

Study: Wage gap widens

Salaries for high-income workers are increasing at a faster rate than those on the low end, the Poverty Institute says.

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BY BRUCE LANDIS

Journal Staff Writer

PROVIDENCE -- Many of Rhode Island's workers are falling behind even as the state's economy moves ahead, a new study says, with stagnant wages and rising housing costs leaving many working families struggling.

Despite an increase in jobs, the study says, "The gap in earnings between those at the top and bottom of the wage scale has widened dramatically."

The study, *The State of Working Rhode Island*, is by the Rhode Island College-based Poverty Institute. The institute will sponsor its Third Annual Policy Symposium on the report tomorrow morning at the State House at 9 a.m. Speakers will review the findings and discuss ways to help low-skilled and low-wage workers to get ahead.

The study says the state's economy made the transition from manufacturing to a service base and withstood the last recession, in 2001 and 2002, gaining jobs each year.

Rhode Islanders also enjoy better protection against economic setbacks than workers elsewhere, in the form of the sixth-highest minimum wage in the nation, the 10th-highest number of workers covered by union contracts, 17 percent, and unemployment benefits that replace 46 percent of earnings for workers who qualify.

Despite losses of manufacturing jobs, the state saw a net gain of 37,200 jobs from 1990 to 2004, the study says. Since 2002, the state's unemployment rate has also been near or below both the national figure and the rates in Massachusetts and Connecticut. This July, the rate was 5.1 percent, meaning that 29,200 Rhode Islanders were without jobs and seeking work.

However, the study says, workers in the lower half of the state's income distribution have seen few benefits from the economy's gains. Where wages for

workers in the top 10 percent grew 46 percent since 1979, workers in the bottom 10 percent grew less than 2 percent.

Also, job growth didn't mean wage growth. Rhode Island was the only New England state where there was no increase in the real median wage between 2000 and 2004 despite a relatively strong economy.

While wages stagnated, home prices have nearly doubled, and the state had the fastest growth in housing prices in the country in 2003.

Rhode Island also leads New England in childhood poverty and has the second highest rate of poor working families in New England, the study says, citing U.S. Census data. Rhode Island's poverty rate, 6 percent of working families with children, was the second highest in New England, after Maine, in 2002.

Meanwhile, private employment-based health insurance declined sharply, from covering 74 percent of workers in 1979 to 57 percent in 2003. However, because of the state Medicaid program, Rite Care, Rhode Island still had the sixth lowest rate of uninsurance for all people and the second lowest rate for children.

Rhode Island also lost a higher percentage of jobs to NAFTA (the North American Free Trade Agreement) than 44 other states, about 4,500 jobs, the authors say.

Kate Brewster, the Poverty Institute's executive director, said the report shows a need for government policies "that help those working at the bottom. We need to increase opportunities for low-skilled workers to climb the job ladder" and to help "the large number of workers whose earnings leave them unable to meet basic needs."

Working minority families, the study found, are at much higher risk of slipping into poverty than the rest of the population. More than one third of those families, it says, have incomes less than twice the federal poverty level.

Ellen Frank, the institute's senior economist, said that job growth in Rhode Island has exceeded that of Massachusetts and Connecticut since 2000. She said the lack of increase in the median wage in Rhode Island during the same period shows that "clearly, the benefits of recent growth aren't reaching workers in the lower half of the income scale."

The study makes several recommendations, including:

Improving adult education and job training.

Raising the minimum wage

Insuring access to health benefits

Increasing access to unemployment insurance

Addressing the "regressive impact" of the state's tax system.

Making affordable housing more available.