



## **Income Inequality in America**

In 2013, the American workforce had 25 million individuals, half of which were minimum wage workers. Women made up two-thirds of the workforce, making the federal minimum wage of \$7.25 per hour.<sup>i</sup> Only twelve percent of minimum wage workers were able to sustain themselves, while sixty percent of those making \$15 an hour were able to support their families. Many families today are unable to sustain their basic needs on one full-time job. Additionally, low minimum wages increase the vulnerability of women's economic status and their likelihood to experience sexual harassment in the workplace.

Unfortunately, there is a gender wage gap in 96% of all occupations. In nonprofit organizations, women account for the majority by maintaining 70% of the jobs, compared to forty percent of for-profit jobs<sup>ii</sup>. Due to the intrinsic, socially motivated roles in nonprofits, they often pay less. They see the good employees do in the community as a form of compensation.<sup>iii</sup> Men and women who work in industries with high rates of women workforces are often paid less than roles seen as "men's work".<sup>iv</sup> The staff of the Michigan Coalition to End Domestic and Sexual Violence's reflects similar proportions with 76% of staff members identify as women, which makes wage equality a concern for its staff.

Equity can contribute to employee motivation and satisfaction in their place of employment.<sup>v</sup> Levine (1991) suggests that wage variation leads to lower group cohesiveness. Group cohesiveness is one's ability to obey the group culture and norms. This cohesiveness promotes productivity and cooperation in the work place<sup>vi</sup>. One way to get group cohesion is through engendering feelings of pride and respect. An employee's perception of the fairness in the workplace influences their feelings of pride of place of employment. Wage equity and perception of employer fairness contribute to this motivation.<sup>vii</sup>

## **Social Justice Advocacy Concerns**

To understand our ethical duty to promote economic justice, we must understand factors that lead to equal pay for all. This includes understanding the difference between the minimum wage and living wage. The minimum wage is the lowest hourly pay workers receive (also known as a pay floor). A living wage, with normal working hours and the ability to save, provides a culturally acceptable standard of living for an

employee and their family.<sup>viii</sup> Usually organizations that receive government funding provide a living wage. Most advocates believe that raising wages can result in lower turnover, better worker morale and modest reduction in poverty<sup>ix</sup>. Raising the minimum wage provided to all employees, regardless of their position, will benefit communities and the broader economy as they reinvest those dollars into the local business market. Additionally, higher wages can reduce employee turnover and increase employee satisfaction, saving the organization the expense of training and hiring new employees.<sup>x</sup> Social exchange theory<sup>xi</sup> suggests that fairly-compensated employees may feel more dedicated in the workplace<sup>xii</sup>. Organizational actions that are positive and beneficial to employees create high quality exchange relationships that obligate employees to act in positive and beneficial ways to the organization. It reflects an attempt for high-quality working relationships with employees, which may cause stronger attachment to the company and motivate the employees even further.<sup>xiii</sup>

Ann Arbor, Michigan implemented a living wage in 2014. The ordinance required employers to pay a minimum wage of \$12.17 per hour with healthcare benefits and \$12.57 without healthcare. If nonprofits could not afford this ordinance, the Housing and Human Services Advisory Board suggested increasing annual city contracts by \$15,000.<sup>xiv</sup> Nationally, since 2017, the living wage in the United States is \$16.07 per hour before taxes for a family of four.<sup>xv</sup>

Working within nonprofits, specifically working within agencies that address violence, advocates experience emotional labor from listening to survivor stories of trauma. Emotional labor demands occur in occupations where the emotional toll on the employee may affect the organization and employee's outcomes. Jobs with high emotional labor demands need compensating wage differentials like those of physically demanding positions. Consistent with the list of occupations provided by Hochschild (1983), occupations with high emotional labor demands are frequently found in protective services, health care, or counseling.<sup>xvi</sup>

### **Effects on Marginalized Communities**

For women of color there is a double pay gap, since they make less than their white female counterparts in addition to the lower wages compared to white men. Immigrant women, especially the undocumented, face many barriers to achieving pay equity, such as language and cultural barriers, immigration status, and availability of low-income jobs.<sup>xvii</sup> Women of color also exist in a society that demands they take on caregiver roles at a young age. This can affect their ability to earn wages while limiting where and how long an individual can work related to the needs of the family members. AARP's Public Policy Institute reports that only 13% of private sector workers have access to paid family leave from their employer. However, usually only new parents and not caregivers are provided paid family time.<sup>xviii</sup>

Racial discrimination, educational and occupational segregation have accumulated disparities, which cause a generational racial wealth gap. Typically, a white family has \$140,500 in wealth compared to \$6,300 for a Latinx family and \$3,400 for a black

family.<sup>xix</sup> Access to conventional mortgage loans and other financial resources are additional factors in the racial wealth gap.<sup>xx</sup> During a 35-year work-life, women of color earn \$434,000 less than men. Accumulated wealth includes factors like paid sick leave, health insurance, pensions, and 401(k) plans. Without these benefits, women of color are unable to account for potential financial setbacks like a health emergency or unemployment. Additionally, lifetime earnings are lower for women of color as they face higher rates of unemployment and poverty. In relation to this, the wage gap affects millennial women right out of college due to the significant amount of student debt combined with low wages.<sup>xxi</sup>

Additionally, research shows that health disparities such as chronic health conditions faced by people of color coupled with discrimination and difficulty accessing quality health care affect people of color's ability to remain in the workforce.<sup>xxii</sup> Paid leave options would assist families of color to receive the needed healthcare by reducing economic insecurity.<sup>xxiii</sup> These factors all contribute to the well-being of people of color in America and their ability to maintain and contribute to the American economy.

### **Effects on the LGBTQIA-2S+ Community**

The wage gap has a significant impact on the health and wellness of many gay and transgender Americans and their families.<sup>xxiv</sup> According to the National Center for Transgender Equality, transgender people are three times more likely to be unemployed and twice as likely to live in poverty compared to the over-all societal rates. These conditions also have an impact on a transgender person's mental health. Over 50% of all LGBTQIA-2S people face lower wages, difficulty finding jobs and obtaining promotions; often fired due to their sexual orientation. These families suffer when household incomes are unjustly decreased based on gender-, race-, and sexual orientation-based wage bias<sup>xxv</sup>."

A study conducted by the Building Movement Project found that people aged 18 to 34 years old who identified as bisexual or queer stated they were interested in non-profit leadership roles, specifically LGBTQ people of color (LGBTQ POC). The findings showed people of color worked in advocacy and policy change organizations. Related to discrimination and job advancement, 20% of those in the study who were LGBTQ stated unfair treatment by an employer due to their sexual orientation and gender identity. These issues in the work environment and unsafe conditions were related to organizations that did not showcase mandated anti-discrimination policies and issues related to local political conflict.<sup>xxvi</sup> Individuals who experience discrimination due to their marginalized identity were passionate about working in nonprofit organizations to create a better labor-based work environment for themselves and community members with similar identities. The study also showed there was evidence indicating race as a larger factor than sexual orientation related to job advancement issues.<sup>xxvii</sup>

### **Effects of Survivors of Domestic and Sexual Violence**

When working with issues related to mental health, the lack of competent services due to low staffing can affect a client's mental health, leading to increased risk for suicide, violence, substance abuse and development of other co-occurring mental health conditions, reports Steve Ford of Nursing Times. If the participants served suffer continued setbacks, funding to an organization may be lowered. Moreover, reduced access may result in seeing those with behavioral health issues less often and by different providers. While this might not seem like a problem, those suffering will need to build rapport and trust with a new contact person.

Additionally, when staff members are stretched with large caseloads, the opportunity for burnout increases. Thus, more employees resign in search of more fulfilling, less stressful career opportunities. Unfortunately, every employee that leaves contributes to a growing problem with morale among those remaining the organization.

### **Basic Economic Security in Michigan**

The Basic Economic Security Tables (BEST) Index provides a measure of how much income working adults of different family types need to be economically secure. This index shows that an income level of \$28,752 is necessary for a single working adult, \$44,280 for a single parent with an infant, and \$70,896 for two working adults with one infant and one preschooler. Yet according to the Economic Policy Institute, by 2024, a single working adult needs to earn at least \$31,200, or \$15 per hour, to meet basic needs. Workers living in areas with higher living cost will also need additional wages.<sup>xxviii</sup>

Women headed household and people of color are less likely to have basic economic security. The article states that black women specifically are the least likely to have economic security, where only 49% are living with economic security. Access to educational and training opportunities, paid family leave or sick leave, reinforcing the security of the basic safety net, and increase funding for programs that offer financial services focused on career empowerment services, credit repair, and financial assistance for survivors of intimate partner violence and economically vulnerable populations would assist in job security.<sup>xxix</sup> For Michigan, women overall made 78.2 cents for every dollar a man makes. Add race to the equation and Asian women make 96 cents, white women make 77 cents, black women make 64 cents, and Latinx women make 58.1 cents for every dollar a man makes.<sup>xxx</sup>

The Michigan Coalition to End Domestic and Sexual Violence and the National Women's Law Center signed an amicus brief in 2019 that requested the support of two initiatives that would place increased minimum wage, tip minimum wage and mandated paid sick time. The 2018 Public Act Number 369 (2018 PA 369) addresses the paid medical leave act. The 2018 Public Act Number 368 (2018 PA 368) fixes the minimum wage for employers throughout the state of Michigan and prohibits wage discrimination. State of Michigan voters supported these initiatives enough to place them on the ballot, but the legislature decided to adopt the proposals and reduced their effectiveness by cutting core components to implement these changes. Those impacted by 2018 PA 369

and 2018 PA 368 are predominately women, women who are head of households, women of color and women who experience abusive relationships. These legislative changes would support extended responses to domestic and sexual violence survivors including safety options, financial counseling and critical resources to increase the well-being of Michigan families.<sup>xxxii</sup>

### **Implementation Steps to Support Living Wage Initiatives in Your Organization**

A report from the Center for American Progress projected that to refill most positions it costs organizations 20% of that job's salary. As the Center for Nonprofit Management points out, this means it could cost an organization \$8,000 to fill a \$40,000 position, which may be higher than the necessary raise in wages.<sup>xxxiii</sup> To address employee satisfaction, quality of life and reduce employee turnover, we need to address fair wages. This can be obtained by strengthen equal pay laws and build ladders to better paying jobs for women, as well as increase the availability of high quality, affordable childcare. Another action is to protect worker's ability to collectively bargaining and unions.<sup>xxxiii</sup>

Paid family leave is an important issue as 60% of caregivers are employed. A strong paid family leave policy can lessen the stress of caregiving. Paid sick leave will provide access to doctor's visits, access to mental health care and illness prevention while providing a buffer against spiraling poverty.<sup>xxxiv</sup> It also provides better financial security that can lead to employee retention and increased productivity. The Center for Law and Social Policy (CLASP) found that without access to paid leave, women often are forced to quit their jobs or reduce hours to care for themselves or loved ones, which is a \$9.6 billion loss in wages nationally per year. One in five women lose their jobs due to the need to take care of themselves or a family member. Due to health disparities and caretaker efforts, people of color should have the opportunity to take leave without fear of losing their job, this can be implemented through and anti-discrimination protection policy.

Practical changes in the workplace such as allowing children and pets in the workplace, office furniture options like standing desks, yoga mats and massage chairs, can benefit employee wellbeing. Longer maternity leave, additional vacation time, and providing uncommon benefits like savings funds or emergency funds are also useful. Time flexibility including paid time off, working from home when needed, and alternate work schedules allows employees to manage their personal lives while maintaining professional responsibilities.<sup>xxxv</sup> Research from The Shift Project stated that erratic work schedules lead to psychological distress, issues with work-life balance, childcare schedules, stress, nervousness and trouble sleeping. Chicago, San Francisco, New York City, and Philadelphia have adopted fair work policies that have shown benefits to quality of life, work-life balance and happier employees that sleep better at night.<sup>xxxvi</sup>

Additionally, employers can provide holistic health care options outside of insurance. From the 2015 Nonprofit Employee Benefit Survey, these plans include gym

memberships/discounts, flu shots, health screenings, advocates and coaches, and premium discounts for completing health risk assessments. Paying for health insurance is an additional supportive option for employees.<sup>xxxvii</sup>

An organization can also identify what its living wage standards are, compared to the minimum wage within their county or state on the Living Wage Calculator created by the Massachusetts Institute of Technology.<sup>xxxviii</sup> In order to implement changes, organizations should conduct a systematic salary review to determine if there are any current policies that violate equal pay legislation currently in place.<sup>xxxix</sup> The National Committee on Pay Equity has a ten-step process to establish this audit.

Finally, the National Women's Law Center supports the Public Service Freedom to Negotiate Act that allows employees in the public sector the right to join a union. This allows for bargaining activities related to fair wages, scheduled hours and working conditions. Women who are represented by unions experience a less significant gender wage gap, are more likely to have employer-based healthcare coverage and have access to job protected paid family and medical and sick leave.<sup>xl</sup> Women of color, immigrant women, and women who identify as LGBTQ have more access to space to address discrimination and harassment than women who are non-union workers.<sup>xli</sup>

## Endnotes

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