

“LIVEABLE WAGE” FACTSHEET

Background

- Under the Texas Labor Code Section 62.051, employers shall pay the federal minimum wage as provided under the Fair Labor Standards Act (currently set at \$7.25).
- Texas law pre-empts any ordinance, order, or charter provision governing wages in private employment, other than wages under a public contract (TX Labor Code § 62.0515).
- Texas law prohibits localities from passing minimum wage ordinances requiring other employers to pay a wage above the federal minimum wage. However, governmental entities (municipality, county, special district or authority, junior college district, or another political subdivision of this state) can set wages for public employees and workers for contractors hired by the city or county (TX Labor Code § 62.0515).

What is the Texas “Living Wage”?

- Three of the most widely used living wage calculators provide significantly different wage rates in Texas (Massachusetts Institute of Technology, Center for Public Policy Priorities, and Economic Policy Institute). To be consistent when comparing living wage rates using each tool, the following rates are for a single individual with no dependents as of October 2015.

Calculators	Living Wage Calculator – MIT	Texas Family Budget Estimator – CPPP	Family Budget Calculator – EPI
Lowest cost of living in Texas	\$9.40	\$11.54	\$12.66
Highest cost of living in Texas	\$10.97	\$14.09	\$14.38

Texas Localities with a Living Wage – Latest Actions

- Bexar County increased the living wage to \$13/hr for county employees effective 10/1/2015.
- City of San Antonio increased the living wage to \$13/hr effective 1/1/2016.
- Dallas County does not have a formal living wage, but does not pay \$10.50/hr. County officials will consider the wages contractors pay when evaluation contracts.
- City of Austin passed a three percent pay increase for all employees and established a minimum wage of \$13.03/hr for city employees.
- El Paso County increased their living wage to \$10/hr.
- The City of El Paso increased their living wage to \$10.35/hr.
- Houston Independent School District raised the lowest wage it pays to employees to \$10.00 (not referred to as a living wage).

Future of Living Wage in Texas

Twenty-nine states have minimum wage laws requiring a state minimum wage higher than the federal minimum wage. However, efforts in the Texas Legislature to raise the statewide minimum wage above the \$7.25 federal requirement have been unsuccessful.

- During the 84th Texas Legislature, House Joint Resolution 26 proposed a constitutional amendment raising the state minimum wage to \$10.10 per hour. The resolution was defeated 92 to 50.
- Other bills introduced during the 84th Texas Legislature proposing to raise the minimum wage were left pending in committee.

Living Wage Debate

Proponents argue

- Poverty and inequality would be reduced.
- A stronger middle class is a key to a stronger local economy.
- Employee absenteeism and turnover rates would decrease.
- Employee morale and productivity improves.
- Workers will become less reliant on social service programs.

Opponents argue

- It is impossible to accurately set a living wage because there is a lack of consensus on a standard hourly rate.
- It will cost taxpayers more and potentially cause a loss in overall employment opportunity.
- Payroll costs increases are driven by the higher minimum wage, but also the pay increases to workers in higher level jobs to prevent wage compression.

Interesting Note

In April 2016, the Washington Post reported that a survey conducted by LuntzGlobal shows eighty (80) percent of 1,000 business executives across the country supported raising their state's minimum wage and eight (8) percent opposed it.

Sources:

Texas Association of School Boards, "Paying employees a 'living wage' is gaining traction in Texas, U.S.", October 2015, <https://www.tasb.org/Services/HR-Services/Hrexchange/2015/October-2015/living-wage-lead.aspx>

"Leaked documents show strong business support for raising the minimum wage", Washington Post, April 4, 2016, <https://www.washingtonpost.com/news/wonk/wp/2016/04/04/leaked-documents-show-strong-business-support-for-raising-the-minimum-wage/>