

# Office of Health Equity

## Healthy Communities Data and Indicators Project

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**Short Title:** Living wage.

**Full Title:** Living wage and percent of families with incomes below the living wage.

### 1. Healthy Community Framework:

Economic and Social Development.

### 2. What is our aspirational goal?

Living wage, safe and healthy job opportunities for all.

### 3. Why is this important to health?

#### a. Description of significance and health connection.

The living wage is the wage or annual income that covers the cost of the bare necessities of life for a worker and his/her family. These necessities include housing, transportation, food, childcare, health care, and payment of taxes. Health insurance has a direct impact on health through the provision of clinical preventive services (e.g., immunization, cancer screening) and treatment for illness and injury. Transportation is means to access jobs, education, and health-promoting goods and services, and may improve health through physical activity associated with walking and bicycling. Housing protects us from the elements, and functions as sanitary space for food preparation and other activities of daily living. Substandard housing can expose occupants to molds, air contaminants, and overcrowded conditions that impact respiratory, mental health, and other health conditions. Child care is a setting for safety and possible transmission of communicable diseases, but it aids in early child development. Quality child care programs have documented health impacts into adulthood. As discussed in other indicators in the Healthy Community Data and Indicators Project, low income populations and non-white race/ethnic have disproportionately lower wages, poorer housing, and higher levels of food insecurity. Several California studies have estimated the impacts of raising the wage rate in low-wage earners to the level of a living wage. These impacts include reduced mortality, improved mental health and self-rated health status, reduced disability at home and work, and greater educational attainment in their children.<sup>1-2</sup>

#### b. Summary of evidence.

There are scores of systemic reviews and hundreds of individual research publications documenting that absolute and relative level of income and/or socioeconomic status are associated with a wide range of health outcomes. Adverse health outcomes of low income occur over the entire lifecycle (e.g., infant mortality, all causes and specific diseases, self-reported health status, mental health). The most compelling evidence is from studies that follow different socioeconomic groups within entire communities or

large populations (>400,000) over time. The mortality/income gradient appears to be steepest in the lowest income groups (<\$20,000 per year), but persists at higher income levels, although it is less pronounced.<sup>5</sup>

### c. References.

1. Bhatia R, Katz M. Estimation of health benefits from a local living wage ordinance. *Am J Public Health*. 2001; 91(9):1398-1402.
2. Cole B, Shimkhada R, Morgenstern M, Kominski G, Fielding J, Wu S. Projected health impact of the Los Angeles City living wage ordinance. *J Epidemiol Community Health*. 2005;59:645-650.
3. Commission on the Social Determinants of Health. [Closing the Gap in a Generation: Health Equity Through Action on the Social Determinants of Health. Final Report of the Commission on Social Determinants of Health.](#) SI. Geneva: World Health Organization; 2008. Accessed on February 4<sup>th</sup> 2013.
4. Galea S, Tracy M, Hoggatt KJ, DiMaggio C, Karpati A. Estimated deaths attributable to social factors in the United States. *Am J Public Health*. 2011; 101(8):1456-1465.
5. Backlund E, Sorlie PD, Johnson NJ. A comparison of the relationships of education and income with mortality: the National Longitudinal Mortality Study. *Soc Sci Med*. 1999;49:1373-1384.

## 4. What is the indicator?

### a. Detailed Definition:

The living wage is defined as the hourly wage rate or annual income that a sole provider working full time (2080 hours/yr) must earn to provide his/her family a minimum standard of living, covering costs of food, child care, health insurance, housing, transportation, and other necessities. An annualized budget is calculated for 8 different types of families (1 adult; 1 adult-1 child; 1 adult-2 children; 1 adult-3 children; 2 adults; 2 adults-1 child; 2 adults- 2 children; 2 adults-3 children). The living wage for two family types (an adult with two children and two adults with two children) was applied against the income distribution of single women with children and married couples with children, respectively. The number of families that fell below the living wage, expressed as a percentage of all families of that type, is the indicator.

### b. Stratification:

Family type and race/ethnicity.

### c. Data Description.

- i. Data Source: The data on living were extracted from the *Living Wage Calculator* website (<http://livingwage.mit.edu/>) and re-formatted without changes. The data represents a synthesis of multiple data sources including U.S. Department of Agriculture's 2010 low-cost food plan (food costs); Parents and the High Cost of

Child Care – 2011 Update, National Association of Child Care Resource and Referral Agencies (childcare); 2010 Consumer Expenditure Survey and the 2010 wave of the Medical Expenditure Panel Survey (healthcare); 2010 Fair Market Rents produced by U.S Department of Housing and Urban Development (housing); 2010 Consumer Expenditure Survey (transportation); and federal payroll taxes as well as federal and state income taxes for the 2011 tax year (taxes). Income data were tabulated from sequence tables (B19139) of the American Community Survey (ACS), 2006-2010, and stratified by race/ethnicity (county, region, state). Prevailing (median) wages for selected occupations in 2010 were downloaded from the Employment Development Department, labor market information website ([www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)) based on the 1<sup>st</sup> quarter of the Occupational and Employment Statistics (OES) Survey, 2009.

- ii. Years available: 2010.
- iii. Updated: Periodically.
- iv. Geographies available: City/town, county, region, state.

## 5. Limitations.

The living wage is a no-frills, minimum standard of living that should be considered a step above the poverty rate and not a lifestyle most middle class Americans would desire. It does not include income set aside for children's post-secondary education, pension, retirement, or savings for wealth accumulation (investments, home ownership). The budget also does not include money for restaurant meals or entertainment, leisure activities, or vacations. Regional cost adjustments were available for some of the cost categories. However, local variation in costs within regions was not accounted for. Family income for married couples can reflect two earners. Standard errors for percent of families below the living wage were not calculable from ACS data.

## 6. Projects using this indicator.

- a. Glasmeier AK. Poverty in America: Living Wage Calculator. Cambridge, MA: Massachusetts Institute of Technology; 2012. <http://livingwage.mit.edu/>. Accessed on August 27<sup>th</sup> 2012.