

# Lesson #6: Living Wage

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## LESSON PLAN



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# Living Wage

**Lesson Objectives:**

- Students will understand key concepts and vocabulary related to the living wage campaign.
- Students will identify, analyze and discuss different perspectives about the living wage campaign, including their own position.

**Vocabulary:**

**living wage, tax breaks, social responsibility, minimum wage, human rights, dignity, medical care, benefits, poverty level, productivity, rate, unemployment low-wage workers, tax base, outsourcing**

**Media**

- Excerpts from Opinion Editorial “The Employment Effects of Living Wage Laws” by Bruce Bartlett
- Excerpts from “The Living Wage Movement,” by the Living Wage Campaign website ([www.livingwagecampaign.org](http://www.livingwagecampaign.org))

**Materials Needed:**

- *Teacher Guide: Living Wage*
- *Student Reading: Living Wage*
- *Student Worksheet: Living Wage*

**Time**

40 minutes

**Lesson Procedures**

1. Introduce the lesson; see *Teacher Guide*.
2. Have students complete student reading and worksheet individually or in groups, or for homework.
3. Lead a discussion on the costs and benefits of a living wage; see *Teacher Guide*.
4. Lead the “Take a Stand” activity, where students discuss their position on living wage laws; see *Teacher Guide*.



## TEACHER GUIDE

# Living Wage



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1. Organize and make copies for the class activities.
2. Provide background information.

## Background Information

More than 291 million Americans work full time but do not make enough money to pay their bills (from Table 9 from the Income, Earnings, and Poverty Data at [www.census.gov](http://www.census.gov)). The living wage movement in the U.S. calls for governments to enact laws that require companies to pay their employees a “living wage” in exchange for government contracts. A “living wage” is typically calculated as the minimum hourly pay that a full-time worker would need in order to afford basic food, housing, healthcare, transportation and recreation in that region. In most areas of the United States, a living wage is higher than the federal “minimum wage.”

3. Introduce the lesson.

## Lesson Information

While many people feel that it is a fundamental human right to earn a living wage for full time work, others argue that enacting living wage laws will hurt the economy and the very people it is intended to help. For this lesson, you will read opinions by people on opposite sides of the debate. The first reading comes from the website, [www.livingwagecampaign.org](http://www.livingwagecampaign.org). The second reading is an excerpt from a newspaper editorial by Bruce Bartlett, an economist and advisor to President Ronald Reagan.

4. Distribute *Student Reading: Living Wage* and *Student Worksheet: Living Wage*.
5. Give students time to do the assignment, either for homework or in class as an individual or group activity.
6. Lead students through a discussion using the suggested teacher answers below as a guide.
7. Ask each group to report their author’s analysis and conclusions, question by question – using excerpts from the text to illustrate their points.

# Teacher Answer Sheet

## Questions, Possible Answers & Evidence

### From *Worksheet: Living Wage*

1.) According to the website, [www.livingwagecampaign.org](http://www.livingwagecampaign.org), why should governments require businesses that get government contracts to give their employees a living wage?

**Possible Answers:** Our tax dollars should not go to companies that fail to pay workers fairly. These underpaid workers will then need to rely on government assistance for basic needs such as food, housing, and health care, burdening the taxpayers for the benefit of the companies.

2.) List at least 5 reasons given in the reading from [www.livingwagecampaign.org](http://www.livingwagecampaign.org) for the increasing poverty of today's low-wage workers.

**Possible Answers:** Inflation, the income gap between rich and poor, cuts to welfare, lowering of wages as former welfare recipients enter the work force, poor pay for service workers, weak labor unions, and corporate welfare that depletes tax dollars.

3.) List three ways in which, according to Bartlett, living wage laws hurt local economies.

**Possible Answers:** "Forcing up wages causes demand for labor to fall."  
Taxpayers must pay higher taxes for the same government service.  
Increased labor costs eliminate some potential competitors.

4.) Do you support or oppose living wage laws? Explain your reasoning.

#### ACTIVITY

### Take a Stand Activity

Clear part of the room where all students can stand. Identify one end of the space as "support living wage laws" and the other as "oppose living wage laws." Ask students to move to a space on the continuum reflecting their position. Students may be in the middle if they are unclear or have mixed opinions. Begin with asking students who are in the minority position to explain their position. Call on students in different places on the continuum, probing for understanding and judgments. Follow provocative arguments by challenging students on the opposite side (or in the middle) to respond. Encourage students to move if their position changes after listening to others.

If one of the sides has no representatives, you may need to argue from that position to help students clustered on an opposing side clarify and defend their position.

**“The Living Wage Movement”**

from The Living Wage Campaign  
[www.livingwagecampaign.org](http://www.livingwagecampaign.org)

**Document Excerpt #1**

In short, living wage campaigns seek to pass local ordinances requiring private businesses that benefit from public money to pay their workers a living wage. Commonly, the ordinances cover employers who hold large city or county service contracts or receive substantial financial assistance from the city in the form of grants, loans, bond financing, tax abatements, or other economic development subsidies.

The concept behind any living wage campaign is simple: Our limited public dollars should not be subsidizing poverty-wage work. When subsidized employers are allowed to pay their workers less than a living wage, tax payers end up footing a double bill: the initial subsidy and then the food stamps, emergency medical, housing and other social services low wage workers may require to support themselves and their families even minimally. Public dollars should be leveraged for the public good -- reserved for those private sector employers who demonstrate a commitment to providing decent, family-supporting jobs in our local communities. Many campaigns have defined the living wage as equivalent to the poverty line for a family of four, (currently \$9.06 an hour), though ordinances that have passed range from \$6.25 to \$13.00 an hour, with some newer campaigns pushing for even higher wages.

First, consider the economic realities facing low income people today: the failure of the minimum wage to keep pace with inflation (it now buys less than it did in the 1960s); the growing income gap between the rich and the poor; massive cuts in welfare and downward pressure on wages resulting from former recipients being forced into the labor market with no promise of jobs; the growth of service sector jobs where low wages are concentrated; the weakening of labor unions; rampant no-strings-attached corporate welfare that depletes tax dollars while keeping workers poor. The list goes on. Living wage campaigns have arisen in response to all these pressures.

## “The Employment Effects of Living Wage Laws”

by Bruce Bartlett

*Opinion Editorial*, March 20, 2002

### Document Excerpt #2

The truth is that living wage campaigns are mainly fronts for municipal employee unions. Their goal is to raise labor costs for potential competitors. If government contractors have to pay their workers more because of living wage laws, then they are less likely to replace traditional government workers. This makes it easier for government employee unions to demand higher wages for their members, because the option of saving money by contracting out has been undercut.

A new study from the Public Policy Institute of California by economist David Neumark documents this fact. He finds that existing government employees are the primary beneficiaries of living wage laws, even though such laws do not apply to them, only to government contractors. This is the main reason why he finds that living wage laws do in fact raise wages in places where they are enacted.

However, Neumark also finds, as economic theory would predict, that forcing up wages causes demand for labor to fall. The higher wages for some workers are offset by higher unemployment for others. The former would see a 3.5 percent increase in their income under a typical living wage law, while there would be a 7 percent increase in unemployment among low-wage workers.

Neumark also seems to have forgotten that someone is paying the bill for the higher wages. That person is the taxpayer, who must pay higher taxes for the same government services. He may pay again when businesses relocate from places where living wage laws are enacted, thus reducing the tax base. The actual cost of the living wage law may not be very much, but why would a business want to locate in a place where a bunch of left-wing nuts seem to be running the show? What will be next, businessmen have to wonder when deciding where to locate?

Economists have an expression, "There ain't no such thing as a free lunch." Government can't give anyone anything it hasn't first taken from someone else. Understanding this simple point is all that is necessary to see the basic lunacy of living wage laws.



## Lesson #6 Living Wage Student Worksheet

NAME \_\_\_\_\_

DATE \_\_\_\_\_

Read over the questions below before reading your article. You may want to underline the sections of the article that are pertinent to each question in order to give examples from the text to back up your conclusion.

1. According to the website, *www.livingwagecampaign.org*, why should governments require businesses that get government contracts to give their employees a living wage?
2. List at least five reasons given in the reading from *www.livingwagecampaign.org* for the increasing poverty of today's low-wage workers.
3. According to Bruce Bartlett in his opinion article, "The Employment Effects of Living Wage Laws," who benefits and who is hurt by living wage laws? Explain Bartlett's reasoning.
4. List three ways in which, according to Bartlett, living wage laws hurt local economies.
5. Do you support or oppose living wage laws? Explain your reasoning.

