



Corporations Tackling  
**SOCIAL ISSUES**  
on Their Own Hope to  
**RAISE WOMEN  
OUT OF  
POVERTY**

By Kerri Fivecoat-Campbell



**W**omen are heads of households in 30 percent of homes in Texas but represent more than half—53 percent—of households considered to be at poverty level. In fact, 2.1 million women and girls in Texas live in poverty. Women earn only 79 cents for every dollar earned by their male counterparts.

These staggering facts come from a recently released report based on a study by the Center for Public Policy Priorities. *Economic Issues for Women in Texas*, by the Texas Women's Foundation, a regional women's fund and research arm of the Dallas Women's Foundation, finds that many factors contribute to these issues, including women in low paying jobs, many of which have no benefits such as healthcare or childcare or tuition reimbursement. Additionally, a lack of affordable housing does not help matters.

"About 63 percent of women in Texas are low wage earners," said Roslyn Dawson Thompson, president and CEO of the Dallas Women's Foundation. "They are disproportionately represented in low paying jobs."

The report will eventually examine the issues Texas women face in nine areas, including Amarillo, Austin, Dallas, El Paso, Fort Worth, Houston, McAllen, San Antonio, and Tyler. The report for Dallas had been released as of press time, and the rest of the reports will follow throughout the fall.

"We're looking at it market by market. It's logical to look at the issues in each area, what it takes to live, and what each community can do to help women," said Thompson. For example, the study focused on Dallas found that women, on average, earn \$7,400 less than men per year, but in Fort Worth, that gap jumps to nearly \$11,000.

As federal and state law makers continue to battle it out on how best to fight poverty in the state and

country, some companies are taking it upon themselves to help improve the lives of their lowest paid workers, the majority of whom are women. They hope such measures will continue to help the economy grow.

### IT STARTS WITH A LIVING WAGE

Everyone has heard the arguments for and against raising the federal minimum wage, which is \$7.25 per hour in Texas, or a pre-tax income of \$15,080 per year. The poverty threshold for a single parent with one child is \$15,450.

Opponents of giving a raise to low income workers say the effect will be a loss of jobs and the rise of the cost of goods and services. Opponents also argue that a minimum wage increase will not only affect those who are really struggling but will also raise the wages of many first time job seekers, many of whom are teenagers who might not necessarily need nor deserve to have the extra income based on their skill level.

“When small businesses have to raise the minimum wage, it will bring profits down, and there is so much competition, they will have to raise their prices and get rid of employees,” said Dan Levin, host of the CPR Radio Show and a retirement planning specialist based in Dallas.

Proponents of the increase argue that it is needed to slow the income

inequality that’s been rising over the past three to four decades. They also argue that raising the wage will create a more focused work force.

“The brain focuses inward, and if people are not paid enough to take care of their families, they’re not able to work at their full capacity,” said Kim Seeling Smith, founder and CEO of Ignite Global, a human resources and leadership consulting firm in Austin. “If people aren’t paid enough money, they will just do enough to get by. People need to feel they are paid what they are worth.” Smith argues that once money is not an overriding factor in basic daily survival, internal motivators kick in on the job, increasing productivity.

In Dallas, Thompson said that the study found that a single woman with one child needs \$44,496 per year to thrive, not just survive. “That means putting money in savings, retirement, and a college fund,” said Thompson. “Seventy percent of jobs in Dallas currently pay less than that.”

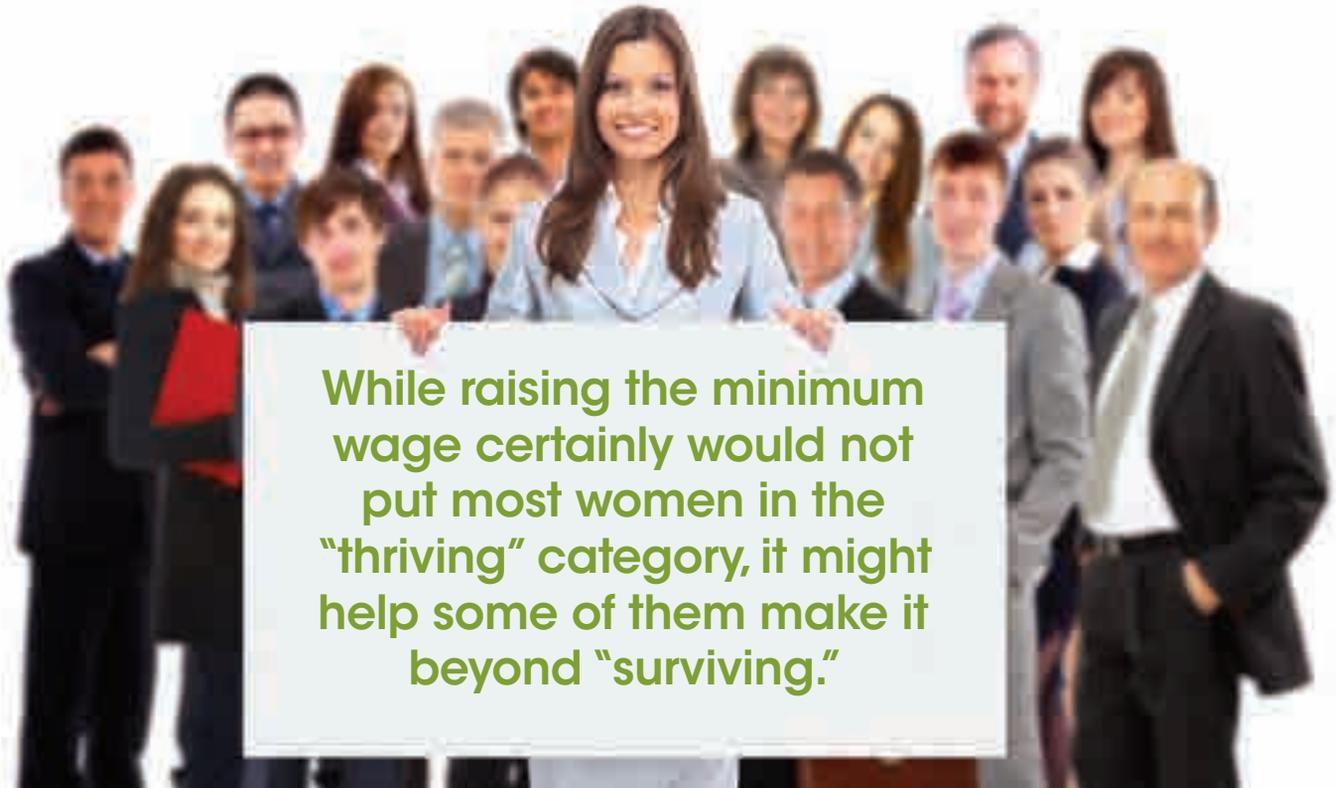
While raising the minimum wage certainly would not put most women in the “thriving” category, it might help some of them make it beyond “surviving.”

Several companies have made headlines by voluntarily raising the minimum wage for their own workers. Global retailing giant IKEA recently announced that it is raising its minimum

wage for its U.S. workers from \$9.17 to \$10.76 per hour beginning January 1, 2015. Other workers will see a raise to \$13 per hour in some high-cost living areas. Clothing retailer Gap, which also includes Banana Republic, Old Navy, and Athleta just raised its employee minimum wage to \$9 per hour in June and will increase that to \$10 per hour in 2015. The company sees the move as a competitive one to draw in the best-qualified workers. “When it’s all said and done, this is a race for talent, and if we have the best talent, then we’re going to win,” Glenn Murphy, Gap’s CEO recently told the *National Law Review*.

### “THE RIGHT THING TO DO”

Some smaller, regional companies and organizations are also taking on what state and federal lawmakers have been deadlocked on since the last raise in 2009. One such organization is Parkland Hospital Systems in Dallas. After recent turmoil that included top management changes at Parkland, one of the largest safety net health systems in the country, the Employee Relations Executive Compensation Committee voted on June 12, 2014, to raise the organization’s minimum wage from \$8.78 to \$10.25 per hour. The goal was to raise employee morale, reduce the turnover rate, and, as Jim Dunn, PhD, executive vice president,



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and chief talent officer said, “It was the right thing to do for our employees. We wanted to show that those that work hard and play by the rules will be rewarded.” The wage increase will affect 233 employees, mostly in the environmental, linen, and dietary services. Of those 233 jobs, 168, or 72.1 percent are held by women.

Louise Sedberry has been a housekeeper at Parkland for two years. She is married with three children but still struggles to find the balance of holding down a job to help provide for her family while spending quality time with her children. Sedberry said that the increase, which took effect July 1, will allow her to opt out of some of the voluntary overtime and spend time with her children. She also hopes it will provide more discretionary income. “I plan on buying a new car at the first of next year, which I need to get to work,” said Sedberry. “With the raise, I can save more money and get [a car] quicker.”

Dunn said the challenge of finding the money to pay for the wage increase was really quite elementary when the committee took a look at the pay-for-performance compensation plan for the company’s 60 top-level administrators. “We wanted to make a plan that compensated all levels of employees, and this really just adds our frontline workers to that,” Dunn said.

The system projects the wage increase to cost \$350,000 the first year. For the final quarter of the system’s



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fiscal year, executives could split from \$750,000 to \$1.2 million in incentive pay. The cost of the wage increase will be covered from this upcoming quarter’s bonuses. The executive’s compensation is tied directly to the performance of the front line workers, giving each group an incentive to do well. Parkland’s board will evaluate four main areas when deciding on executive incentives: quality, service, people, and operations. Specifically, measures include 30-day readmission rates, patient satisfaction scores, and overall employee turnover, among other measures.

Dunn said that the cost of the wage increase has not yet been tallied with a projected savings of increasing the employee retention rate in the affected

areas: “We are definitely looking at stabilizing retention, especially in those areas, and we’re in the middle of making projections on that right now.”

Dunn acknowledges that this is an unconventional plan but says the organization was not looking to become a national model or make a social statement, although that seems to be what is happening. “We did it as part of our talent management strategy, and it certainly is unique, and you won’t find it in a lot of executive pay plans,” said Dunn. “We’ve received calls from all over, and we certainly are enjoying talking with and meeting these people, but we did it because valuing all levels of employees is the right thing to do at Parkland.”

## **GOING BEYOND WAGES**

In June, Howard Schultz, CEO of Starbucks, made headlines announcing that the company would offer tuition reimbursement to all of its 135,000 workers. Many people who went to school on their employer’s dime in the 1980s and ’90s wondered why this was news. Companies such as Citicorp Credit Services, which was a subsidiary of Citibank and had offices in Richardson in the Dallas/Fort Worth area, offered tuition reimbursement, as did many top employers of the day. “In the 1990s, especially when tech companies started getting big, companies were offering crazy benefits to draw in the best talent,” said Smith, the HR and leadership consultant in Austin. “After the tech bubble burst about a decade ago, and especially in the past five years

since the recession, companies have been all about cutting those benefits.”

Thompson notes that benefits such as healthcare, on-site child-care or allowances for childcare, and tuition reimbursement are especially important for women employees. *Economic Issues for Women in Texas* noted that women with a high school diploma earned 44 percent more than a woman without a high school diploma. It also noted that the cost of higher education in Texas is prohibitive for many, especially those earning close to the poverty threshold. From fall 2003 to fall 2012, the total cost of college in Texas has doubled. “Borrowing to pay for education can lead to a personal debt burden that hinders the beginning of a student’s working life,” reads the report. “Education is the pathway to better paying jobs and economic security.”

The report also states that if additional expenses, such as child care and transportation were included in the poverty calculation, the U.S. poverty rate would increase by almost two percent.

“The typical cost of child care for a full-time working parent in Texas is around \$5,000 per year per child. A typical single mother in the state earns slightly less than \$24,000 per year, making child care fees 21 percent of a family’s expenses. Half of all infant-care options cost more than \$8,000 per year, more than the average cost of college in Texas. Reliable and affordable child care determines a mother’s ability to go to school, job interviews, and/or work.”

Finally, health insurance is a primary concern for women in the job force. *Economic Issues for Women in Texas* reports that one in four women in Texas lacks health insurance, and 36 percent of women lack health insurance during their childbearing years. This limits their access to prenatal care and reduces their chances of finding problems in their reproductive systems before and during pregnancy.

Parkland Health and Hospital Systems is working to address the

healthcare needs of their workers, and it also recognizes that education will help all of their employees not just within their organization but in society as a whole. Sedberry, the housekeeper at Parkland, had begun taking classes in social work when she was diagnosed with thyroid cancer. Now that she is once again healthy and is earning more money,

she is planning on returning to school either this fall or spring to hopefully complete her degree.

### IT’S A COMMUNITY ISSUE

A few years ago, Jack Matthews, president of Matthews Southwest, a commercial developer in Dallas, was drinking coffee and waiting for a meeting at a local upscale hotel.

He said he noticed his server was a little flustered, so he engaged her in conversation. “She explained that her car had broken down getting her kid to daycare and she had been late that morning and was afraid she would be fired,” said Matthews. “She had a 12 year old car and had to drive 10 miles to her child’s daycare, and I just realized it was a recipe for disaster, that if she wasn’t fired that day, she most likely would be fired the next time.”

Matthews’ company, Matthews Southwest, develops affordable housing and hotels in Dallas. He had already started investigating job training available in the area for hospitality workers when he realized something important. In order for hotel employers to attract long-term employees, many of whom are women, an alignment was also going to have to be created with access to childcare, affordable housing, and transportation.

Although Matthews Southwest is a for-profit company with substantial investment in south Dallas, Matthews says it is about more than the money.

“We are a unique developer in that we like to create communities, and you can’t build a community in an area where the waiters can’t afford to live.” To that end, the company developed The Bellview, an affordable housing project that will open in September. The apartments are situated near public transportation, which will give parents more access to and options for childcare, school, and jobs.

The company also began the process of investigating how companies and non-profit organizations can work together to help provide access to training, childcare, transportation, and affordable housing. Matthews’ estimates have shown that by getting hotels directly involved in the training process, they will produce better qualified, targeted employees and potentially save them \$10 million a year in job turnover costs. “The challenge,” he said, “with such an experiment is creating a comprehensive program that is economically sustainable to the companies. We’re about half way through the process right now in

looking at what we need, building the teams, and getting foundations to help. Our challenge right now is convincing the hotels that they should get involved. They are asking, ‘Do we want to pay for that if we don’t know it will work?’”

Matthews said his company alone will invest a substantial amount in the effort to align area employees with the other tools they need. “When a woman has access to job training, childcare, transportation, and affordable housing in her community, only then can she begin to think of job advancement,” said Matthews. “When you help advance individuals, it advances the city and then everything runs better.”

Thompson lauds such efforts. “If we, as a society, invest in women, it is the surest way to make changes in society and the economy.” **N**

*Kerri Fivecoat-Campbell is an independent journalist who writes regularly on issues surrounding the environment. She is a member of the Society of Environmental Journalists and writes from her home in the Ozark Mountains.*