

NORTHWEST JOB GAP STUDY:

Living Wage Jobs in the Economy

WILL PITTZ and DENNIS OSORIO
Northwest Federation of Community Organizations

PAUL SOMMERS
Professor, Institute of Public Service and Albers School of Business
Seattle University



IDAHO • MONTANA
OREGON • WASHINGTON

Introduction

Bonita Churman and her husband have been working full time since 1984. Yet they were still unable to afford health insurance premiums, and a medical emergency sent them into bankruptcy and has left them with tens of thousands of dollars in debt that they are struggling to pay.

Tina Snell is making \$12 an hour, above the median wage for Montanans. Yet she is struggling to afford the propane that heats her home in the winter, and feels like she and her husband can't afford basic health care for their kids.

Most economic reports focus on job growth and unemployment rates. But these reports don't address the reality that many people who are working full time, like Bonita Churman and Tina Snell, are struggling in jobs that do not pay living wages. Working people across the Northwest are forced to make tough choices every month between health insurance and rent, between nutritious meals and utilities bills.

The Northwest Job Gap Study: Living Wage Jobs in the Economy takes a close look at jobs that currently exist in the economy, and brings to the forefront the question of whether these jobs are providing wages that can truly support individuals and families. This report has direct implications not only for families who are struggling with underemployment, but for public debates about economic policies such as tax incentives for business development or minimum wage standards. It also raises the issue of what types of policies our state governments should be implementing to make sure that everyone is able to care for their basic needs.

Methodology

The Northwest Job Gap Study: Living Wage Jobs in the Economy is a part of a series of studies that calculate the cost of basic household budgets in the Northwest. The 2005 Northwest Job Gap Study,

released in November of 2005, estimated the costs of basic needs such as housing, food, utilities, transportation, health care, and child care, for different household types. This data on basic family budgets was used to calculate what would constitute a living wage in each state. The living wage data was used to estimate the number of living wage job openings available in each state, and to estimate the gap between the number of job seekers and available living wage jobs.

Job seekers are not the only people affected by the lack of living wage jobs, however. Many people who are currently working are struggling to make ends meet in jobs that pay insufficient wages. This study compares living wage data to occupation and wage data from each state, and calculates the number and proportion of jobs in the economy that are currently paying a living wage for each household type.

Occupation and wage data is derived from data each state reports to the U.S. Department of Labor's Bureau of Labor Statistics (BLS), as a part of the BLS's "Occupational Employment Statistics" program. For the methodology behind the living wage calculation, see the 2005 Northwest Job Gap study online at (http://www.nwfco.org/job_gap.htm).

Findings

State economies in the Northwest are not providing the type of jobs that truly support working families. Nowhere is this more starkly evident than in dual income, two-parent families.

Let's assume that two adults are both working full time, raising two children, and are contributing equally to their household budget. In all states except Washington, fewer than half of all jobs are paying a living wage for these adults. In other words, assuming that both parents have the training, skills, education, and job opportunities that will allow them to contribute equally to their house-

	Idaho	Montana	Oregon	Washington
Living wage for each parent*	\$13.24	\$12.43	\$14.36	\$14.16
Total number of jobs that pay this wage	267,160	193,340	717,860	1,501,550
Percentage of all jobs that pay this wage	46%	47%	48%	59%

* Each individual parent must earn this amount.

hold incomes, still only half of all jobs pay a wage that will support their family’s basic needs. As this data shows, many two-parent families with dual incomes are still likely to be underemployed and to struggle to provide for the basic needs of their families. The following state-by-state analyses demonstrate how this hardship is exacerbated for families with a single wage earner, and includes testimonies from families who are finding that working hard will not insulate them from financial hardship.

IDAHO	Household 1 Single Adult	Household 2 Single Adult with 1 Child	Household 3 Single Adult with 2 Children	Household 4 2 Adults, 1 Working with 2 Children
Living Wage (hourly)	\$9.30	\$16.07	\$20.28	\$18.96
Number of jobs that pay a living wage (of 583,910 total jobs)	445,620	189,080	124,940	147,320
Percentage of jobs that pay a living wage	76%	32%	21%	25%

Only 21 percent of jobs in Idaho are paying a living wage for single parents raising two children. Only 25 percent of all jobs in Idaho pay a living wage for a two parent, two child household where one parent stays at home.



My name is Rachael Parton, and I live in Heyburn, Idaho with my husband Ben and my three chil-

dren. I do not receive public assistance, food stamps or CHIP. My husband earns \$6 an hour at a sheet metal factory, and he brings home about \$800 a month. He also receives retirement money from a previous job that supplements this income. But we still live paycheck to paycheck, once the bills are paid. There is no way to put any money away for savings.

If my husband were to get sick and be unable to work, it would be a disaster for my family. This year he had surgery for cancer, and when he couldn't work food began to run very low. We have health insurance but our costs are still high. For example, we have to pay \$160 a month just for prescription drugs that aren't covered, and we are still making payments to the hospital and doctors.

We are unable to get ahead or put any money into savings. We just pray that we make it to the end of the month without running out of money.

MONTANA	Household 1 Single Adult	Household 2 Single Adult with 1 Child	Household 3 Single Adult with 2 Children	Household 4 2 Adults, 1 Working with 2 Children
Living Wage (hourly)	\$9.07	\$14.89	\$18.46	\$19.11
Number of jobs that pay a living wage (of 408,750 total jobs)	293,210	119,910	78,720	73,960
Percentage of jobs that pay a living wage	72%	29%	19%	18%

Only 18 percent of all jobs in Montana are currently paying enough to support a two parent, two child household where one parent stays at home. Single parents raising two children are also unlikely to be working in a job that pays a living wage, as only 19 percent of jobs pay a living wage for this household type. Families with two wage earners are also struggling, as Tina Snell's testimony illustrates:

My name is Tina Snell. I'm 43 years old, and I'm the administrative assistant at the Missoula Indian Center. I make \$12 an hour, which is a good wage in Montana.

My husband and I are raising two kids. He brings in \$325 a week from worker's compensation after his knee blew out on his construction job. Still, our finances are spread thin. I can get health insurance through my employer, and the portion that I have to pay is \$65 a month. But that doesn't include my kids. If I were to put them on my insurance policy, I would have to pay an additional \$465 a month, and there's no way we can afford that.

I know we need health insurance. After my son Matthew joined the football team he hurt his leg and needed an x-ray. I was afraid to go to the hospital so I drove him to Fort Belknap, where I can get free health care on the reservation. But it's 350

miles away. I know it sounds crazy to drive that far, but we could never afford hospital bills. They found a spot of soft tissue on his femur, which may be cancer. But they don't do biopsies on the reservation, and they won't pay for contract care since I don't live on the reservation anymore. So we're going to wait to see if it grows first.

I'm also having a problem because the prices of propane and electricity are really high. Propane is cheaper per gallon the more you buy at a time, but if you can't afford to buy in bulk you end up paying more.

Our family makes \$2000 per year too much to qualify for CHIP for our kids. We can't get energy assistance or any other public support because our income is too high. But we're working as hard as we can, and we still can't get our kids the basic care they need. It's a no-win situation.

OREGON	Household 1 Single Adult	Household 2 Single Adult with 1 Child	Household 3 Single Adult with 2 Children	Household 4 2 Adults, 1 Working with 2 Children
Living Wage (hourly)	\$10.77	\$17.36	\$22.37	\$21.17
Number of jobs that pay a living wage (of 1,534,010 total jobs)	1,084,080	505,440	282,100	375,140
Percentage of jobs that pay a living wage	71%	33%	18%	24%

Only 24 percent of all jobs in Oregon are currently paying enough to support a two parent, two child household where one parent stays at home. Single parents raising two children are also unlikely to be working in a job that pays a living wage, as only 18 percent of jobs pay a living wage for this household type

WASHINGTON	Household 1 Single Adult	Household 2 Single Adult with 1 Child	Household 3 Single Adult with 2 Children	Household 4 2 Adults, 1 Working with 2 Children
Living Wage (hourly)	\$10.77	\$16.83	\$22.35	\$20.64
Number of jobs that pay a living wage (of 2,560,450 total jobs)	1,960,020	1,131,870	656,870	860,200
Percentage of jobs that pay a living wage	77%	44%	26%	34%

Only 34 percent of all jobs in Washington are currently paying enough to support a two parent, two child household where one parent stays at home. Single parents raising two children are even less likely to be working in a job that pays a living wage, as only 26 percent of jobs pay a living wage for this household type.



My name is Bonita Churman. My husband David and I manage the distribution and delivery of the Olympian and the Tribune newspapers in northeast Olympia and Yelm. We have been in the business of newspaper distribution since 1967. We are currently raising our grandson, Kyle, and our adopted daughter, Alexis, ages 13 and 6.

After we have paid our business bills, we take home between \$1,200 and \$1,500 per month. One expense, however, that has been out of reach is

health insurance. On the private market our premiums would have been \$600 per month. We simply could not afford it.

In 1997, David was in a car accident, and the medical bills associated with David's recovery forced us to file bankruptcy. One of the bills we fell behind on was a monthly \$300 bill to our dentist. David and I both had extensive dental work, including over \$6,000 in root canals, and we were waiting to replace our temporary fillings with crowns. But when we couldn't keep up with the payments, the dentist refused to continue working on us. Our teeth crumbled without the protection of having crowns. To this day I only have seven upper teeth and David has lost four. Losing my teeth has been heartbreaking.

Having worked hard all of our lives, we have managed to pay off a mortgage and are very proud to own our home. Yet during our bankruptcy, one of the things that they went after was our house. I couldn't believe that everything we had worked our whole lives for, even the roof over our heads, was at risk of being taken away because of something that seemed so out of our control.

Now, we have Medicaid for Kyle and Alexis. And currently David and I are grateful that we receive Basic Health for ourselves. But five years ago, both David and I were part of the working uninsured.

Conclusions

For many families in the Northwest, working hard is not enough. In the current economy, only half of existing jobs pay a living wage for parents with two children, even when both adults are working full-time and contributing equally to the household budget. For two-parent households where one parent stays home to raise children, the proportion of living wage jobs drops to as low as 18 percent. Single parents are even less likely to be in living wage work.

These findings show that working full time is often not enough to maintain an adequate standard of living. Even dual-income families, where both adults are using all of the resources at their disposal to earn a living, often find they are not earning enough. When families are unable to earn living wages, many are forced to make difficult choices between adequate health care, balanced nutrition, and paying the bills. These tradeoffs can have severe consequences.

Health insurance is often the first tradeoff that families make. Fewer employers offer affordable, comprehensive health insurance benefits, and insurance on the private market is usually out of reach. As a result, more and more families are being pushed into the health gap, and are one health emergency away from financial catastrophe. Utilities rates are also of particular concern to families, particularly as winter approaches.

Both business and government must work together to ensure that working people in the Northwest are able to find work that pays living wages, and receive the support that they need to live healthy, stable lives.

Policy options for closing the gap

Working families in the Northwest are doing all they can to support themselves and their families. But for many families, working hard is not enough. What can be done to make sure that families can make ends meet? Findings from the Northwest Job

Gap Study: Living Wage Jobs in the Economy suggest a number of strategies that business, labor, government, and communities can pursue to close the job gap, promote living wage jobs, and make sure people are able to get and keep these jobs.

Increase the number of jobs that pay a living wage

Policy options include:

- establishing job quality standards for employers and industries that receive public economic development and business assistance resources;
- using living wage figures to set wage policies;
- pursuing strategies aimed at creating high wage, high skill jobs; and
- ensuring workers a strong voice in decisions affecting them.

Provide people the education and training required for living wage jobs

Policy options include:

- investing in training;
- promoting job ladders and wage progression;
- expanding equal education and employment efforts;
- promoting apprenticeship programs;
- developing publicly funded jobs programs for the hard to serve, and
- organizing communities to help shape company and government decisions regarding living wage jobs and low income communities.

Meet people's basic needs until they find a stable living wage job, and reduce costs of living without lowering living standards

Policy options include:

- using living wage figures to determine eligibility for public assistance;
- providing food, housing, health care, transportation, and child care assistance to those earning less than a living wage;
- increasing access to health care;
- creating new and/or expanding existing safety net programs linked to employment; and
- developing new institutions and/or mechanisms to provide workers stable benefits.

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About the organization releasing this report



Northwest Federation of Community Organizations (NWFCO) is a regional federation of four statewide, community-based social and economic justice organizations located in the states of Idaho, Montana, Oregon, and Washington: Idaho Community Action Network (ICAN), Montana People's Action (MPA), Oregon Action (OA), and Washington Citizen Action (WCA). Collectively, these organizations engage in community organizing and coalition building in 14 rural and major metropolitan areas, including the Northwest's largest cities (Seattle and Portland) and the largest cities in Montana and Oregon. 1265 South Main Street Suite #305, Seattle, WA 98144, Voice: (206) 568-5400, Fax: (206) 568-5444, Web: <http://www.nwfc.org>