enacted in such cities as Boston, MA, Dayton, OH and San Antonio, TX, and in counties in North Carolina, Oregon and Wisconsin. In addition, more than 40 campaigns are underway.³³

SOLUTION 2: Raise the Minimum Wage

Washington's minimum wage puts families below the Federal Poverty and Living Wage Levels. Almost ten percent of the workforce is impacted by the poverty-level minimum wage. Washington voters recognized that the minimum wage was way too low when they passed a statewide ballot initiative in 1998 that raised it from \$5.25 an hour to \$5.70 in 1999, then to \$6.50 in 2000. In order to keep pace with inflation, the minimum wage was indexed to the CPI, beginning in January 2000. However, this wage is still far below a living wage. An increase in the minimum

wage from \$6.50 an hour to one that pays above the Living Wage Level for a single adult (\$10.25 an hour) would affect the earnings of more than 876,000 people.³⁴

SOLUTION 3: Enact a Corporate Accountability Law

Across the country, municipalities are questioning the use of public dollars to subsidize businesses that either do not produce jobs or pay poverty wages. Corporate accountability legislation ensures that public funds are spent responsibly by holding corporations receiving public subsidies accountable. The goal of such legislation is to guarantee that corporations receiving public funds are good community neighbors and that the public gets a reasonable return on its investment, such as high quality living wage jobs or community reinvestment of profits.

Corporate accountability legislation may include requirements that:

- full disclosure be made by the state as to which companies are receiving which economic development tax credits (including the value of each credit);
- assistance include a subsidy cap per new job, meaning a company must create a certain amount of new jobs per a specified amount of money; and,
- public assistance cannot be used for a company to relocate within the state.

Other provisions that a corporate accountability law might include are a requirement for a net increase in jobs, living wage requirements, and enforcement measures such as repayment of tax credits. At least 48 states and cities have enacted legislation or ordinances that require some form of corporate accountability in return for public subsidies.³⁵

SOLUTION 4: Pass a Labor Bill of Rights

Union membership helps raise workers' pay and is a valuable tool for creating more living wage jobs. Not only do unions help to ensure that workers are fairly compensated, but unionized workers are also much more likely to have health and pension benefits. According to a recent poll, almost half of working Americans (or nearly 50 million people) would join a union if given the opportunity.³⁶ A Labor Bill of Rights would ensure that workers who want to join unions can do so freely, without fear of intimidation, harassment or dismissal. Elements of a Labor Bill of Rights include:³⁷

- Right to organize protections, which would ensure that:
 - 1) Once enough cards are signed, the state labor relations board must conduct an election immediately.
 - 2) During an organizing drive, the burden of proof shifts to the employer to prove that a worker should be fired, instead of the worker having to prove that the firing was unjustified.
 - 3) If no first contract is signed within a reasonable time, a contract is imposed through binding arbitration.
- Technical assistance to low-wage workers who want to organize a union. This would require the creation of two new positions in the Department of Labor and Industry with the task of assisting low-wage workers who want to organize. It is difficult and costly for

unions to organize small, low-wage shops, which are where the majority of low-wage workers are employed.

- Ban permanent replacement of workers on strike.
- Unpaid wages: impose penalties on employers who willfully fail to pay wages on time.
- Part-time and temp workers: require employers to provide pro-rated benefits to discourage the replacement of full-time workers with part-timers and temps in order to avoid covering benefits.
- Just cause job protection: require an employer to have a just cause to fire an employee, even if there is no written contract.

The State of Vermont is considering passing such a law in 2000.

SOLUTION 5: Institute a G.I. Bill for Working Parents

One way to create more living wage jobs is to raise the skill level of low-wage workers. Education and training enables workers to compete for higher-skill, higher paying jobs. However, the cost of college tuition can be as much as \$10,000 a year.³⁸ For someone making less than a living wage, higher education is far from affordable. In order to ensure that funds are available to train and educate low-income working families, innovative funding for educational programs is necessary. One example is a program modeled after the Montgomery G.I. Bill, passed after World War II. This original G.I. Bill is a federal program designed to provide benefits, such as financial assistance for higher education, for veterans of U.S. military service.³⁹

The G.I. Bill for Working Parents, otherwise known as “Earn to Learn: Access to Education for Working Parents Program,” provides similar education benefits for low-income working families. To be eligible for Earn to Learn, families must have incomes below 200 percent of the Federal Poverty Level and have a significant work history over the past five years (at least 4,000 hours of work activities). Once a parent qualifies, she or he:

- is eligible for up to six full-time quarters in a community or technical college in a state designated demand occupation.
- has access to subsidized childcare through the state’s Working Connections Childcare Program. The supplement program will also ensure that families are able to access Medicaid and Food Stamps.

Earn to Learn would be administered by state training institutions, and community and technical colleges. Continued eligibility for the family supplement would be dependent on the participating parents making satisfactory progress in their course of study. Finally, educational programs are tied to key industries and occupations that the state has determined are in need of trained workers.⁴⁰

SOLUTION 6: Instituting Work Supports

One way to help working families employed in low-wage jobs is through work supports. Work supports bolster the earnings of the working poor by subsidizing child care, health care, and housing costs, which can take a large portion of a family’s paycheck, particularly when wages are at poverty levels.



JOAN BETHEL

Originally from Minnesota, Joan has lived in Washington State for the past 40 years. “I have been taking care of people all of my life.” Joan has also struggled against poverty all of her life. Raising her five children alone, Joan put herself through college and has a degree in sociology. She has worked as a social worker, a medical assistant, a nursing home aid and a care giver in a home for disabled adults. After being violently attacked at work, Joan decided to get out of the business of caring for others and try something new. She returned to school three years ago to study biotechnology, working part time to support herself while she attended classes. The stress

of working and attending school turned out to be unbearable and she was forced to quit. Since then, Joan has been working as an in-home care giver. Until last year, she was making a meager \$6.65 an hour. After lobbying the legislature to get a raise, Joan now makes \$7.15 an hour. “It’s still nothing, but thanks to SEIU, it’s something.” Joan has been a member of Service Employees International Union (SEIU) since she began working. Because working full-time meant being available 24 hours a day, Joan cut back her hours in 1998 once she became eligible for social security. Joan keeps up her First Aid and CPR, even though it is not required.

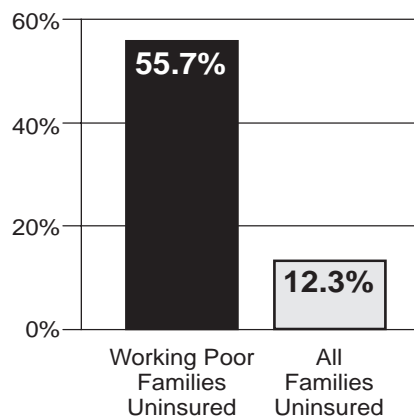
Work fluctuates greatly. Sometimes Joan has only 12 hours a week, sometimes over 30 hours. This means Joan’s monthly paychecks range anywhere from \$343 to \$858—far below the Living Wage Level. The unstable nature of her work makes Joan worry about her health care. She is not yet eligible for Medicare and she must work 20 hours a week to be eligible to receive health insurance through work. When talking of the health plan offered, the Basic Health Plan, Joan says it is basically for “emergency use only. I’m at the worst age for getting health insurance, between 62 and 65. Even if I could afford real insurance, no one would take me or it would cost an arm and a leg.”

The only way Joan survives on her pay is by living in government subsidized housing for seniors. “Almost all of us have second jobs so we can get by. I do maybe ten hours of work on the side a month.” Her dream is to retire but she cannot afford to. “I have absolutely no savings. I doubt I ever will retire, I can’t afford to! I’m just going to keep right on working till I can’t work anymore.” The union just started offering a pension plan in 1999. However, because it doesn’t start until the employee has been working for five years, Joan says, “it won’t do me any good!”

“Poverty is embarrassing. It’s like a crime. I have lived in poverty all my life, but I have developed an outside persona to hide it. There is no dignity in poverty. The world perceives you as how much you make, and I don’t make a lot.”

Chart 8 shows that in Washington, the working poor are much more likely than the general population to be uninsured.

**Chart 8:
Percentage Uninsured: Working
Poor Families vs. All Families**



Source: Center on Budget and Policy Priorities calculation using U.S. Census Bureau data from 1997-1999 Current Population Surveys (CPS).

A. Expanding Child Care Options

Considering that the majority of low-income working families include children, affordable options for childcare services are critical to getting and keeping a good job. Unfortunately, the costs of childcare can be prohibitively expensive, ranging anywhere from \$4,000 to \$10,000 annually, which is as much as college tuition at a public university. Several options are available to help working families access childcare:

- Enhance state-subsidized child care programs through increased subsidies and by expanding the eligibility level above the current 225 percent of the Federal Poverty Level.
- Increase funding for the state’s Early Childhood Education and Assistance Program (ECEAP) so that it provides year-round, all-day services as opposed to the current part-day, part-week and part-year service.
- Expand the current number of early Head Start slots for low-income parents by 50 percent and increase eligibility to at least 200 percent of the Federal Poverty Level.

B. Expanding Health Care Coverage

Low-income working parents are at high risk of being uninsured because many jobs available to them do not provide health benefits. According to the Washington Population Survey, 35 percent of parents in working poor families lack health insurance. Without coverage, accidents, illnesses, and other health conditions can have catastrophic consequences for poor families. There has been a lot of interest in expanding health coverage to low-income children. It is now time to expand coverage to their parents.⁴¹

New opportunities are now available for expansion of health coverage to working poor parents and parents transitioning from welfare to work. When Congress enacted the welfare law in 1996, it included Section 1931, a “de-linking” provision. This provision separated Medicaid and TANF eligibility, enabling states to expand Medicaid coverage.⁴² This section covers families that meet AFDC family composition rules—typically a single mother with one or more dependent children, but also two parent families. Section 1931 also gives states the option of providing Medicaid coverage to parents at higher income levels⁴³ and allows states to expand coverage by using “less restrictive methodologies” to compute a family’s income or assets.⁴⁴ Washington currently covers parents with incomes up to 200 percent of the Federal Poverty Level. Increasing this level of eligibility to 300 percent would impact a significant portion of low-income workers struggling to make ends meet.

C. Lowering the Cost of Housing

Helping lower the cost of housing can have a significant impact on the income of low-income working families. Housing is a major living cost. The median value of a home in Washington is \$150,000 and the median monthly rent is \$545.⁴⁵ For someone working at a minimum wage job, rent is half of his or her monthly paycheck. One approach to “help low-income families become homeowners, gain a stake in the community, and keep the housing affordable when the property is resold”⁴⁶ is community land trusts. In a community land trust, a nonprofit organization buys the land on which low-income housing will

be built and then leases out the property to homeowners. Community land trusts preserve land in perpetuity for low-income housing. Typically, 99-year leases are given to low-income families that buy homes on the property. There are several successful community land trusts in the Northwest, including the Ashland Community Land Trust in Ashland, Oregon and the Montana Housing Partnership in Missoula, Montana.

SOLUTION 7: Institute Wage Progression Programs and Career Ladders

Helping low-wage workers move up the career ladder into higher paying jobs is an important tool in creating a living wage economy. Both career ladders and wage progression programs raise the wages of low-income workers by giving people the opportunity to move up a job ladder by connecting low-wage, less-skill work with high-wage, high-skill work, or by increasing wages and benefits in connection with education and training.

The first program, known as a career ladder, has been a successful pilot project in Detroit, Michigan. Opportunities for low-skilled workers to gain employment with the potential for promotions and higher wages are often few and far between. There is little room for advancement flipping burgers at a fast food restaurant, but many times those jobs are all that is available. Career ladders make the essential connection between those types of low-wage, less-skilled jobs and higher-wage, more-skilled jobs. Such programs may be company specific; within a company, low-wage, less-skilled workers are given the opportunity to learn new skills and are encouraged to move up the company job ladder. A career ladder program can also involve a network of businesses, connecting employees in low-wage, less-skilled jobs with jobs in other companies that are a step up on the career ladder.

The second program, known as a wage progression program, is illustrated by a pilot project at 100 daycare centers in King County, Washington. This program is modeled after a Department of Defense wage and career ladder initiative for childcare workers. The results of that program thus far are that employee turnover has decreased significantly and “education levels of childcare workers are up and quality care of children is no longer the exception, but the rule.”⁴⁷ The King County initiative also focuses on childcare givers and connects wages and promotions to the attainment of educational credentials. The program is a testing ground for the idea that wage increments linked to relevant education, experience and responsibility will serve to keep childcare workers in the field and will engender better care of children.⁴⁸ Childcare workers earn, on average, \$7.04 an hour in Washington.⁴⁹

CONCLUSION

Poverty despite work is a troubling reality in the state of Washington. More than half of families living under the Federal Poverty Level are employed. The number of working poor reveals the inadequacy of Washington's economy to create a sustainable economy that generates living wage jobs. Of all job openings, 41 percent pay less than a living wage for a single adult. Seventy-two percent pay less than a living wage for an adult with two children.

Several factors have had a direct effect on Washington's ability to create living wage jobs that support working families. The state minimum wage puts working families in poverty. Practically 30 percent of the state's workforce is contingent. Only 20 percent of workers are employed in a unionized work place. Employment-based benefits are often unavailable and welfare reform has made a tough job market even tougher for less-skilled job seekers.

This report recommends initiatives that promote living wage jobs by raising worker's earnings and expanding the opportunities for workers to obtain higher paying jobs. Establishing and funding these programs can help create and sustain living wage jobs for those that need them the most: the working poor.

Endnotes

- 1 Washington State Office of Financial Management, "Washington State Population Survey," 1998, page 19, <<http://www.ofm.wa.gov>>.
- 2 Christina Smith FitzPatrick and Edward Lazere, "The Poverty Despite Work Handbook," Center on Budget and Policy Priorities, Washington, D.C., April 1999, pp. 19, 34.
- 3 The federal government is considering raising the levels, recognizing that the guidelines have not kept pace with inflation. Louis Uchitelle, "Devising New Math to Define Poverty," *The New York Times*, October 18, 1999.
- 4 Northwest Policy Center and the Northwest Federation of Community Organizations, "Northwest Job Gap Study," Seattle, WA, January 1999.
- 5 Ta-Win Lin, Economy and Labor Market Analyst, Washington State Office of Financial Management, Personal Communication, January 11, 2000. Numbers are from the 1998 Washington Population Survey and include families earning less than \$21,300 yearly, the approximate gross annual income at the Living Wage Level for a single adult.
- 6 Christina Smith FitzPatrick and Edward Lazere, "The Poverty Despite Work Handbook," Center on Budget and Policy Priorities, Washington, D.C., April 1999, pp. 19, 34.
- 7 Northwest Policy Center and the Northwest Federation of Community Organizations, "Northwest Job Gap Study," Seattle, WA, January 1999.
- 8 Not all states set their own minimum wage or have a minimum wage that is below the federal minimum of \$5.15 an hour. States must adhere to the federal minimum unless the state minimum wage is set higher, as is the case in Washington.
- 9 Chauna Brocht, "Characteristics of Low Wage Workers, WA, 97-98," Economic Policy Institute analysis of Current Population Survey ORG data, Washington D.C., November 1999.
- 10 Not only is the minimum wage a poverty wage, but it has not kept pace with inflation. The minimum wage reached its buying power peak in 1976, when it was the equivalent of \$6.80 in 1999 dollars. John Haws, Labor Market Information Center, State of Washington Employment Security Department, Personal Communication, November 18, 1999.
- 11 Northwest Policy Center and the Northwest Federation of Community Organizations, "Northwest Job Gap Study," Seattle, WA, January 1999.
- 12 Jobs With Justice and the National Priorities Project, "Working Harder, Earning Less," December, 1998.
- 13 Contingent work includes part-time work, seasonal work, temporary work, employee leasing, independent contracting, home-based work, and internships.
- 14 John Buckley, "National Compensation Survey Produces First Nationwide Results," *Compensation and Working Conditions Online*, Fall 1999, vol. 4, no. 3, <<http://www.stats.bls.gov/opub/cwc/brief2>>.
- 15 Seventeen and eight-tenths percent are in temporary positions; 21.3 are part-time and 9.6 are part-time and temporary. Ta-Win Lin, Washington State Office of Financial Management, "Washington State Population Survey: Temporary and Part-time Workers in Washington State," Research Brief No.4, June 1999.
- 16 "Washington State Population Survey," Office of Financial Management, 1998, page 18, <<http://www.ofm.wa.gov>>. The western half of the state has the highest rate of unionization, at 25.2 percent. According to Jeff Johnson, Washington State Labor Council, AFL-CIO, while the rate of unionization in Washington is low now, it was a national leader in the 1950s with rates of unionization as high as 55 percent. Personal Communication, November 18, 1999.
- 17 John Buckley, "National Compensation Survey Produces First Nationwide Results," *Compensation and Working Conditions Online*, Fall 1999, vol.4, no. 3, <<http://www.stats.bls.gov/opub/cwc/brief2.htm>>.
- 18 AFL-CIO, "Union Membership and Pay 1998," Washington, D.C., 1998, p. 6.
- 19 In the private sector. Kate Bronfenbrenner, "The Effects of Plant Closing or Threat of Plant Closing on the Right of Workers to Organize," as quoted in Jobs With Justice and the National Priorities Project, "Working Harder, Earning Less," Washington, D.C., December 1998.
- 20 Judy Ancel, "Right to Organize Gains More Attention From AFL-CIO," IBEW Local 1613, Kansas City, KS, March 15, 1999, <<http://home.earthlink.net/~local1613>>.
- 21 Center on Budget and Policy Priorities calculations using U.S. Census Bureau data from 1997-1999 Current Population Survey (CPS). 1997-1999 CPS reflect data gathered from 1996-1998.
- 22 Washington State Office of the Insurance Commissioner, "Subscriber Monthly Rate Comparison," Olympia, WA, 1999. Monthly premiums for a single adult aged 30-34 range from \$161.87 to \$244, depending on carrier. Additional family members raise the monthly premium.
- 23 Washington's WorkFirst program is a part of the Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996. The state's goal has been to reduce Washington's welfare caseload by 10 percent, or by roughly 10,000 families, between 1997 and 1999. Kery Murakami, "Countdown Begins Friday on 5-year Welfare Limit," *The Seattle Times*, Seattle, WA, July 27, 1997.
- 24 Applicants are required to immediately look for work and are required to take the first job offered. If recipients do not work, they lose the adult's portion of the family welfare check. Those that are employed are required to spend at least 20 hours in employment related activities a week. In two-parent families, one parent is required to work at least 35 hours and the other 20.
- 25 In Washington, 58,585 families are on welfare. Washington State Department of Social and Health Services, "Workfirst Latest Fact Sheet," and "Washington 1999 TANF Exiters and Current Recipients Survey Results," Olympia, WA, December 1999, <<http://www.wa.gov/workfirst>>.
- 26 Since fiscal year 1996, the welfare caseload has been reduced by 26,778, or 29 percent. Fred Fiedler, Washington State Department of Social and Health Services, Personal Communication, December 8, 1999.
- 27 Of the 58,585 families on welfare, approximately 32 percent are currently employed. Some families are eligible for waivers but the majority are required to work and can be classified as job seekers. Washington State Department of Social and Health Services, "Washington 1999 TANF Exiters and Current Recipients Survey Results," Olympia, WA, December 1999, <<http://www.wa.gov/workfirst>>.
- 28 Washington Employment Security Department, Labor Market and Employment Analysis, <<http://www.gov.wa/esd/lmea>>. In some areas of the state, such as King County, unemployment rates are as low as 3.4 percent.

- 29 See Virginia Carlson and Nikolas Theodore, "Are There Enough Jobs? Welfare Reform and the Labor Market Reality," The Job Gap Project, Northern Illinois University, DeKalb, IL, December, 1995, p. 7. "Calls to end welfare have not considered whether there are enough jobs for those who need them. The perception is that an adequate number of jobs exist and that welfare recipients could move into the labor force if only they would exercise some initiative. But perceptions, no matter how widely held, may be incorrect."
- 30 Mark Weisbrot, "Welfare Reform: The Jobs Aren't There," The Preamble Center, Washington, D.C., December 1997.
- 31 Washington Department of Health and Human Services, "Washington's 1999 TANF Exiters and Current Recipients: Survey Results," 1999, <<http://www.wa.gov/workfirst>>. Median wages for former recipients are \$7.00 an hour.
- 32 Or the state minimum wage, whichever is higher.
- 33 Association of Communities for Reform Now (ACORN), <<http://www.acorn.org>>.
- 34 Of this group, 52% are female and 48% are male. Chauna Brocht, "Characteristics of Low Wage Workers, WA, 97-98," Economic Policy Institute analysis of Current Population Survey ORG data, Washington D.C., November 1999. Also, see Jared Bernstein, Heidi Hartmann, and John Schmitt, "The Minimum Wage: A Working Woman's Issue," The Economic Policy Institute Issue Brief, Washington D.C., September 1999, <<http://www.epi.org>>.
- 35 Greg LeRoy, Katie Tallman, Fiona Hsu and Sara Hinkley, "The Policy Shift to Good Jobs," Good Jobs First, Washington, D.C., October 1999.
- 36 AFL-CIO, "Communities at Work: A Guide to Restoring our Right to Organize," Washington, D.C., 1999, p. 1.
- 37 Adopted from a bill being introduced in Vermont by the Progressive Party of Vermont. <<http://www.progressiveparty.org>>.
- 38 Tuition at the University of Washington is approximately \$11,759 annually. <<http://www.washington.edu>>.
- 39 The G.I. Bill is widely regarded as a success. Over the years, the program has cost \$70 billion; yet it has more than paid for itself. A 1986 Congressional Research Office study indicated that, for every dollar invested in the G.I. Bill, the country recoups between \$5.00 and \$12.50, the result of increased taxes paid by veterans who have achieved higher incomes made possible by a college education. *West's Encyclopedia of American Law*, as cited in West Legal Directory Articles, <www.wld.com/conbus/weal/wgibill>.
- 40 Sara Fleming Merten, "Earn to Learn: Access to Education for Working Parents," Washington Association of Churches, Seattle, WA, 1999.
- 41 Washington State's Children Health Insurance Program covers children up to 220 percent of the Federal Poverty Level.
- 42 Center for Community Change, "Expanding Medicaid Coverage for Parents in Low-Income Families," *Organizing Handle*, Washington, D.C., October 1998.
- 43 States can raise the income standards to allow more families to be eligible but not by more than the Consumer Price Index, a measure of inflation.
- 44 "Less restrictive methodologies" can include income deductions, exclusions and/or exemptions, such as allowing families who are increasing their earnings but not yet out of poverty to continue to receive cash benefits.
- 45 Washington State Office of Financial Management, "Washington State Population Survey," 1998, <<http://www.ofm.wa.gov>>.
- 46 Robert Landauer, "Getting off the Housing Treadmill," *The Portland Oregonian*, August 11, 1999.
- 47 Turnover was over 300 percent (a complete staff turnover every four months), it is now under 40 percent. John Burbank, "Career Ladders for Quality Child Care," *The Seattle Times*, July 30, 1999, <<http://www.seattletimes.com>>.
- 48 Ibid.
- 49 Economic Opportunity Institute, "A Pilot Program: The Early Childhood Education Career Development Ladder," Policy Note, November 1999, Seattle, WA. In 1998, child care assistants earned an average \$6.34 an hour and child care teachers earned an average \$7.73 an hour.
- 50 Washington State Employment Security Department, "Affirmative Action Information," 1997, <<http://www.wa.gov/esd/lmea/pubs/affirm>>.