

## **Living Wage 2011 Press Release**

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### **Alternatives Federal Credit Union Announces 2011 Living Wage**

Ithaca, NY – How much does it cost to live in Tompkins County? According to the Alternatives Federal Credit Union bi-annual Living Wage Study, it is \$24,271.50 or \$11.67/hour for full-time worker. The Alternatives Board of Directors voted unanimously to raise wages to the new Living Wage level, continuing its commitment to its employees.

The updated study looks at housing, transportation, healthcare and other necessities, as well as a modest allowance for recreation and savings to come up with the annual figure, up 5% from \$11.11/hour two years ago. This figure represents the Living Wage for an individual whose employer provides health insurance. According to the Tompkins County Workers Center, an additional \$1.11/hour would be necessary for a Living Wage if health insurance is not included. The minimum wage, set by the federal government, is \$7.25/hour. Despite recent increases in the federal minimum wage, that figure has not maintained its buying power over the past thirty years. Returning to the same sources used in prior Living Wage studies, James Fiddmont, a Cornell student and intern through the WISP program, updated the numbers. “It feels great knowing I was able to assist in calculating the Living Wage of Tompkins County. With these calculations the onus is on local businesses to provide their employees with adequate compensation as the cost of living increases,” stated Fiddmont.

The largest driving factor of the increase was rent, which, according to HUD (Housing and Urban Development) is \$811/month for a single bedroom apartment, including utilities. That’s up 6.29% while the rate of inflation for the same period was only 1.62%. Healthcare and transportation also took big jumps, while food and communication stayed flat.

Leni Hochman, Chief Operations Officer, oversees the study. She sees the conundrum for small businesses that want to pay a Living Wage but don’t believe they can afford to do so. While the main impetus for paying a Living Wage is the belief that it is the right thing to do, Hochman says there are business advantages as well: “The Living Wage not only benefits employees, but has advantages to businesses too. It can reduce employee turnover and absenteeism, lower recruitment and training costs, and improve morale and commitment to the company.” Hochman points proudly to Alternatives’ comparatively low turnover. Further, Hochman asserts that paying a Living Wage has advantages to the community. When people are paid enough to support themselves, they no longer need to rely on public assistance in the form of housing subsidies, medical

assistance, food stamps and welfare, which are paid for in everyone's taxes. People earning a Living Wage pay more taxes and buy more goods and services in the local economy. Recent economic research concludes that there is little or no job reduction associated with wage increases, and the benefits far outweigh any negative consequences.

Joining Hochman on the panel were:

- Tristram Coffin, Chief Executive Officer of Alternatives Federal Credit Union
- Linda Holzbaur, Tompkins County Workers' Center
- Laura St. John, Ithaca College Student and Dining Hall worker
- Mercedes Redmon, employee of GreenStar Coop Market, a Living Wage Employer

Tristram Coffin, CEO of Alternatives Federal Credit Union, recounts the origins of the Study. "Alternatives' advocacy for a Living Wage originated with Alternatives' staff in 1994. While the mission of the organization was in serving and empowering low income people in the community, its full time employees were unable to live independently on their entry-level take home pay. In response, the Credit Union undertook a systematic study of what it costs to live in Tompkins County. Using widely available public data, Alternatives determined the amount of income required for employees to adequately support themselves, and set its minimum wages accordingly. When the Living Wage proposal was presented to the Credit Union Board, they decided to take the next step. Instead of quietly raising wages internally, they publically announced the Study and their commitment to paying a Living Wage to all employees. They urged all employers in the County to join in this commitment."

The Tompkins County Workers' Center uses the Living Wage, as determined by Alternatives, to advocate for workers, educate the community and organize campaigns to help workers earn a Living Wage. They certify Living Wage employers and encourage the community to selectively do business with them. Alternatives is one of over 70 employers in Tompkins County that is a Certified Living Wage Employer.

The Workers' Center recently reported the success of the student-community campaign to win a Living Wage for over 100 food service workers at Ithaca College. According to an announcement by Ithaca College and the Sodexo Corporation, these workers will be paid at least the Tompkins County Living Wage by September. Linda Holzbaur, Community Organizer with the Workers' Center, said, "I do not believe that our coalition, as strong as it was, could have had such a successful campaign if the IC administration had not realized that the Living Wage is an ideal that is very near and dear to the hearts of leaders and residents of Tompkins County. And we would not have had the power that we had in this campaign without Alternatives' bi-annual Living Wage index."