

## Debra Thompson

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**From:** lynnescola@aol.com  
**Sent:** Saturday, February 12, 2022 6:31 PM  
**To:** Assembly  
**Subject:** A borough minimum living wage

At last Monday's meeting, the assembly voted to give free passes to the recreation center for childcare workers employed by nonprofit agencies. The intent was to enhance their remuneration in a small way to help recruit and retain childcare workers. The estimated number of eligible beneficiaries is fourteen.

That's a crumb. It solves nothing. More crumbs may be forthcoming, but they won't solve the problem either. This is also bad public policy, for all the reasons mentioned in your discussion before the vote.

The underlying problem is that the state minimum wage (\$10.34 per hour) is inadequate to meet a worker's basic needs. The solution is for the assembly to establish a borough minimum wage that's a living wage – that is, it allows workers to afford a basic level of existence. This will benefit far more than fourteen childcare workers, who at least earn \$12.00 per hour to start. A lot of people in town earn less than that.

As far as I can tell, it's within the borough's authority to establish a minimum living wage. The process of devising a figure and annual adjustments to it shouldn't be particularly difficult. As a starting point, there's an abundance of labor market, housing, and cost of living data available from government sources specific to Alaska and even to Petersburg. The resulting figure would almost certainly be higher than the current \$12.00 per hour paid to entry childcare workers.

Cue the chorus of objections:

- ***The childcare center will be forced to raise its rates. Parents will have to pay more to place their children in childcare, so you're just shifting the cost to the parents.*** Exactly. Right now, these parents can go to their jobs and make a living in part by exploiting underpaid childcare workers. Increasing the minimum wage to a minimum living wage, which means parents may pay more for childcare, is righting an existing wrong.

If you're concerned about the affordability of childcare, and you think government should be involved in it, that's a separate issue. Affordable childcare should not be built on a foundation of inadequate pay for those doing the work.

- ***Employers will be forced to raise wages for their non-entry-level employees in order to retain them.*** Understood. A rising tide lifts all boats. Employees whose skills have greater value to their employers are normally paid more than minimum wage. If not, they'll take their skills elsewhere. Some of the parents who may now have to pay more for childcare may see an increase in their own income.
- ***Employers will respond to a wage increase by reducing their workforces in order to keep their labor costs constant. Unemployment will increase.*** Labor economists don't agree that this is correct. In any event, the labor market continuously adjusts to all kinds of real-world changes.
- ***Petersburg residents will have to pay more for good and services.*** Maybe, and maybe we should. To the extent that we now get cheaper goods and services in part from the labor of underpaid workers, a minimum living wage is simply righting a wrong.

- ***A minimum wage is objectionable on principle. Employers should be able to pay as little as they can.*** Check your libertarianism at the door. It's too late for that. America long ago recognized the social utility of a minimum wage. It's a guardrail on capitalism, it prevents social unrest, and it helps keep workers' living costs from shifting to government or charity. If you're in favor of small government, you should be in favor of a minimum living wage.
- ***Let the state set the minimum wage so we don't have to grapple with the details and the political messiness.*** Every year, the state minimum wage is subject to adjustment, but adjustments are added to a base that wasn't a living wage to start with. The state isn't going to rethink its minimum wage anytime soon. Petersburg's working poor are Petersburg's problem.
- ***It's anti-business.*** Businesses are currently profiting by not paying people enough to live on. When people don't earn enough to live on, they turn to government or charity to make up the difference. Government and charity currently subsidize businesses by supplementing their workers' pay. A minimum living wage will correct this imbalance. Paying people inadequate wages shouldn't be a cornerstone of our town's economy.
- ***This isn't the right time to raise wages.*** Technically correct because it's overdue. Like the rest of America, Petersburg has seen a growing divide between rich and poor. No matter how apparent that a minimum living wage is needed, there are those who will automatically oppose it because they have a vested interest in maintaining the status quo. They'll cite unemployment, covid, inflation, deflation, depression, anxiety, or zombie apocalypse as a reason that it's just not the right time to raise wages. And they'll paint a picture of hair-on-fire consequences if we do: shuttered businesses, rows of houses for sale, and tumbleweeds blowing through an abandoned business district. That's using fear to paralyze people into inaction.

I hope you'll give serious consideration to creating a borough minimum living wage. Yes, there will be ripples in the economic pond, as there are for every change. A borough minimum living wage is a real solution to a real problem. Nickel-and-dime government handouts are not. Petersburg likes to promote itself as a nice community to live in. Earning a decent living would go a long way toward making Petersburg a nice community to live in for more of its residents.

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Some fun with numbers from the Alaska Department of Labor and Workforce Development:

A worker earning the Alaska minimum wage of \$10.34 per hour and working a 40-hour workweek has a gross monthly (four weeks) income of \$1,654. Assume 10 percent is withheld in various deductions; that leaves take-home pay of \$1,489 per month. The 2021 average rental cost of an apartment in Wrangell-Petersburg is \$973 per month (including utilities). **That means a minimum wage worker in Petersburg spends 65 percent of their take-home pay on housing.** The US Department of Housing and Urban Development and conventional wisdom both advise that you shouldn't spend more than 30 percent of your take-home pay on all housing-related expenses.

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Petersburg