

Living and Minimum Wage

A Policy Statement for the Kentucky Council of Churches

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We live in a radically different world, with radically different economic systems, from that in which the Bible was written. Still, the Bible teaches us about how to treat the poorest in society.

Workers were to be paid fairly and quickly (Leviticus 19:13; James 5:4). In a society in which people lived from day to day and from hand to mouth, to withhold a worker's wages, even for a day, was unjust.

Justice required assistance for the most vulnerable in society. In Hebrew law, these were the widows, orphans, and immigrants, and there were special protections built into the law (e.g., Deuteronomy 24:17-22). For Jesus, it was "the least of these," who were to be assisted and "all the nations" were to be rewarded or punished based on whether or not they had helped (Matthew 25:31-46).

Wealth was to be distributed with some sense of equity. The Jubilee Year provided that the ownership of land (economic capital in that day) was to revert to its original owners every fifty years (Leviticus 25:8-17). While there is nothing to indicate that the Jubilee Year was widely honored or that this extraordinary sharing existed for long periods of time in the First Century, the message of these passages should not be too quickly dismissed. The New Testament records that members of the early church shared whatever they had to help fellow believers in need (Acts 2:44-47) and the parable that Jesus told in Matthew 20:1-14 provides an example of caring for all laborers adequately.

Many authoritative teachings of Christian denominations articulate broad principles about fair compensation¹ and many specific actions² of KCC members' national bodies have made explicit claims about what the minimum wage should be.

¹ The Catechism of the Roman Catholic Church states that the "just wage is the legitimate fruit of work." John Paul II's *Laborem Excernis* expressed the idea that remuneration is the most important means for achieving justice in work relationships. *Gaudium et Spes* noted "Remuneration for labor is to be such that man may be furnished the means to cultivate his own material, social, cultural, and spiritual life and that of his dependants, in view of the function and productiveness of each one, the conditions of the factory or workshop, and the common good."

² In 1997, for example, the 72nd General Convention of the Episcopal Church urged all congregations, missions, dioceses and the national Episcopal Church to become actively involved in promoting the enactment of a "living wage" plus family health benefits, in the cities and communities in which they live, as the minimum acceptable norm for all working people -- "living wage" being defined as \$7.50/hr or \$16,000/yr, the federal poverty line for a family of four; and that this standard be likewise urged upon all parishes, missions, and diocesan institutions of this Church as the minimum acceptable norm in the compensation of their employees. (*In 2005 the poverty line is more than \$9.00 per hour-- \$19,350*).

Whereas: A National Minimum Wage Increase is Necessary

Wage inequality has been increasing, in part, because of the declining real value of the minimum wage. Today, the minimum wage is 33% of the average hourly wage of American workers, the lowest level since 1949. The effect of the last minimum wage increase in 1996-97 has been completely eroded by inflation. \$5.15 today is the equivalent of only \$4.23 in 1995 — lower than the \$4.25 minimum wage level before the 1996-97 increase. The minimum wage is not indexed to inflation. It is up to Congress to determine when the minimum wage increases and by how much. Congress has not passed increases to help the minimum wage keep up with inflation. The result is a minimum wage that, when adjusted for inflation, is worth 41% below what it was in 1968. To have the purchasing power that it had in 1968, the minimum wage would have to be \$8.78 an hour, not today's \$5.15 per hour that has been the minimum wage since 1997.

As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase is likely to have a greater impact on reducing poverty-- while a 1998 EPI study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. In fact, following the most recent increase in the minimum wage in 1996-97, the low-wage labor market performed better than it had in decades (e.g., lower unemployment rates, increased average hourly wages, increased family income, decreased poverty rates). Studies of the 1990-91 federal minimum wage increase, as well as studies by David Card and Alan Krueger of several state minimum wage increases, also found no measurable negative impact on employment.

The earnings of minimum wage workers are crucial to their families' well-being. Evidence from the 1996-97 minimum wage increase shows that the average minimum wage worker brings home more than half (54%) of his or her family's weekly earnings. Thirty-seven percent of such workers actually contribute 100% of their family's earnings. Additionally, the minimum wage raises the wages of low-income workers in general, not just those below the official poverty line. Many families move in and out of poverty, and near-poor families are also beneficiaries of minimum wage increases. While an increase in the minimum wage is necessary and should be indexed to grow as expenses grow-- there is a difference between a minimum wage and a living wage.

Whereas: Kentucky Living Wages Are Necessary

The federal minimum wage is an earnings floor of \$5.15 an hour that applies to almost all workers. Thirteen states and the District of Columbia have set a minimum wage that is higher than the federal minimum wage. A "living wage" is a term often used by advocates to point out that the federal minimum wage is not high enough to support a family. These "living wages" are generally much higher than the minimum wage. Living wages also commonly refer to wages set by local ordinances that cover a specific set of workers, usually government workers or workers hired by businesses that have received a government contract or subsidy. States can set a minimum wage higher than the federal minimum wage. As of July 2004, states with higher minimum wages include Alaska (\$7.15), Connecticut (\$7.10), California (\$6.75), Delaware (\$6.15), the District of Columbia (\$6.15, set \$1.00 above the federal minimum wage), Hawaii (\$6.25), Illinois (\$5.50, scheduled to rise to \$6.50 in 2005), Maine (\$6.25), Massachusetts (\$6.75), Oregon (\$7.05, adjusted annually for inflation), Rhode Island (\$6.75), Vermont (\$6.75, scheduled to rise to \$7.00 in 2005), and Washington (\$7.16, adjusted annually for inflation).

A 2003 analysis (by Rick Graycarek for) Kentucky Youth Advocates revealed that Kentucky is still a low-income state. Average adjusted gross income (AGI) was \$38,300 in tax year 2001; for the nation it was \$46,900. Fifty-seven percent of Kentucky tax filers had an AGI less than \$30,000; the national average was 53 percent. The news wasn't much better at the top. Only 5.4 percent of Kentuckians had incomes greater than \$100,000; the national average was 8.3 percent.

A living wage ordinance sets a community standard that supports the right of working families to live with dignity. It ensures that our public dollars are not being used to pay poverty-level wages. The need for local living wage increases abounds in Kentucky. A study by (Diane Pierce and Jennifer Brooks for) Kentucky Youth Advocates found that in 2001 in Fayette County it required an hourly income of \$7.44 for a single adult with no children to meet basic needs, \$13.46 for a single parent family with one preschooler, \$16.43 for a single parent family with one preschooler and one school-aged child, \$9.81 per adult for a two working-parent family with one preschooler and one school-aged child, and \$9.25 per adult for a two working-parent family with one preschooler and two school-aged children. In the Lexington-Fayette Urban County Government custodial workers start at \$6.60 an hour, guards begin at \$6.97 an hour, cooks start out at \$6.97 an hour, and clerical assistants begin at only \$7.38 an hour.

In Calloway County in 2001, it required an income of \$6.05 an hour for a single adult with no children to meet basic needs, \$9.92 for a single parent family with one preschooler, \$13.12 for a single parent family with one preschooler and one school-aged child, \$8.39 per adult for a two working-parent family with one preschooler and one school-aged child, and \$8.26 per adult for a two working-parent family with one preschooler and two school-aged children.

In Knott County in 2001, it required an income of \$6.31 an hour for a single adult with no children to meet basic needs, \$10.09 for a single parent family with one preschooler, \$13.28 for a single parent family with one preschooler and one school-aged child, \$8.46 per adult for a two working-parent family with one preschooler and one school-aged child, and \$8.42 per adult for a two working-parent family with one preschooler and two school-aged children.

In Warren County in 2001, it required an income of \$6.36 an hour for a single adult with no children to meet basic needs, \$10.73 for a single parent family with one preschooler, \$13.80 for a single parent family with one preschooler and one school-aged child, \$8.70 per adult for a two working-parent family with one preschooler and one school-aged child, and \$8.56 per adult for a two working-parent family with one preschooler and two school-aged children.

In Boone County in 2001, it required an income of \$7.10 an hour for a single adult with no children to meet basic needs, \$12.12 for a single parent family with one preschooler, \$14.58 for a single parent family with one preschooler and one school-aged child, \$8.92 per adult for a two working-parent family with one preschooler and one school-aged child, and \$8.58 per adult for a two working-parent family with one preschooler and two school-aged children.

It costs more for a two-adult family with two children to pay for basic needs in Louisville than it does in Chicago, Houston, Philadelphia or Seattle. In Jefferson County in 2001, it required an income of \$8.04 an hour for a single adult with no children to meet basic needs, \$14.21 for a single parent family with one preschooler, \$17.18 for a single parent family with one preschooler and one school-aged child, \$10.23 per adult for a two working-parent family with one preschooler and one school-aged child, and \$9.67 per adult for a two working-parent family with one preschooler and two school-aged children.

The current Kentucky state minimum wage law does not contain any dollar minimums. Instead the Commonwealth currently adopts the Federal minimum wage rate by reference. Thus, today the minimum wage in Kentucky is still \$5.15.

Therefore, be it resolved that the Kentucky Council of Churches will work for increasing federal minimum wages, local living wages, and other ways to help the poorest members of our Commonwealth. Our calls to action falls into two broad categories: increasing workers' wages and reducing their out-of-pocket costs.

1. Strategies for improving wages include:

- ***Modeling good behavior.*** We encourage employers, including faith-based organizations (of which we are members) to pay living wages and provide adequate benefits to their employees. We encourage governments (of which we are citizens) to pay their employees a living wage plus benefits, require their contractors to do so as well, and require businesses benefiting from tax incentives to pay living wages and benefits.
- ***Increasing the state minimum wage.*** The state minimum wage is currently \$5.15 an hour. More than ten states have increased their minimum wage above the level required by the federal government, in part to recognize that the minimum wage has not kept pace with inflation or the cost of living in general. These increases have had no harmful effect on employment. We ask that the Kentucky state Legislature raise the minimum wage in our Commonwealth to an amount necessary to provide for basic needs, indexing this to rise as inflation rises.
- ***Increasing the National minimum wage.*** The Kentucky Council of Churches will support any fair minimum wage legislation that will raise the federal minimum wage to an appropriate level and index this amount to inflation. The KCC Executive Board urges all KCC members to contact their members of Congress urging them to support any act that addresses these issues in a manner that is accordance with our policy statements and the convictions of our member communions.
- ***Creating job related education*** and training programs necessary to move welfare recipients out of poverty.
- ***Supporting Temporary Assistance for Needy Families*** by advocating user-friendly reauthorization of TANF fully funded at a level that, when combined with other key benefits, raises working families at least to the Federal Poverty Level.

2. Families spend the majority of their money on housing, child care, food, transportation, health care and taxes. To reduce the impact of these costs, **we advocate**:

- ***Continued Support for Child Care.*** While the amount of subsidies for those needing child care has increased in recent years, there are still families on waiting lists for subsidies in many Kentucky counties.
- ***Greater Access to Health Insurance.*** While the state has been very successful at enrolling children in public health insurance programs, such as Medicaid and KCHIP, there are still many working Kentucky adults without health insurance. Many employers don't provide it, and workers can't afford to buy it for themselves. The state should extend the Medicaid program to help these adults gain access to health care.
- ***Support of a State Earned Income Tax Credit.*** The EITC was created to lower the federal tax burden and supplement wages for low- and moderate-income workers. It lifts more people out of poverty than any other program except Social Security. Fifteen states have created their own versions of the EITC.
- ***Limits or prohibition on predatory lending.***

The Bible teaches that the worker is worthy of his or her hire (Matthew 10:10). Full-time workers should be able to provide basic support for their families. Members of the Kentucky Council of Churches are encouraged to take (and promote) these recommended steps to reward work that supports working families.

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Study Questions

1. Read Deuteronomy 24:17-22 and Acts 2:44-47.
 - How do these Biblical examples of taking care of all of our neighbors compare to what our Church is doing to share with the most vulnerable in our community?
 - Is it enough?
2. Many Christians accept the teaching that “just wage is the legitimate fruit of work.”

Four years ago in Lexington, a single parent with one preschooler and one school-aged child would have needed to make \$16.43 per hour in order to meet basic needs. It costs more for a two-adult family with two children to pay for basic needs in Louisville than it does in Chicago, Houston, Philadelphia or Seattle.

- Visit <http://aspe.hhs.gov/poverty/index.shtml>
 - What do you think a just wage for people in our community would be?
3. Read 1 Timothy 5:18 and James 5:1-4.
 - Who are “the harvesters” and laborers that are not getting adequate pay today?
 4. The Kentucky Council of Churches has urged both an increase in State and Federal minimum wage laws and local livable wage ordinances.
 - What is the difference between a federal or state minimum wage law, and a local living wage ordinance?
 5. Re-read Deuteronomy 24: 21-22 and Acts 2:44-45.
 - What might our Commonwealth look like if our system was patterned after these examples?
 - What would our nation look like?
 - What can we ask the Kentucky Legislature and the U.S. Congress to do to create a system that looked more like these examples?