



Wages Lag for Working Poor

By JENNIFER GERRIETTS
September 7, 2000 Thursday
SECTION: FRONT PAGE; Pg. 1A

Sioux Falls family of four needs \$16.92 an hour to be self-sufficient

A study of wages and costs of living in South Dakota released Wednesday suggests new measures that would more accurately reflect how much working families need to be self-sufficient, its author says.

Rather than relying solely on federal poverty guidelines, the study compares local wages with transportation, housing, child-care and health-care costs on a county-by-county basis, said Diana Pearce, a University of Washington researcher who conducted the study.

For example, a Sioux Falls family with two adults and two children in school would need a total of \$16.92 an hour from one or both adults working to cover its basic needs without public assistance, according to the study called the South Dakota Family Economic Self-Sufficiency Project.

That's more than double the current poverty-level standard in South Dakota, considered to be one salary of \$7.98 an hour for a family of four - or \$16,604 per year.

"The Self-Sufficiency Standard for South Dakota is exciting because it measures the real level of income necessary for families to be self-sufficient without public or private supports in a given community in South Dakota," Pearce said.

She spent the past 10 months studying the state's wages. Her work was sponsored by the South Dakota Community Foundation and based on statistics from state agencies, nonprofit groups and others. The researcher has conducted similar studies in 12 states in

an effort to find measures that better lay out the real costs and needs of families.

Pearce said those costs and needs vary from rural to urban areas. For example, the county with the lowest sufficiency standard for a family of four was Dewey County in north-central South Dakota, where two adults and two children in school would need two salaries of \$6.36 per hour to get by.

"This kind of information was very important in South Dakota," said Carol Robertson, director of South Dakota Community Concepts, a group that helped to organize the project. "We've had very little information as to what does this mean for families."

Robertson said making changes to the wages in the state should not be the sole responsibility of businesses, but should be handled with a multifaceted approach. The report suggests that affordable housing, child care and health care - along with improved wages and benefits - would make a difference to a family's financial survival.

"This is a tool that truly needs to be used," Robertson said.

A Brookings woman who attended the press conference where the standards were announced said she can say from personal experience that changes are needed.

Melissa Hemmsted said she had to apply for welfare benefits six years ago. The single mother no longer needs the assistance and is a graduate student at South Dakota State University who also works at running a housing-assistance program.

She remembers struggling to get in her required work hours around schooling. She had health-care coverage for her daughter, but not herself, requiring her to rack up medical bills on credit cards. And whenever she'd make too much money, she would no longer qualify for the help she needed, Hemmsted said.

"The minute you'd start making money, they'd take it (the assistance) away from you," she said.

Federal changes to welfare benefits were intended to make recipients work to be self-sufficient, said Jim Ellenbecker, director of the state's Department of Social Services.

A single parent with one child must make less than \$565 a month to collect welfare benefits. A family cannot collect welfare for more than 60 months in a lifetime, Ellenbecker said.

"The national philosophy is that cash assistance is really only there if there's an emergency," he said.

The average wage of people in South Dakota who have left welfare and have been working at least six months is just under \$7 an hour, Ellenbecker said. That wage is reasonable since those people still qualify at that level for assistance with food costs, child care and medical care, he said.

"Economic self-sufficiency is everybody's goal," Ellenbecker said.

He said the state does not differentiate among cities or counties in its welfare benefits. He has not seen the new report, but said he would like to review its findings to see if they would apply to the state programs.

Treating employees well is a good policy for businesses, said Tom Walsh, president of Dakota King Inc., which operates 42 Burger King outlets. He said that means providing more than just a wage.

"The bottom line is, if you aren't taking care of your employees, they won't take good care of your customers," Walsh, of Sioux Falls, said.

Starting salaries for restaurant workers range between \$6 to \$8 an hour with his company, Walsh said. And he has hired some single parents trying to get established. People who are willing to be responsible about working can rise to management positions and earn more, Walsh said. Dakota King also offers profit sharing and college scholarship money. It has emergency assistance funds available to employees in trouble as well.

"We've got pretty good opportunities to get the skills and training for a lifetime," Walsh said.

He said he's not surprised by the study's findings, but said higher starting wages just aren't reasonable for most companies to make a profit.

"Realistically, I don't think it's possible. You have to look at what price you can charge for your product," he said.

Sioux Falls Mayor Gary Hanson said he's excited about how the information gained in the study can be used to help working families. The study's wage guidelines could help groups better plan for affordable housing, education and health-care assistance, he said.

"We can provide a better quality of life for those who deserve it," Hanson said.

Reach reporter Jennifer Gerriets at 331-2312 or jgerriet@argusleader.com