



# Real Family Values

## Raising the Federal Minimum Wage

By Jack Jenkins | December 10, 2013

*This issue brief is part of a six-part series from the Faith and Progressive Policy Initiative outlining values-based policies that benefit all American families. For more information on our Real Family Values series, visit our project page.*

For many Americans, family time is sacred. Coming home to our loved ones is supposed to be an occasion when we reconnect and the worries of the day fade away, replaced with the stories and laughter of those we care for the most.

But for Aarin Foster, a single father of two, this part of the American Dream is often cut short. As a full-time server for a fast-food chain in the Chicago area, Foster puts in around 30 hours per week, usually working a sporadic, unpredictable schedule. He even works extra hours on his days off in order to increase his inadequate wages. Although he has worked at the chain for eight years, Foster makes only \$8.25 per hour—the minimum wage in Illinois. That amounts to less than \$13,000 per year, well below the federal poverty threshold of \$19,530 for a family of three.<sup>1</sup> It is barely enough for him to feed himself, much less his two young daughters, ages 6 and 4. Since he cannot afford a car, Foster spends many unpaid hours on the bus, commuting to various subway locations across the city, significantly increasing his time away from home.

“I have to work late hours, which means I can’t see my daughters,” Foster said in an interview with the Center for American Progress. “I walk in, kiss them goodnight, crash into bed, and then I’m right back at again the next morning. I think I get to see my daughters for about 4 or 5 minutes a day. That’s it.”

“[My daughters] make jokes,” Foster went on to say. “They crack, ‘I forgot what daddy looks like.’ I know it’s a joke, but at the same time, there’s some truth in that. I work the extra hours, but at the same time I’m missing out on my children’s lives.”

Foster’s story is all too common in the United States. He is part of our country’s more than 10 million “working poor”—people who live below the federal poverty line, despite working full time and often at minimum wage for employers that discourage the formation of unions.<sup>2</sup> This is largely because the federal minimum wage is currently stuck at \$7.25 per hour, a grossly inadequate sum that has failed to keep pace with the

rising cost of living. In fact, today's minimum wage, which was last raised from \$5.15 per hour in 2007, is worth \$2 less in 2013 than it was in 1968 when adjusted for inflation.<sup>3</sup> While many people envision minimum-wage workers—especially fast-food workers—as teenagers landing their first jobs, the Great Recession and other economic shifts have created a very different workforce. In reality, 70 percent of fast-food workers are above age 20, and more than one in four are raising children.<sup>4</sup>

Thankfully, more and more people are beginning to recognize the plight of low-wage workers. Polls consistently show that Americans think income inequality is one of the most pressing issues of our time, and the majority of respondents also say they believe that less-fortunate Americans work hard but cannot earn enough to live due to low wages.<sup>5</sup> In fact, a 2013 Hart Research Associates survey found that 80 percent of those polled support raising the minimum wage—and indexing it to inflation so that it keeps pace with the cost of living—with majority support from Democrats, independents, and Republicans.<sup>6</sup>

Lawmakers are beginning to take notice as well. President Barack Obama famously proposed raising the federal minimum wage during his State of the Union address in January,<sup>7</sup> and he recently endorsed Sen. Tom Harkin (D-IA) and Rep. George Miller's (D-CA) efforts to pass the Fair Minimum Wage Act.<sup>8</sup> The bill, which was introduced in July, would raise the minimum wage to \$10.10 per hour by 2015 and index it to inflation. While both of these proposals fall far below most estimates of a true “living wage”—the minimum income necessary for a worker to meet their basic needs<sup>9</sup>—implementing either plan would vastly improve the lives of minimum-wage earners and their families, as well as boost the American economy as a whole.

With this in mind, the Faith and Progressive Policy Initiative has drawn upon three shared American values—opportunity, equality, and dignity—to examine how the current federal minimum wage hurts families and why we have a moral and economic imperative to raise it for the good of all Americans.

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## Providing opportunity for all

Since our nation's founding, Americans have believed strongly in economic opportunity. We fiercely defend the idea that if someone works hard, they should be able to move up the economic ladder and provide their family with greater opportunities.

In today's world, however, many minimum-wage jobs hinder families' ability to achieve these goals. When asked what he would do with any extra money that would come with a pay raise, Aarin Foster listed basic needs.

“First of all, I wouldn't have to work as many days,” he said. “Then I'd be able to see my family and daughters a little bit more. I'd be able to pay my rent on time. I'd be able to pay my bills. I wouldn't be in debt.”

Millions of minimum-wage families such as the Fosters aspire to be more actively involved in our economy, only to find themselves short changed. Beleaguered by low pay, lacking benefits, and struggling to afford essentials such as food and rent, minimum-wage workers are often forced to rely on government services simply to make ends meet. Case in point: Studies show that minimum-wage employees at just one Walmart Supercenter cost American taxpayers up to \$1.7 million per year in public benefits such as food stamps, child care subsidies, and reduced-cost school breakfasts and lunches.<sup>10</sup>

Raising the minimum wage would lift millions of workers out of poverty and give them the opportunity to be more robust contributors to the national economy. A recent Chicago Federal Reserve study found that raising the federal minimum wage from \$7.25 to \$9.00 per hour would increase annual household spending by \$48 billion.<sup>11</sup> And this is not just a few families: If the minimum wage were raised, more than 30 million Americans would see a wage increase,<sup>12</sup> and nearly one-quarter—23.3 percent—of all U.S. children would see at least one parent get a raise.<sup>13</sup>

Although opponents of raising the minimum wage argue that doing so would cut jobs and harm the economy, several studies show that a higher minimum wage does not negatively affect job growth,<sup>14</sup> even during periods of high unemployment. On the contrary, raising the minimum wage actually helps businesses by increasing productivity, boosting demand for new workers, and decreasing costly employee turnover.<sup>15</sup> In fact, states with a higher minimum wage exhibit above-average job growth,<sup>16</sup> and studies show that raising the minimum wage could actually generate billions of dollars in additional retail revenue, as low-income families would be able to spend more on goods and services.<sup>17</sup> In short, raising the minimum wage would help break the cycle of poverty and renew our nation's collective promise to provide opportunity for all.

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## Reducing inequality

Most minimum-wage jobs are concentrated in the food-service, retail, and home health industries—critical service sectors that Americans rely on to eat, shop, and care for them when they are ill. These jobs represent a fast-growing sector of the economy that expanded during the economic downturn: The sector now has the largest projected job growth over the next decade.<sup>18</sup>

Despite the crucial role these workers play in our society, they are usually undervalued and grossly underpaid. This perpetuates inequality and widens the gender pay gap, since women are the majority of workers in these low-wage industries. Women made up 70 percent of workers in the top 16 occupations with the most expected job growth in 2010.<sup>19</sup> At the same time, the average salaries of some of the fastest-growing vocations—retail salespeople, home health aides, personal care aides, and food-service workers—are approximately \$18,000 to \$20,000, hovering around the federal poverty line of \$19,530 for a family of three.<sup>20</sup> Many female workers are single parents or primary

breadwinners for their families, and insufficient wages force them to rely on government assistance programs such as public housing, food stamps, and energy assistance.<sup>21</sup> This is largely because the cost of living has continued to skyrocket nationwide. Massachusetts Institute of Technology analysts estimate that a single mother raising two children in the District of Columbia and working full time would need to earn \$32.97 per hour just to supply herself and her family with adequate housing, child care, and nutrition.<sup>22</sup>

An inadequate minimum wage also exacerbates our country's racial pay gap. Among home health aides and personal care aides, half are women of color<sup>23</sup>—a group that already makes less than white women in the same industries.<sup>24</sup> This gap is especially troubling given that women of color—particularly African American women—are also more likely than other groups to be their family's primary financial support: Among black families, 53.3 percent of women are breadwinners.<sup>25</sup>

It is clear that the current minimum wage is not only inadequate, but it is also actively destructive to one of our core American ideals: that all people are created equal and should be afforded a fair shot at success regardless of their identity. Raising the minimum wage can help Americans fight back against growing inequality within our society and renew our dedication to creating a nation that gives all citizens and their families an honest chance at a better life.

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## Honoring the dignity of workers

At the heart of the fight for a higher minimum wage is a debate over the fundamental dignity of workers and respect for their craft. Some conservatives are quick to argue that minimum-wage workers do not deserve higher wages because their jobs do not warrant higher pay. Instead, they say that people earning minimum wage should see their meager salaries as an incentive to work harder, get more training and education, and find a better-paying job. The implication is that if workers are unable to pull themselves out of poverty, it is their own fault—they are just not trying hard enough.

People who work for minimum wage, however, are far from lazy moochers who fill superfluous jobs. They are workers who offer vital services to our nation—serving our food, selling us goods and services, caring for our children and elderly parents, cleaning our buildings, fixing our cars, and tending to our sick. They are the fuel that allows our society to function, and without them our economy would grind to a halt.

It is for this reason that faith groups have long been some of the strongest voices calling on legislators to respect the dignity of workers and pass laws and policies that provide a fair wage—including raising the federal minimum wage. Just this year, faith leaders stood with laborers in Massachusetts,<sup>26</sup> protested with Walmart employees in Kansas,<sup>27</sup> and marched with fast-food workers across the country in their call for a living wage.<sup>28</sup>

In addition, a broad coalition of religious institutions—including the Episcopal Church, the Jewish Labor Committee, and the Council on American-Islamic Relations—sent a letter to Congress in March demanding that lawmakers raise the federal minimum wage from \$7.25 to \$10.10 per hour in three increments of 95 cents.<sup>29</sup>

“Our common scriptures present a vision of shared responsibility, commanding that we care for the vulnerable among us and also endows (sic) the notion of work with an inherent dignity,” the letter said. “Right now, it is imperative that our nation’s leaders keep our economy on the pathway to a healthy recovery and support low-wage workers.”

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## Conclusion

Aarin Foster and his family struggled for years to survive on his insufficient salary, but now he is beginning to fight back. Fed up with long hours and little pay, he has joined the Fight for 15 campaign in Chicago, an advocacy initiative calling for a \$15-per-hour living wage and the right to unionize for fast-food and retail workers in the area.<sup>30</sup> The effort is part of a larger protest movement among fast-food and retail workers across the country—many of whom have families and almost all of whom make minimum wage.<sup>31</sup> Participants have gone on strike in cities across America, marching with local community leaders to demand higher wages and the right to organize: In early December, fast-food workers in more than 100 U.S. cities walked out of their jobs in a massive display of solidarity around these issues.<sup>32</sup>

Foster says that joining the movement has given him a sense of solidarity with his fellow workers. Despite the financial and emotional toll that the low minimum wage has inflicted on his family, he is encouraged by the support he has received from others in his community—including many members of his home church.

“There’s just been a lot of spiritual and emotional support,” he said. “A vast amount of people have our back.”

The movement calling for a higher minimum wage is growing, with community leaders, clergy, and politicians coming together to fight for a fair federal minimum wage. With American values such as opportunity, equality, and dignity on the line—not to mention people’s livelihoods—it is imperative that Congress take immediate action to raise the federal minimum wage. Millions of minimum-wage families such as the Fosters literally cannot afford to wait any longer. As a country dedicated to equality, we owe them the chance to live a life in which stability, self-sufficiency, and quality family time are the norm, not the exception.

*Jack Jenkins is a Senior Writer and Researcher with the Faith and Progressive Policy Initiative at the Center for American Progress. For more on this initiative, please see its project page.*

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