

# **The Monadnock Living Wage Campaign Case for Support**

## **Living Wage. Healthy Community. Working Together.**

### **The Challenge**

In the Monadnock Region, 29% of households make less than \$25,000 per year.<sup>1</sup> This wage equates to a full-time worker earning \$12/hr. An hourly wage of this kind is inadequate to maintain a safe and decent standard of living (food, housing, transportation, and healthcare). Nationally, **40%** of households do not make an income to achieve a modest, but adequate standard of living.

When workers earn less than a living wage, economic development, personal health, and employee productivity are sacrificed. The Monadnock region will benefit when all workers earn a living wage.

### **A Vision and Value Statement for the Monadnock Region**

Vision: **Living Wage. Healthy Community. Working Together.**

The Monadnock Living Wage Work Group (LWWG), a coalition of business, health, faith, social service, government, non-profit, and education leaders, has identified the wage/income gap as a key opportunity for working together to make the Monadnock region a healthier place to live, learn, work, play and heal. Towards that end, we envision a Monadnock Region where every permanent part-time and full-time employee in every sector earns a living wage for their work, optimizing their income, education and social potential, and resulting in stronger economic development, improved health outcomes, and reduced health care costs for the region.

### **The Goal**

By 2020, **90% of** employees (According to the Healthy Monadnock 2017 Community Survey, 81% of employed MR residents made at or above \$15/hr) will earn at least a living wage (or living wage equivalent).

- By May 2016, the Monadnock LWWG will identify and publicly recognize at least 5 employers committed to adopt and implement the living wage of \$15/hr (\$13.62/hr if employer contributes to health insurance) as the base wage for all permanent part-time and full-time employees by December 31, 2020.
- By December 31, 2020, the Monadnock LWWG will gain commitment from at least 50 employers in the region to implement a plan to achieve the living wage vision.

### **Benefits to You, Benefits to the Monadnock Region**

- **Living Wages improve the health of employees and reduce related medical costs.**  
Providing a living wage ensures higher levels of income security and resource availability, leading to less chronic stress, and therefore a decrease in avoidable chronic diseases. Studies show that the higher your annual income, the more likely you are to be healthy. The smoking rate in households earning under \$25,000 per year is 33.9%; households earning greater than \$25,000 per year see smoking rates of 21%. The rate of high cholesterol is almost 10% higher in households earning less than \$25,000. Similar patterns can be seen in other health related outcomes.
- **Raising wages benefits both employers and employees, contributing to success and growth.**

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<sup>1</sup>

In 1914, Ford Motor Company raised hourly wages in the first years of their company in order to increase their profits, ensuring that their employees could also be their consumers. The Center for Economic and Policy Research recently found wage increases have little impact on the overall costs of business. In the majority of circumstances, an increase in wages is offset by other monetary and environmental benefits.<sup>2</sup>

- **When wages increase so does productivity and quality, leading to better customer service and reduced need for employer supervision and its associated costs.**

Fisher et al. (2006) collected data from more than 500 retail stores and found that a \$1.00 increase in payroll was associated with a \$4.00 to \$28.00 sales lift and higher levels of customer satisfaction.<sup>3</sup>

- **Living wages has a positive impact on employer recruitment and retention**

A 2003 study found that companies offering higher wages attracted candidates with both a higher IQ and stronger personality, as defined by the Big 5 personality and public service motivation tests. Higher wages cause less turnover, and therefore decreased recruitment and training costs.<sup>4</sup>

- **Living wages create a positive brand perception for employees, clients and partners alike**

Research suggests that most people want to work for a company whose values are consistent with their own. The majority of young people believe a responsible business practice improves profitability. 73% of consumers care about a company's corporate responsibility, not just the product, when making purchasing decisions.<sup>5</sup>

- **Living wages stimulate the local economy.**

Providing a living wage to low wage workers creates a larger stimulating effect than an increase in wages to high income earners. This occurs because households have more basic spending needs that can be met by buying locally. A 2009 study found that every \$1 increase in minimum wage equates to minimum wage workers spending \$800 more each quarter.<sup>6</sup>

## People want it, People are doing It

Since the concept of living wages was introduced in the 1990's, living wage standards have been implemented in more than 200 municipalities and counties. Thousands of private employers have gone through voluntary certification programs across the country to become certified as "living wage employers." These businesses recognize that providing living wages makes capitalism stable and sustainable, and that economic inequality is a long term threat to the economy. The growing number of living wage businesses across the state and country are making positive contributions to their respective communities.

Some well-known organizations that have already committed to providing a living wage:

- W.S. Badger, Co.
- Keene Housing
- Ben and Jerry's
- Costco
- Trader Joe's
- Quik Trip
- US City workers and their contractors in 140 cities such as: Chicago, Pittsburgh, San Diego, Rochester, NY, Sonoma County, CA

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<sup>2</sup> <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>

<sup>3</sup> Fisher, Marshall L., Jayanth Krishnan, and Serguei Netessine. 2006. Retail Store Execution: An Empirical Study. Operations and Information Management Department, Wharton School, University of Pennsylvania.

<sup>4</sup> Bó, E. D., Finan, F., & Rossi, M. (2012). Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service.

<sup>5</sup> <https://www.bcorporation.net/become-a-b-corp/why-become-a-b-corp/differentiate-pretenders>

<sup>6</sup> <http://faculty.chicagobooth.edu/erik.hurst/teaching/minwagecons160.pdf>