Living Wage

by Peter M. Corroon, Mayor of Salt Lake County

Almost a dozen years ago the Salt Lake County Commission declared the week of November 22-26, 1993 as Salt Lake County Decency Principles Appreciation Week. Among those principles recognized by then Commissioners Jim Bradley, Randy Horiuchi and Brent Overson were the basics of today’s movement for a Living Wage.

Since their inception, living wage ordinances have been enacted in more than 70 localities. The living wage level is usually defined as the wage a fulltime worker would need to earn to support a family above the federal poverty line. These ordinances apply to employees of the locality as well as those businesses that subcontract with the locality such as janitorial or landscaping firms.

Through living wage ordinances, localities are trying to address some fundamental economic truths. Minimum wages have not kept pace with inflation, meaning that minimum wages today buy less than they did in the 1960’s. It’s a fact that wages for the bottom 10% of wage earners fell by more than 9% between 1979 and 1999. In 1979, minimum wage was $2.90 an hour. In today’s terms, minimum wage would have to be $7.55 an hour to provide the same purchasing power.

Beyond this decline, there have also been significant cuts in welfare assistance and downward pressure on wages that result as former recipients are forced into the labor market under the provisions contained in welfare reform legislation.

Finally, the trend toward privatization of services formerly provided by public sector workers is a fact of life across the nation. Many of these privatization efforts have resulted in lower wages for the private sector workers in the same job categories (Chicago Institute on Urban Poverty Study).

The living wage campaign is simple as it relates to these economic realities. Our limited public dollars should not be subsidizing poverty-wage work. By subsidizing poverty-wage work, government is essentially creating the twin spin of low wages and increased government support in the form of food stamps, housing and other social services.

Additionally, the benefits of living wage ordinances often outweigh the costs for those localities that institute them. Living wage increases are usually cost-effective because they often lead to increased efficiency among employees. It’s also been determined that workers are more likely to stay in their jobs. As employers recognize, lowering the employee turnover rate means less money spent on recruitment and training. The evidence from living wage evaluations indicates that the costs of living wage ordinances are mostly absorbed through lower training and recruitment costs. Job loss and increased contract costs were insignificant.

With this in mind, Salt Lake County resolved to pay wages or salaries above the poverty level and provide access to health coverage and decent, affordable housing, for its own employees. Additionally, Commissioners rightly felt the Decency Principles should apply to the use of tax dollars in contracts with outside vendors. Promoters of these Decency Principles noted that they help create the kind of safe and stable community in which a business can thrive. It is important to keep in mind that when new living wage ordinances are put in place they usually affect less than 1% of the local non-government workforce – which means that for the majority of businesses, implementing a living wage is a relatively small change for the company itself.
An internal review last year of the wages paid to Salt Lake County’s over 4,000 employees revealed just two full time County workers were receiving wages below the County-set Living Wage threshold. As a result of these findings, both of these employees received raises. Salt Lake County has a large, qualified and dedicated workforce. Because of the great job our employees do, we need to do our best to give them the recognition they deserve. Without a doubt, one of the best ways to do that is in the form of what affects them the most: a living wage.

While living wage ordinances may only impact a small percentage of local private employers, many of those businesses are small firms and absorbing living wage costs are a challenge to their bottom line. Salt Lake County’s Business Development Office understands the complexities of owning a small business – as well as the incredible value they add to our communities. As a small business owner myself, I am also sympathetic to the unique challenges small businesses face.

However, we also understand that no one wins when workers are struggling to provide the basic necessities for themselves and their families. That’s where the movement for a Living Wage comes in. Providing a Living Wage for American workers in the 21st century should be more than a dream, it should, by now, be a reality.

All Americans should be able to pay their rent if they work. All families should be able to spend time together instead of having parents working day and night. All individuals should be able to pay for health care. It’s a matter of decency.