

# America's Changing Economy

Searching for Work that Pays  
in the New Low-Wage Job Market



**15TH ANNUAL**

2013 **Job  
Gap**  
STUDY

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**T**he Alliance for a Just Society's 15th annual Job Gap Study finds that a small, and shrinking, proportion of jobs pay enough for families to make ends meet, and that the number of job-seekers far exceeds the number of job openings that pay a living wage in every geography studied. The study also finds that recent and proposed minimum-wage increases fall short of the income levels it takes to get by in America today.

The Job Gap Study examines what workers need to earn in a full-time job for their families to make ends meet. The study assumes workers receive no public assistance and covers five distinct household types, from a single individual to a married couple with two children.

The 2013 Job Gap Study's national findings include:

- **The National Job Gap: 7 Job-Seekers for Every Job that Pays Above the Low-Wage Threshold:** For every projected job opening above a low-wage threshold of \$15 an hour, there were 7 job-seekers in 2012.
- **Nearly 18 Million Job-Seekers Out of Luck:** With 20.8 million job-seekers and 2.9 million projected job openings that pay better than \$15 an hour in 2012, there were 17.9 million more job-seekers than jobs that pay above the low-wage threshold.
- **An Increasing Share of Low-Wage Jobs since End of Great Recession:** In terms of actual employment rather than projected openings, the share of U.S. jobs that pay below the \$15 an hour low-wage threshold increased from 36.55% in 2009 to 39.45% in 2012. There were 51.4 million low-wage jobs in 2012.
- **"Jobless Recovery" Masks Loss of Higher-Wage Jobs, Replacement with Low-Wage Jobs:** The number of jobs in occupational categories with median wages above \$15 an hour dropped by 4 million from 2009 to 2012, masked by an increase of 3.6 million jobs with median wages below \$15 an hour.

The Job Gap Study's findings point to a national crisis in creating the types of jobs workers and families need to make ends meet. The findings have serious implications for low-wage workers and for communities of color (since people of color make up a disproportionate share of low-wage workers). They also have serious implications for economic growth, as the trend toward lower-wage jobs undermines consumer purchasing power and the economy-boosting potential of new job creation.

These trends call for action from Congress and state legislatures to address the job gap through a balance of raising wage floors and strengthening safety net programs. These actions are needed both to create new opportunities for workers and families to make ends meet, and to re-orient job creation toward growth jobs that boost the economy and the local, state and national levels.

Read the National  
Job Gap Study online:  
[www.thejobgap.org](http://www.thejobgap.org)





<b>VIRGINIA</b> 2013 Monthly Family Budgets	<b>Household 1:</b> Single adult	<b>Household 2:</b> Single adult with a school- age child (age 6-8yrs)	<b>Household 3:</b> Single adult with a toddler (12-24months) and a school- age child (6-8yrs)	<b>Household 4:</b> Two adults (one of whom is working) with a toddler and a school-age child	<b>Household 5:</b> Two adults (both of whom are working) with toddler and school-age child; wages per adult
Food	\$203	\$386	\$509	\$742	\$371
Housing & utilities	\$948	\$1,089	\$1,089	\$1,089	\$544
Transportation	\$620	\$566	\$566	\$1,237	\$691
Health care	\$147	\$305	\$478	\$521	\$260
Household, clothing & personal (18%)	\$479	\$586	\$661	\$897	\$467
Savings (10%)	\$266	\$326	\$367	\$498	\$259
Child care	\$0	\$548	\$1,372	\$0	\$686
State/federal taxes (annually)	\$6,700	\$8,196	\$10,781	\$9,237	\$6,395
Gross income needed (monthly)	\$3,222	\$4,489	\$5,940	\$5,754	\$3,811
Gross income needed (annually)	\$38,665	\$53,874	\$71,275	\$69,049	\$45,735
<b>LIVING WAGE (HOURLY)</b>	<b>\$18.59</b>	<b>\$25.90</b>	<b>\$34.27</b>	<b>\$33.20</b>	<b>\$21.99</b>

## Legislature Should Invest in Wages and Supports

Virginia's low minimum-wage threshold and emerging industries that tend to offer part-time work make it difficult for low-wage workers to support themselves and their families. Expanding Medicaid eligibility could help reduce the cost of living for thousands of low-wage workers while also helping them to stay healthy, and it would bring jobs and economic activity into the state.

With seven job-seekers for every projected living-wage job opening (and as many as 16 for each job that supports a worker, his or her spouse and two children), workers in Virginia will continue to struggle to provide for their basic needs, unless wages increase and worker supports like Medicaid are in place.

2013 Virginia Job Gap	Total Job Seekers: 504,667		Total Job Openings: 163,413	
	Household 1: Single adult	Household 2: Single adult with one child	Household 3: Single adult with two children	Household 4: Two adults (one working) with two children
Living wage job openings	75,018	53,934	31,219	32,001
Job Gap: Seekers per living wage opening	7:1	9:1	16:1	16:1
Percent of all job openings paying less than a living wage	54%	67%	81%	80%

## MEDICAID EXPANSION

For nearly 50 years, Medicaid has provided health care for families with children living in poverty. With the Affordable Care Act's historic expansion of Medicaid, however, even more people across the country can access affordable health care. While, traditionally, Medicaid has been available for children and their caregivers with incomes that average 41% of the federal poverty line or below,<sup>1</sup> expansion of Medicaid ties eligibility solely to income rather than whether a person has children, with an eligibility threshold of up to 138% of the federal poverty line.<sup>2</sup> Expanding eligibility would help reduce the cost of living for low-income workers, making their wages stretch further and helping to ensure that they don't go without health care to afford other necessities.

Additionally, Medicaid expansion will help state economies by necessitating the direct purchase of goods and services related to health care, as well as by creating good jobs in the sector. Hospitals supported by Medicaid payments directly provide jobs for local residents and purchase goods from other businesses, which, in turn, provides income for those businesses.<sup>3</sup>

In Virginia, expanding Medicaid would help 412,000 currently uninsured adults gain access to health care, helping reduce their cost of living and improving their health.<sup>4</sup> Additionally, Medicaid expansion would create nearly 27,000

health care jobs in Virginia, a sector in which all occupations provide median wages well above the state's minimum wage of \$7.25, and many provide wages at or above our study's calculated single adult living wage of \$18.59.<sup>5</sup> Workers hired through expansion would have wages sufficient to provide for themselves and their families, and would be able to put money back into the economy through purchasing goods and services.

In 2013, Virginia's General Assembly created the Medicaid Innovation Reform Commission to assess whether the state should expand Medicaid eligibility. The commission is comprised of 10 members (five from the Senate and five from the House), and will vote for expansion based on the state's progress on 17 reforms laid out in the legislation. The chairman of the commission has stated that the state's work on those reforms is a success,<sup>6</sup> but three of the five members from both the Senate and the House must agree for the commission to approve expansion.

## INCREASING WAGES

At \$7.25 per hour, Virginia's minimum wage denies workers the ability to support themselves and their families. The current wage floor is just 39% of the calculated living wage for a single adult, and is one-fifth of what a single adult with two children needs to earn to get by.

Workers in the historically low-wage fast

food industry are speaking out for higher wages and the right to unionize. In Virginia, cooks and food servers (“Combined Food Preparation and Service Workers, Including Fast Food”) earn a median hourly wage of \$8.69.<sup>7</sup> While this is higher than Virginia’s minimum wage, when considering that these jobs typically provide 24 hours of work per week,<sup>8</sup> such wages leave workers with no choice but to work multiple jobs or live in poverty.<sup>9</sup>

Virginia’s minimum wage hasn’t increased since 2009; while the minimum wage has remained stagnant, the purchasing power of low-wage workers has decreased because of inflation, meaning that those earning a minimum wage four years ago saw their \$7.25 go further than minimum-wage workers in Virginia today. A living wage for a single adult in Virginia is \$18.59 per hour, assuming full-time work; neither minimum-wage nor fast-food wages come close to this, especially when considering the

likelihood of part-time work for both.

## SOLUTIONS

Fast-food workers must often work multiple jobs to rise above the poverty line, especially if they have children. Minimum-wage workers earn less than 40% of a living wage for a single adult. Wages for fast-food workers and other low-income employees need to increase, or families will continue to be unable to meet their basic needs.

In addition to increased wages, low-wage workers would benefit greatly from the expansion of Medicaid eligibility through a lower cost of living.

For Virginia to truly emerge from the Great Recession, it is important that workers have the means to support themselves and their families. Increasing wages and expanding Medicaid would help move Virginia forward.

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'IF I WERE TO EARN MORE, THE FIRST THING I'D DO IS GET MY OWN PLACE. I WORK EVERY DAY. I'M FAR FROM LAZY. IT'S HARD WORK AND I DO IT — EVERY SINGLE DAY. I SHOULD BE ABLE TO MAKE ENOUGH MONEY TO SUPPORT MYSELF.'

**CHAD HILL, Va.**

I'm 21 years old and forced to live at home with my parents. I'd rather this wasn't the case, but I can't afford to move out; at least not at my income. I make \$9 an hour working 35-45 hours each week.

My low-wage job keeps me living from paycheck to paycheck. I don't live beyond my means, and I keep my living standards low; but by the time I'm finished with paying all of the bills, I have little to nothing left over. It's ridiculous, because I'm not trying to keep up with the Joneses, and I live far from an extravagant lifestyle: I spend about \$50 each week on food, \$430 a month on transportation and \$110 each week in taxes. I work hard. I shouldn't have to live struggling to get by to the next payday.

When you don't have money to spend, you're forced to make tough decisions on what you can and cannot live without. For me, I make sacrifices to my health. My employer offers health insurance, but I can't afford the care. The bills are just too high, so I only go and see the doctor when it's an absolute necessity. Just last month, I got sick and had to visit the doctor. I missed a day of work, causing my check to be less than what I normally receive, and had to pay for the doctor's visit on top of that. I had to borrow money from my parents to make up for the shortage of my check and the unexpected expense. I don't like putting a financial burden



on them, because they're struggling to keep their heads above water, too.

I work full-time, but can't afford the luxuries of a new pair of pants or shoes. I haven't bought these items for myself in years. I skip oil changes and preventable car maintenance to cover the cost of my immediate needs. I've got \$20 in savings. Something is wrong with this picture, when a full-time worker can't save more than \$20 for unexpected emergencies.

If I were to earn more, the first thing I'd do is get my own place. I work every day. I'm far from lazy. It's hard work and I do it — every single day. I should be able to make enough money to support myself.



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