

Living Wage Is a Fair Reward for Hard Work

By Phil Andrews

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Montgomery County Council member Phil Andrews (D-Gaithersburg) was the lead sponsor of the living wage bills in both 1999 and last year when it was adopted. He writes about the impact of the law, which went into effect Tuesday.

After a tough four-year battle, living wages are now official in Montgomery County. As of Tuesday, hundreds of employees of for-profit contractors paid with county funds to deliver important services must be paid a living wage -- defined by law as at least \$10.50 per hour while they labor on county time.

People who work hard and play by the rules shouldn't be paid a poverty-level wage. A living wage will make a dramatic difference for many hundreds of contractor employees who have been paid only \$8 to \$9 per hour (\$16,000 to \$18,000 per year). A wage increase of \$2 per hour equals \$4,000 more a year, enough to help hardworking people rise above poverty.

The idea of paying a living wage isn't new. Henry Ford paid a living wage so workers could purchase the cars they assembled. Dr. Martin Luther King Jr. was in Memphis to fight for living wages when he was assassinated.

If you think poverty isn't a significant problem in Montgomery County, consider that more than 20 percent of public school students are eligible for free or reduced-price meals, and that in many county elementary schools more than 50 percent of students qualify. In the 1970s, only 5 percent of Montgomery County students qualified for free or reduced-price meals.

I'll long remember a conversation with a teacher. A student hadn't completed her homework, and when the teacher asked why, the student said she'd had to help with the laundry. The teacher said that wasn't an excuse, at which point the student said the family didn't have a washer or dryer and she'd had to take care of her younger siblings so her mother could use the laundromat. The teacher told me that this was one of the reasons she supported the living wage bill I had introduced.

The story is telling because it underscores the close correlation between poverty, diminished educational opportunity and lower educational achievement.

The story helps explain why public school teachers are among the strongest advocates for the living wage law. Teachers see the detrimental effects of poverty every day. Teachers know that the most accurate predictor of academic achievement is family income, and that actions to reduce poverty will help their students.

An impetus for the county's living wage law, and one of the causes of increased poverty since the 1970s, has been the precipitous decline in value of the federal minimum wage. It is deplorable that while many communities are enacting meaningful wage floor laws -- both living wage laws that apply to government contractors, and minimum wage laws that apply to most employers -- Congress has allowed the purchasing power of the federal minimum wage to shrink to a historic low (\$5.15 per hour/\$10,700 per year).

Had the federal minimum wage kept pace with inflation since 1968, it would be more than \$8 per hour, \$6,000 more annually than the current minimum wage. Had it kept pace with productivity improvements, it would be more than \$11 per hour -- a living wage. When Congress fails to keep the minimum wage equal with inflation, wages above it are depressed as well. Montgomery County's living wage will be adjusted annually to match increases in the consumer price index.

More than 400 county contracts totaling over \$300 million will be subject to the county's living wage law. Audits will be conducted to monitor compliance. Contractors with fewer than 10 employees and contractors receiving less than \$50,000 annually in county contracts are exempt.

Contractors who certify that they pay health insurance for covered employees can deduct the hourly equivalent of the premium from the required wage level, eliminating any incentive for employers to drop or reduce health care coverage to comply with the law.

Although nonprofits that contract with the county to provide services aren't required to pay a living wage, the law contains a provision to ensure that a nonprofit that commits to pay a living wage won't be disadvantaged in the bid review process if another nonprofit bidding on the contract chooses to bid below the living wage level.

This is important because the county has a strong interest in encouraging nonprofits to bid at a level that allows them to pay a living wage.

Organizations that pay living wages have lower turnover, and spend less time and money recruiting and training new employees. Reduced turnover results in a more experienced workforce and continuity of care for people who receive taxpayer-funded services from nonprofits.

Montgomery County's living wage law has already proved influential. On June 3, the Prince George's County Council adopted a living wage law modeled after Montgomery County's. Living wages are here to stay because the need is pressing, the cause is just and the solution works.