



## Lesson Plan: Living Wage v. Minimum Wage: What's the Difference?

**FILM:** This lesson plan is designed to be used in conjunction with viewing the film *Waging a Living*. The documentary is available from the Filmmakers Library. Please go to [www.filmmakerslibrary.com](http://www.filmmakerslibrary.com) or call (212) 808-4980.

### OBJECTIVES:

This lesson will help students:

- Learn about the history of wage policy in the U.S., including the role of Henry Ford and the passage of the Fair Labor Standards Act
- Understand the difference between “minimum wage” and “living wage”
- Calculate what amounts to a living wage in their community.
- Understand the kinds of things they can do to increase their ability to earn a living wage
- Practice persuasive writing

***This lesson is especially recommended for use with students at high risk for dropping out of school.***

**GRADE LEVEL:** 9-12

**SUBJECT AREAS:** Economics, Civics, Life Skills, U.S. History, Business

### MATERIALS:

- Clips of Jerry Longoria’s story featured in *Waging a Living*
- AV equipment on which to play clips
- Handout for Calculating a Living Wage

**ESTIMATED TIME NEEDED:** 1-2 class periods depending on the options you choose. The film clips total approximately 20 minutes.

### BACKGROUND INFORMATION:

It is during their high school years that many people hold their first “real” jobs. To them, the promise of a wage in the range of \$8-10/hour can seem high, and they may not be motivated to seek the kind of education or training they would need to earn more. This lesson is designed to help students get a better handle on the reality of daily expenses for an adult, and to demonstrate that what they may see as a good wage is barely adequate for someone trying to live on their own.

To start their exploration, students will learn about two key moments in U.S. history related to wage rates. The first is Henry Ford’s \$5-a-day innovation (see box below).

The second is the 1938 Fair Labor Relations Act, which continues to be modified, but is still in effect today.

### Henry Ford

- On January 5, 1914, Henry Ford announced his \$5/day program for autoworkers at his factory. In this program, which Ford called “profit sharing,” workers over the age of 22 who had been at Ford for at least 6 months would be guaranteed a minimum of \$5 for an 8 hour work day.
- For many Ford workers, this policy more than doubled their pay and made them the highest paid workers in the industry.
- At the time, there were no minimum wage laws in the U.S. Other industrialists scoffed at Ford for raising production costs unnecessarily.
- The main purpose of Ford’s policy was to reduce high turnover and the associated costs of having to constantly train new workers. It was so successful in addressing the turnover problem that the policy actually saved the company money. Those savings led others to follow Ford’s lead.
- Ford’s policy was also likely motivated by a desire to discourage workers from organizing a union and to fend off government regulation (which Ford adamantly opposed).
- One outcome often attributed to Ford’s policy was the creation of the American middle class, because he was the first manufacturer of a “luxury” item to pay his workers enough to afford the product they built. Because Ford’s high wage policy raised the standard of living for the working poor, his approach is sometimes labeled “welfare capitalism.”

### **ACTIVITY:**

#### **Introduction**

Introduce the activity by letting students know that they are going to take a close look at the earning power of some typical American workers.

#### **Henry Ford and Wage Estimates**

Review with students the history of Henry Ford’s innovation of the “family wage” (see Background Section). Note the importance of this wage policy in creating a middle class in which a single wage earner could support a small family and in the expansion of the U.S. economy (because workers could now afford to purchase the products they made).

Invite general, brief discussion about whether students think the “family wage” is still the norm in working class families.

Then invite students to estimate how much they would need to earn per hour to live comfortably in their city or town. Record all estimates in a place where students can see them and leave them posted throughout the lesson.

### **View *Waging a Living***

Let students know that you are going to show clips from a documentary called *Waging a Living*. One of the people featured in the film is a security guard from San Francisco named Jerry Longoria. They will see his story. As they watch, ask students to pay attention to how much he earns and what it buys him. Show the film clips:

#### CLIP 1: 8:52 - 12:27

Jerry’s story begins, see him living in a single person residence hotel, learn how much he pays for rent

10:10 Talks about being homeless, living paycheck to paycheck, only able to manage \$10 in the bank, \$30 in his pocket

10:58 See him working as a security guard

11:27 Discloses the amount of money he makes

12:16 Shopping at Goodwill

12:27 His section ends with a poverty statistic

#### CLIP 2: 38:18 - 42:40

Jerry talks about wanting to see his kids again, hasn’t seen them in 9 years, talks about being a recovering alcoholic

39:46 Pays \$200/month in child support

39:57 Gives the homeless men on the corner some money

40:18 Pays \$50/month for the gym – goes to stay out of trouble, worth the extra cost

41:18 Marching with union in regards to contract negotiations

42:25 Expensive health benefits, no coverage

42:40 Health insurance statistic

#### CLIP 3: 51:46 - 54:01

Union meeting, approve new contract with health benefits and \$.25 raise

#### CLIP 4: 54:02 - 56:41

Goes to see his kids

#### CLIP 5: 56:42 - 58:58

Lost his job, has a new one where he is paid less

58:20 Talks about being stuck where he is at, life might be easier if he was in a relationship, wants to go to Disneyworld with his kids

58:39 Believes that his dreams will come true if he works hard at it, but makes the comment that some people’s dreams get torn down

### **Discuss Film / Revisit Wage Estimates**

Ask for student reactions. Compare Longoria’s hourly wage (\$12+/hr down to \$10+/hr) with the wage estimates that students listed in step 2. Ask if their estimates need revision. Note: If time allows, you might want to encourage students to engage in a

more general discussion of the film. A guide including suggested questions is available at: [www.pbs.org/pov/pov2006/wagingaliving/](http://www.pbs.org/pov/pov2006/wagingaliving/)

### **Minimum Wage**

Ask students to compare their wage estimates to the current minimum wage. Keep in mind that the Federal and State minimum wage levels may differ. The current Federal minimum wage is \$5.15/hour (though legislation is pending to raise it incrementally over three years to \$7.25). Some states have passed their own legislation increasing it. For a state-by-state list, see: [www.infoplease.com/ipa/A0930886.html](http://www.infoplease.com/ipa/A0930886.html)

Review or assign students to research the history of the Fair Labor Relations Act (the legislation passed in 1938 as part of FDR's New Deal – it guaranteed a minimum wage for the first time in U.S. history). An historical overview of the Fair Labor Relations Act is available from the U.S. Department of Labor: [www.dol.gov/oasam/programs/history/flsa1938.htm](http://www.dol.gov/oasam/programs/history/flsa1938.htm). Note that the establishment of a minimum wage was intended to help full-time workers avoid poverty and/or unfair treatment by employers.

Invite students to use what they have seen in *Waging a Living* to assess the minimum wage. Does the current minimum wage meet its intended goal of helping workers avoid poverty? Who benefits the most from keeping the current level where it is? Consider the impact on the following groups: employers, consumers, heads of household, teens, and part-timers earning supplemental income.

### **Comparing a Minimum Wage with a Living Wage**

Tell students that in recent years, many people have begun to campaign for a “living wage” guarantee rather than a “minimum wage” guarantee. Invite students to speculate on what the differences might be.

As a class, brainstorm a list of items that would need to be factored in when determining a living wage. Examples might include local housing costs, available transportation, insurance and health care costs, cost of food, etc

### **Calculating a Living Wage**

Option 1:

Using the Handout included in this lesson plan. Assign students to research specific costs for goods and services in their community. Have them use that information to calculate a living wage for their community.

Option 2:

If time is an issue, use the handout to discuss the kinds of items that must be included when calculating a living wage. Then, as a class, go to: [www.livingwage.geog.psu.edu/](http://www.livingwage.geog.psu.edu/). By typing in your location, the site calculates a living wage for you.

Once students have a final figure for the living wage, ask for reactions. Are they surprised at the amount they would need to earn just to get by? Together, make a list of the kinds of jobs available to people in your community that pay that kind of wage. How many of those jobs would someone without a high school diploma be qualified to do? Wrap things up by asking students to summarize the lesson. Ask each student to finish the sentence: One new thing I learned was \_\_\_\_\_.

**Assessment**

Ask students to write a persuasive letter reflecting their pro or con conclusions about a living wage and asking for specific action. Letters can be sent to either

- a letter to the editor of a local newspaper or national news magazine
- their members of Congress and/or representatives in the State Legislature

Alternatively, students can choose to make their case in person at a city or town council meeting.

Students should provide you with copies of their letters or speech, which should be evaluated by the depth of their argument, their use of evidence, their accuracy, and their writing/grammar.

See the Resources section for suggestions for starting places for additional student research on living wage issues.

**WORKSHEETS / HANDOUTS:**

When using the handout to help students calculate a living wage, actively encourage them to think of ALL possible expenses (e.g., under health care, include insurance, the cost of medications and co-pays, glasses or contact lenses and eye exams, routine first aid supplies like bandages, etc.).

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**CALCULATE A LIVING WAGE FOR YOUR COMMUNITY:**

Fill in the monthly costs in your community for each item on the grid. Include any items that you think are essential and have added to the grid. Add all the costs and divide by the numbers of hours per month that an average worker would work to find the hourly living wage for your community.

**BEFORE YOU BEGIN**, define “family.” Most formulas assume a family of four (2 adults, 2 children), but you might want to define a family as including a single parent and children, or as a couple with children and an elderly relative, or use your family as the standard, etc.

COSTS INCLUDED IN LIVING WAGE		
ITEM	SINGLE PERSON	FAMILY
FOOD		
TOILETRIES		
<b>HOUSING (FURNISHED RENTAL)</b>		
<b>UTILITIES</b>		
<b>HEALTH CARE</b>		
<b>TRANSPORTATION</b>		
<b>CHILD CARE</b>		
<b>CLOTHING</b>		
<b>LAUNDRY</b>		
<b>TAXES</b>		
<b>OTHER ESSENTIALS*</b>		
<b>TOTAL per month</b>		
<b>TOTAL per year (x 12)</b>		
<b>TOTAL per hour</b> (Divide monthly total by 160 (40/hrs per week full-time))		

\*Examples: education – including fees and supplies for children in public school; banking; bedding, cookware, and other household items; appliances (e.g., TV) & furniture not provided by furnished rental properties.

**ADDITIONAL EXPENSES:**

List here any expenses you consider very important, but not essential (e.g., Internet access, cell phone, make-up, etc.)

## **EXTENSIONS & ADAPTATIONS:**

- Assign teams of students to research and debate whether or not FDR's New Deal policies (like the Fair Labor Relations Act) hurt today's workers and should be repealed.
- Jerry Longoria is a member of SEIU, a union for service workers. Invite a union representative to class to discuss union policy on wages and answer student questions about the role of unions in preserving worker rights. Invite students to discuss the pros and cons of unions.

## **RESOURCES:**

### **P.O.V.'s *Waging a Living* Website**

[www.pbs.org/pov/pov2006/wagingaliving/](http://www.pbs.org/pov/pov2006/wagingaliving/)

The website for *Waging a Living* includes a downloadable Discussion Guide for Employers, Labor Leaders, and Community Stakeholders that includes additional discussion questions, activity sheets, and related resources that may be used to help students expand on the lesson.

### **On Henry Ford**

[www.mackinac.org/depts/ecodevo/article.asp?!D=59](http://www.mackinac.org/depts/ecodevo/article.asp?!D=59)

A simple article summarizing the wage increase and Ford's contribution

### **Economic Policy Institute: In Support of a Living Wage**

[www.epinet.org/content.cfm/issueguides\\_livingwage\\_livingwage](http://www.epinet.org/content.cfm/issueguides_livingwage_livingwage)

### **United for a Fair Economy's Responsible Wealth Project**

[www.responsiblewealth.org/living\\_wage/index.html](http://www.responsiblewealth.org/living_wage/index.html)

### **Opposed to Living Wage**

Search on "living wage" at the following think tank websites to find articles and position papers opposing the adoption of a living wage:

### **Cato Institute**

[www.cato.org](http://www.cato.org)

### **Manhattan Institute**

[www.manhattan-institute.org](http://www.manhattan-institute.org)

### **Hudson Institute**

[www.hudson.org](http://www.hudson.org)

### **The Living Wage Campaign by Herbert I. London (1999)**

[www.hudson.org/index.cfm?fuseaction=publication\\_details&id=412](http://www.hudson.org/index.cfm?fuseaction=publication_details&id=412)

This website provides a summary of the Hudson Institute approach

## **STANDARDS:**

Level IV [Grade 9-12]

**Economics**

Standard 5: Understands unemployment, income, and income distribution in a market economy.

**Civics**

Standard 13: #3. Knows the role of government in regulating business

**United States History**

Standard 18: Understands how political issues reflect social and economic changes

**Language Arts**

Standard 1: #6. Uses strategies to adapt writing for different purposes.

Standard 1. # 9. Writes persuasive compositions that address problems/solutions or causes/effects (e.g., articulates a position through a thesis statement; anticipates and addresses counter arguments; backs up assertions using specific rhetorical devices [appeals to logic, appeals to emotion, uses personal anecdotes]; develops arguments using a variety of methods such as examples and details, commonly accepted beliefs, expert opinion, cause-and-effect reasoning, comparison-contrast reasoning)