

Fact Sheet on Poverty in America and the Need for a Living Wage

People of faith in states across the U.S. are working with Let Justice Roll to raise the minimum wages for working persons in their areas to a living wage - or a wage that is "just" in which a full-time worker can provide for the basic needs of his or her family.

Wage Levels:

- The current federal minimum wage of **\$5.15** has not been increased since 1997 – the second longest period without an increase in history. Since the last minimum wage increase was passed in 1997, the value has eroded by more than 15 percent. As a result, the real value of the minimum wage is now more than \$3.90 below what it was in 1968. (See the chart below.)

In the Year . . .	Minimum Wage in 2006 Dollars was . . .
1950	\$6.31
1968	\$9.33
1997	\$6.51
2006	\$5.15

Since the late 1960s, the real value of minimum wage has been decreasing.

- To have the purchasing power it had in 1968, minimum wage would have to be \$9.05/hour today, \$3.90 more than the current minimum wage of \$5.15/hour.
- If the prevailing minimum wage from 1970 had been adjusted to keep pace with productivity over the intervening years, it would be up to \$11.07 today.
- Between 1973 and 2004, worker productivity rose 78 percent, but the real minimum wage fell 24 percent. For average workers (production and non-supervisory workers, about 80 percent of the employed private workforce), hourly wages fell 11 percent, adjusting for inflation.

Catholic Social Teaching and a Living Wage

“Finally, remuneration for labor is to be such that people may be furnished the means to cultivate worthily their own material, social, cultural, and spiritual life and that of their dependents . . .”
Second Vatican Council, *Gaudium et Spes*, #67

“. . . 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.”
Pope John XXIII, *Mater et Magistra*, #71

- Minimum wage employees working full time, year round earn only \$10,700 a year — \$5,000 below the official poverty line for a family of three.
- In the eight years since Congress last raised the minimum wage, they have raised their own salaries seven times.

Income Disparity and Race:

- Income disparity in the U.S. is greater than in any other major industrialized country in the world.
- The Economist Magazine* reports that the ratio of Executive to Worker pay in the U.S. is 455:1, compared to 11:1 in Japan, 12:1 in Germany, 12:1 in France, 21:1 in South Africa, and 22:1 in Great Britain.
- The gap between CEOs and minimum wage workers has become a vast gulf:
 - In 1980, the average CEO made as much as 97 minimum wage workers.
 - In 2004, the average CEO made as much as 952 minimum wage workers.
- At the present rate and patterns of growth, the top 20% of all American households may soon earn more than one-half of the national income. The picture becomes bleaker upon examining wage disparities by race and ethnicity.

Source: “Resources for Living Wage Worship Services & Events,” Living Wage Days 2006, <http://www.letjusticeroll.org/publications.html>



- The median African-American family has a net worth of \$10,700, compared to the median white family, which has a net worth of \$106,400, almost ten times more. Less than half of African-American families own their own homes, while 75% of all white families do. The picture is more dire for Latinos: the median Latino family has only \$3,000 in assets, and less than 50% own their own homes. Little information is collected on Native Americans or Asian-Americans, however, it is known that the poverty rate among Asian-Americans is 13%, and that 60% own their own homes compared to 77% of whites.

Sources: *The Economist*; The World Bank; "The State of Working America 2002-03, The Economic Policy Institute; Liu, Meizhu, "Doubly Divided, The Racial Wealth Gap," *The Wealth Inequality Reader*, p. 42.

State and National Efforts to Raise the Minimum Wage:

City and Local Efforts

- Over 130 living wage laws have been enacted around the country. Campaigns are underway in about 120 communities and universities. In an exciting new trend, some communities have already enacted **citywide minimum wage increases**. Like federal or state minimum wage laws, these aim to cover the majority of private employers in a city (regardless of receipt of public dollars). Cities with their own higher minimum wage on the books include Santa Fe, Washington (DC), San Francisco, and a handful of cities in Wisconsin. Current campaigns to create city minimum wages are underway in several other cities.

State Efforts

- Seventeen states have already increased their state minimum wages to higher than the federal minimum wage, without the negative effects occurring that critics warned about. Some states (including VT, WA and OR) have annually indexed the minimum wage to keep pace with inflation.

- Legislators in 35 states introduced proposals to raise the minimum wages in the 2005 session. Voters in Florida and Nevada overwhelmingly supported ballot initiatives to increase the state minimum wage in 2004.

Source: "Resources for Living Wage Worship Services & Events," Living Wage Days 2006, <http://www.letjusticeroll.org/publications.html>

Federal Efforts

- Senator Kennedy and Representative Miller have introduced the **Fair Minimum Wage Act of 2005** in Congress, which would raise the minimum wage to \$7.25 in three steps by 2007, benefiting 15.5 million workers.
- On July 28, 2006, the U.S. House of Representatives passed legislation to raise the minimum wage to \$7.25 per hour over three years. However, the bill (the Estate Tax and Extension of Tax Relief Act) included provisions that the estate tax, an important source of federal revenue which applies only to the wealthiest half of one percent of U.S. taxpayers, would have been permanently reduced at a cost of \$800 billion over 10 years. Because of this controversial feature, the bill did not pass in the Senate.

Living Wage Days: Oct. 7-8 and 14-15, 2006

More than 50 faith-based and community organizations are sponsoring the *Let Justice Roll Living Wage Campaign* to educate others about the severity of conditions facing low wage working people and families and calling for an increase in minimum wage on the state and federal levels. They are organizing events for their churches, schools, and communities, such as:

- Holding Prayer Services
- Distributing Bulletin Inserts and Fact Sheets
- Coordinating Letter-Writing Campaigns to their State and Federal Representatives
- Writing letters to the editor

Join with other people of faith and take action for a living wage at <http://www.letjusticeroll.org/>.

O merciful God,

You have created each one of us with particular talents and gifts, and you have called us to use them in the service of love and justice. Help us to join with our brothers and sisters to challenge our country's economic system that keeps so many of us entrenched in poverty. Give us the strength and courage to work together so that all your children are paid a just and living wage.

Amen.

