



The Cavalier Daily

- [About](#)
- [Advertise](#)
- [Contact](#)
- [Student Resources](#)

- [News](#)
- [Sports](#)
- [Life](#)
- [Opinion](#)
- [Comics](#)
- [Print Edition](#)
- [Weeklies](#)
- [Special](#)
- [Archive Index](#)

More money, more problems

Imposing a living wage would have unexpected consequences for workers, such as higher rates of unemployment
[Megan Stiles](#), Cavalier Daily Columnist

[Opinion](#)

[March 31, 2010](#)

The living wage campaign seems to be making a comeback. Currently, the University imposes its own minimum wage of \$10.14 per hour for employees directly employed by the University, although Workers and Students United claim that some workers who should be making this amount, such as individuals working for subcontractors, are in fact paid less. The organization wants the University to pay its workers a “living wage” — about \$11.44 per hour, by most calculations. Yet, is this truly the best solution for the University and its employees?

Advocates for a “living wage” base the \$11.44 figure on how much two full-time workers would need to make in order to raise a family of four in the city of Charlottesville. The University’s own self-imposed minimum wage is almost \$3 above the national minimum wage of \$7.25, and increasing it to \$11.44 would result in a wage that would be 58 percent higher than this minimum wage. This entry-level salary of \$10.14 is already the second highest for universities in Virginia.

Advocates for increasing the minimum wage paid to University employees say that increasing these pay grades could actually lead to lower unemployment. There are a few studies that conclude just that, including a study by David Card and Alan Krueger at the Princeton University. According to Carl Horowitz’s critique of the living wage for the Cato Institute, over “80 studies have demonstrated a link between an increase in the minimum wage and subsequent job loss.” This has the most negative effect on “the workers with the least skills, experience, and education.” This reasoning makes sense — the money to pay workers more has to come from somewhere. Increasing an employee’s wage by \$1.30 per hour would actually cost the University more than that amount because of taxes.

What a lot of people fail to realize is that employers also pay that amount in taxes to the government when payroll taxes are deducted from employees’ paychecks. In general, after implementing a minimum wage, employers will either reduce hours, workers, or hire fewer low-skilled workers — or a combination of all three — to keep costs under control. This argument might be unpopular with the general public; after all, it is much easier to talk to someone who has benefited from an increase in his or her wages than it is to talk to someone who was never hired as a result of an increase in the minimum wage. Increasing the minimum wage is great for the employees who still have a job. But for the employees or potential employees that were never hired, the outcome can be devastating.

If the University had to raise its minimum wage, it would most likely also have to raise the wage of those working just above the minimum wage in order to keep higher earners’ paychecks above the starting salary. This money has to come from somewhere.

It's either going to come from reducing services, increasing tuition, or laying off staff — none of which are desirable options.

In addition, the figure for a “living wage” is determined based on a worker who has a family of four. This, however, does not represent every worker. What about single parents? Should we pay them twice as much? \$22.88 per hour? What about families with more than two dependents? Why not just pay everyone \$100 per hour? You cannot base a person's salary on how many dependents they have. Not only would this be unfair to single employees without dependents, it would amount to paying people different wages for the doing the same job and changing the system so that it rewards need instead of value.

Advocates for increasing the University's minimum wage should focus their efforts elsewhere if they want to improve the lives of University employees. Why not try to get student volunteers to offer free baby-sitting to employees or encourage employees to take advantage of the University's many training and development programs, which not only teach marketable skills, but also can help employees raise their salary once completed? Although increasing the University's minimum wage might sound great and make us all feel better, it would not be without some unfortunate unintended consequences that must also be considered throughout this debate.

Megan Stiles' column appears Wednesdays. She can be reached at m.stiles@cavalierdaily.com

Share and Enjoy:

Leave a Reply

The Cavalier Daily welcomes your opinions, but reserves the right to edit and/or delete any comments deemed to be in poor taste or unfit for publication, and to block users from commenting in the future. Please exercise judgment when composing your response.

Name (required)

Email (required) - will not be published

Website (optional)

Comment:

• Search

• Sponsor