

# Suggesting Talking Points

## Rationale for Living Wage Legislation in Spokane

- 16% of people in Spokane County live in poverty (2003 Census Bureau study)
- Working poor – full-time jobs at the minimum wage can't make it
- Dangerous, difficult trade-offs: health care, child care, balanced nutrition, warm clothes, paying the rent, reliable transportation
- Minimum wage puts individuals and families well below the poverty line
- Over 120 other U.S. communities have adopted living wage legislation
- Higher wages benefit more than the worker; lower welfare caseloads, tax dollars spent on other public services (like education and health care!)
- Holding firms accountable for tax breaks/subsidies/contracts it receives

## Current Minimum Wage

- We're number one! \$7.63/hour. This is a GOOD thing.
- Progressive economic development, Washington is leading the way.
- Placing a floor under wages prevents a domino-effect of slashing wages, falling regional incomes, people not being able to afford output, and stagnation of the local economy.
- But still not enough. Even if the newly increased minimum wage is doubled, as in 2 full-time workers, it still doesn't earn enough for a family of four.
- A living wage addresses this shortfall.

## Criticisms (some of which were outlined in S-R) and responses:

- *Employers will not be able to afford the increase, so they will have to lay off workers and unemployment will rise.*
  - Studies show this is not what happens: assumes because labor costs increase, demand for labor is reduced. But wages are incomes, people on the bottom spend almost all their income locally; as wages at the bottom rise, so does demand for local goods & services, so local firms then need more labor, not less to provide these new outputs.
- *The increased financial burden on employers will lead to their raising prices.*
  - Not so. The math here doesn't pencil out – wages go up by 20%, assume whole increase passed along as price increase, labor costs are 50% of firm's costs, prices go up by 10%, 30% of regional economy = firms that pay a minimum wage, then 10% of 30% is only 3%.
  - Competition – minimum-wage paying firms are usually highly competitive, like fast-food franchises. Market won't allow them to pass along entire increase as price increase.
  - Studies have also shown that cities which have adopted higher minimum wages had no increase in local inflation.
- *It will hurt small businesses.*
  - Ordinance would affect only firms of a certain, definable size.

### **Why should we support a living wage law in Spokane?**

- Anyone who works full-time should not have to raise a family in poverty, as 1/3 of Spokane households do
- It creates a fair and equitable urban economic development policy for the city, by ensuring that Spokane residents get good, stable, and long-term jobs for their tax dollars
- It has been an effective way in other cities to ensure that the types of firms that receive government subsidies are the ones that will contribute to the city's development
- It will have a ripple effect on wages at the bottom of the labor market, thus helping many families
- Recent reforms in welfare have flooded the low-wage labor market, exerting downward pressure on wages. Living wage laws help to get people off government assistance and into employment
- Families that are able to meet their basic needs are more likely to be able to support their children's health and education, are less likely to need emergency services, are less likely to commit crime, and are more likely (and able) to get a loan to buy a home or start a business

### **Who benefits from a Living Wage Ordinance in Spokane?**

- affected workers and their families, whose living standards will rise
- City government, which will benefit from reduced expenditures around helping poor people and dealing with the attendant costs of poverty
- Affected firms, which will benefit through the increase in morale, reduction in employee turnover, and increased productivity that a living wage workplace encourages
- Spokane will benefit – its poorest neighborhoods, especially – when the affected workers bring home increased spending power, and make enough money to get home and business loans
- Our economy, by encouraging public officials and employers to see Spokane citizens as resources to be cultivated, rather than resources to be exploited
- All of us, because it will help create a Spokane that is just, fair, safe, and built on an economy that is sustainable