

SEARCHING FOR WORK THAT PAYS:

2005 NORTHWEST JOB GAP STUDY

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IDAHO • MONTANA
OREGON • WASHINGTON

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EXECUTIVE SUMMARY

The Northwest Job Gap Study estimates: a living wage for a number of family structures; the number of job openings that pay a living wage; and the gap between the number of living wage jobs being created in the Northwest and the number of people needing living wage jobs.

The findings are based on data from 2004, the most recent year for which data on job openings, wages, and employment are available.

Although the methods in this report are similar to those of previous Northwest Job Gap publications, due to changes in the structure of available data sources and changes in methods, the data from previous reports cannot be directly compared to this report.

WHAT IS A LIVING WAGE?

A living wage is a wage that allows families to meet their basic needs, without public assistance, and that provides them some ability to deal with emergencies and plan ahead. It is not a poverty wage.

Living wages are calculated on the basis of family budgets for several household types. Family budgets include basic necessities, savings, and state and federal taxes. Living wages for a single adult range from \$9.07 an hour or \$18,858 a year in Montana to \$10.77 an hour or \$22,402 a year in Washington and Oregon. This assumes full time work on a year round basis. For a single adult with two children, living wages range from \$18.46 an hour or \$38,395 a year in Montana to \$22.37 an hour or \$46,531 a year in Oregon.

For all family configurations in all four Northwest states, the minimum wage and the federal poverty threshold are a fraction of the living wage. For exam-

ple, in the Northwest, minimum wages in 2004 varied from \$5.15 an hour, or \$10,712 a year (the federally mandated minimum wage, assuming full-time work throughout the year), in Idaho and Montana to \$7.16 an hour, or \$14,893 a year, in Washington.

ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

Of all Northwest job openings, 34 percent pay less than a living wage for a single adult and 79 percent pay less than a living wage for a single adult with two children, as shown in the chart below. It is important to note the distinction between jobs and job openings. Not all jobs come open during the course of a year, but some jobs may open repeatedly during a year due to turnover or seasonality of the work. Job openings are of particular interest because they provide employment opportunities for people looking for work.

The percentage of job openings that pay a living wage vary from state to state for a number of reasons, including the mix of industries and related occupations in a state, and the prevailing wage levels, which also vary from state to state.

There are more people looking for work than there are job openings that pay a living wage. As shown in the table and charts on the following page, for each job opening that pays at least the living wage for a single adult, there are two to six job seekers, depending on the state. For each job opening that pays at least the living wage for a single adult with two children, there are eight to 21 job seekers, depending on the state.

Job gap ratios are calculated by dividing the number of people who were looking for work at some point during 2004 by the number of job openings that year. The ratios indicate that, for example, there are two to six times as many job seekers as there are job openings

2004 Job gap ratios (job seekers per job opening)				
	IDAHO	MONTANA	OREGON	WASHINGTON
All job openings	2 to 1	3 to 1	4 to 1	3 to 1
Job openings paying a living wage				
Single adult (HH1)	2 to 1	5 to 1	6 to 1	4 to 1
Single adult with two children (HH3)	8 to 1	14 to 1	21 to 1	12 to 1

that pay at least the living wage for a single adult, not necessarily that there are two to six people competing for each job of that type. The ratios do not take into account characteristics of job seekers such as their household size, skills, or education and training.

The Northwest is not creating enough living wage jobs for all those who need them.

What happens to families that do not make a living wage? 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. This report includes examples of the complex issues and difficult trade-offs that households below the living wage confront.

THE NORTHWEST JOB GAP STUDY

The Northwest Job Gap Study estimates: a living wage for a number of family structures; the number of job openings that pay a living wage; and the gap between the number of living wage jobs being created in the Northwest and the number of people needing living wage jobs.

The findings are based on data from 2004, the most recent year for which data on job openings, wages, and employment are available.

Although the methods in this report are similar to those of previous Northwest Job Gap publications, due to changes in the structure of available data sources and changes in methods, the data from previous reports cannot be directly compared to this report.



BILLINGS, MONTANA

My name is Trudy Bohman. I live in Billings, Montana with my husband and two kids ages 5 and 3. John works a full time factory job and I work part time at Wal-Mart. We bring home about \$3000 a month, but by the time all our bills are paid we have very little, if any, to spare.

My budget is very, very, tight. Our mortgage and lot rent is \$750. Our utilities are around \$300; transportation costs including car payments, insurance, and gas run about \$1000 per month; for groceries, I budget \$600, with another \$100 for things like clothes and school supplies. We are lucky not to have any childcare expenses. I go to work at night after John comes home.

Another major cost is my medical debt from my last pregnancy and child birth. I couldn't get insurance because I was considered "high risk". Our bill was

Living Wage Estimates				
	IDAHO	MONTANA	OREGON	WASHINGTON
Single adult (HH1)	\$9.30	\$9.07	\$10.77	\$10.77
Single adult with one child (HH2)	\$16.07	\$14.89	\$17.36	\$16.83
Single adult with two children (HH3)	\$20.28	\$18.46	\$22.37	\$22.35
Two adults (one working) with two children (HH4)	\$18.96	\$19.11	\$21.17	\$20.64
Two adults (both working) with two children (HH5)	\$26.49*	\$24.86*	\$28.72*	\$28.32*
*The combined wages of both working adults need to total this amount.				

more than \$6000 and my wages are currently being garnished at \$200 a month.

We are lucky now to have health insurance. John and I pay only small premiums from our checks to cover ourselves and the children. But our co-pays are killing us. On doctors visits and prescription co-pays, we pay anywhere from \$20-\$50 each time.

Recently, we had to have dental work done on both our children, very little of it was covered by insurance and our portion was almost \$1800. Our dentist wouldn't take payments and we had to drain our savings.

If anything major happens, it devastates our budget. My dad used to always say, "The rich get richer and the poor get poorer". I know now what he meant. What does it take to get ahead?

WHAT IS A LIVING WAGE?

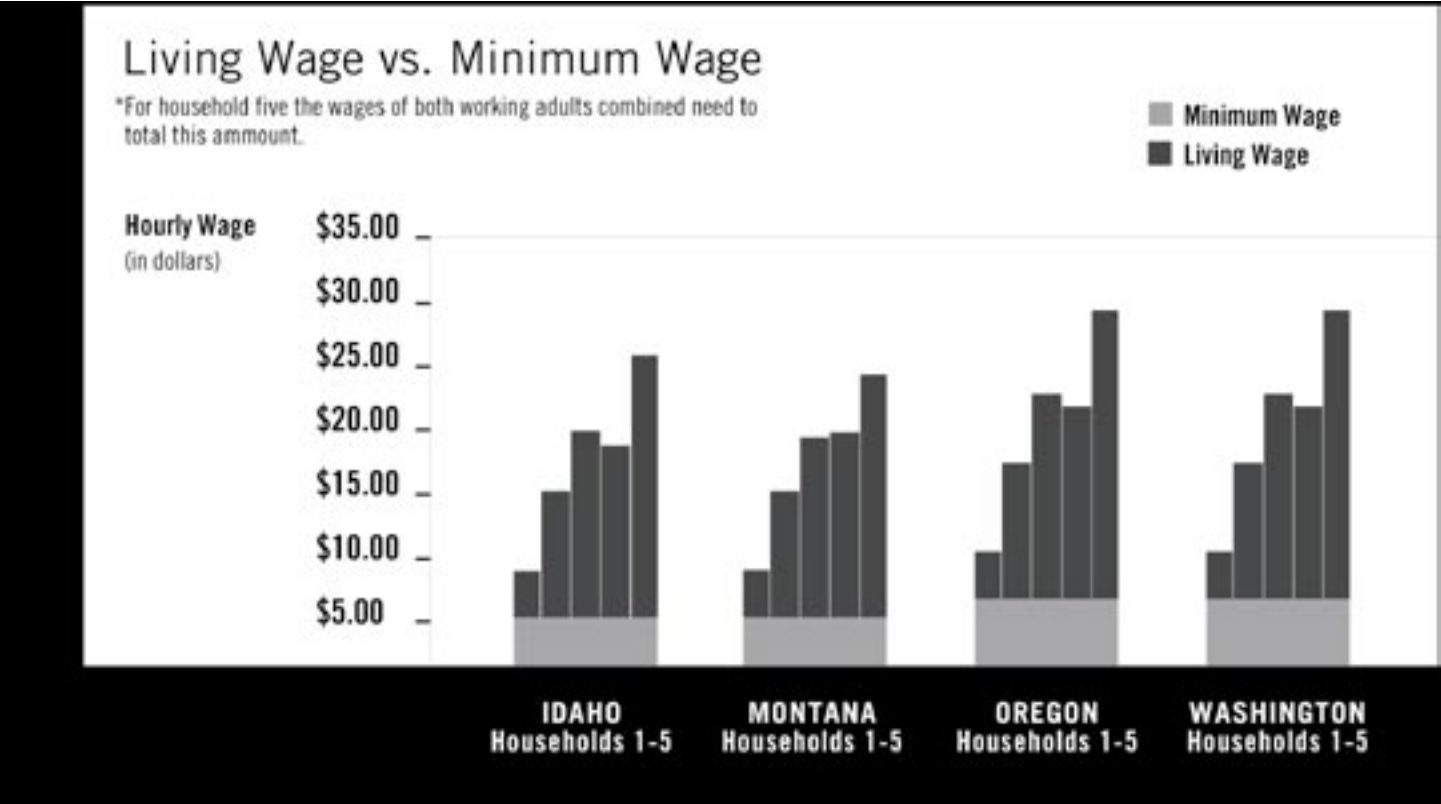
A living wage is a wage that allows families to meet their basic needs, without public assistance, and that provides them some ability to deal with emergencies and plan ahead. It is not a poverty wage.

Living wages are calculated on the basis of family budgets for several household types. Family budgets include basic necessities such as food, housing and

utilities, transportation, health care, child care, clothing and other personal items; savings; and state and federal taxes. (Family budgets are presented in the State Findings section of this report. Detailed information on components of the family budgets can be found in the Technical Notes section.)

State by state living wage estimates, as shown in the table below, are:

- For a single adult, the living wage ranges from \$9.07 an hour or \$18,858 a year in Montana to \$10.77 an hour, or \$22,402 a year, in Washington and Oregon. This assumes full time work on a year round basis.
- For a single adult with one child, the living wage ranges from \$14.89 an hour, or \$30,964 a year, in Montana to \$16.83 an hour, or \$35,011 a year, in Washington.
- For a single adult with two children, the living wage ranges from \$18.46 an hour, or \$38,395 a year, in Montana to \$22.37 an hour, or \$46,531 a year, in Oregon.
- For two adults, one of whom is working, with two children, the living wage ranges from \$18.96 an hour, or \$39,433 a year, in Idaho to \$21.17 an hour, or \$44,041 a year, in Oregon.
- For two adults, both of whom are working, with two



Northwest Job Gap Ratio

TOTAL JOB SEEKERS – 650,800	TOTAL JOB OPENINGS – 215,757			
	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4
Living Wage Job Openings	142,974	75,259	44,688	54,933
Job Seekers per Living Wage Opening	5:1	9:1	15:1	12:1
Percentage of All Job Openings Paying Less than a Living Wage	34%	65%	79%	75%

children, the living wage ranges from \$24.86 an hour, or \$51,717 a year, in Montana to \$28.72 an hour, or \$59,732 a year, in Oregon. This means that the combined wages of both working adults need to total this amount.

HOW DOES THE LIVING WAGE COMPARE WITH THE MINIMUM WAGE AND THE FEDERAL POVERTY LEVEL?

The federal poverty thresholds¹ are the original version of the federal poverty measure, calculated by multiplying the cost of a minimum food budget by three.² When the formula was derived in 1964, it was generally true that food occupied one-third of the family budget. But certain living expenses such as housing, utilities, health care, and child care have increased much faster than food. Spending on food has fallen dramatically as a proportion of all costs, making the multiplier of three inaccurate.³ Because the formula for the poverty threshold has not been adjusted to accommodate these changes, it substantially underestimates the income that families actually need. Many families with incomes above the federal poverty level still lack sufficient resources to meet their basic needs.⁴

The federal minimum wage is a wage floor of \$5.15 an hour and represents an attempt to provide a basic standard of living for workers.⁵ Federal minimum wage rates are not indexed to inflation, and increases are passed only at the will of Congress as amendments to the Fair Labor Standards Act. The federal minimum wage has not changed since 1997, and the inflation-adjusted value of the current minimum

wage is 26 percent lower in 2004 than it was in 1979.⁶

Where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to higher of the two minimum wages.⁷ In Idaho and Montana, the state minimum wage is the same as the federal minimum wage, so the purchasing power of minimum wage workers has continued to fall behind the cost of living.

Washington became the first state to index the state minimum wage to inflation when a statewide initiative passed in 1998.⁸ Similarly, a successful ballot initiative in Oregon raised that state's minimum wage in 1998, and indexed its minimum wage to inflation.⁹ Despite the fact that minimum wages are higher in Washington and Oregon than in Idaho and Montana, the minimum wage in all of these states is lower than the living wage for any family structure.

ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

The Northwest economy is not creating enough living wage jobs for all those who need them, according to several indicators. These include the percentage of job openings that pay less than a living wage, as well as the number of job seekers compared to the number of job openings that pay a living wage.

The job market that job seekers face is limited. Of all Northwest job openings, 34 percent pay less than a living wage for a single adult and 79 percent pay less than a living wage for a single adult with two

children, as shown in the chart above. It is important to note the distinction between jobs and job openings. Not all jobs come open during the course of a year, while others open several times a year due to turnover, and seasonal jobs are open only at certain times of the year. Job openings are of particular interest because they provide employment opportunities for people looking for work. State by state figures are:

- In Idaho, 29 percent of job openings pay less than the \$9.30 an hour living wage for a single adult and 78 percent pay less than the \$20.28 an hour living wage for a single adult with two children.
- In Montana, 40 percent of job openings pay less than the \$9.07 an hour living wage for a single adult and 80 percent pay less than the \$18.46 an hour living wage for a single adult with two children.
- In Oregon, 38 percent of job openings pay less than the \$10.77 an hour living wage for a single adult and 85 percent pay less than the \$22.37 an hour living wage for a single adult with two children.
- In Washington, 32 percent of job openings pay less than the \$10.77 an hour living wage for a single adult and 77 percent pay less than the \$22.35 an hour living wage for a single adult with two children.

The percentage of job openings that pay a living wage varies from state to state for a number of reasons, including the mix of industries and related occupations in a state and the prevailing wage levels, which also vary from state to state.

One indicator of the job gap is the number of job seekers compared to the number of job openings that pay a living wage. Overall, there are more people looking for work than there are job openings that pay a living wage, as shown in the charts and table on the following pages.

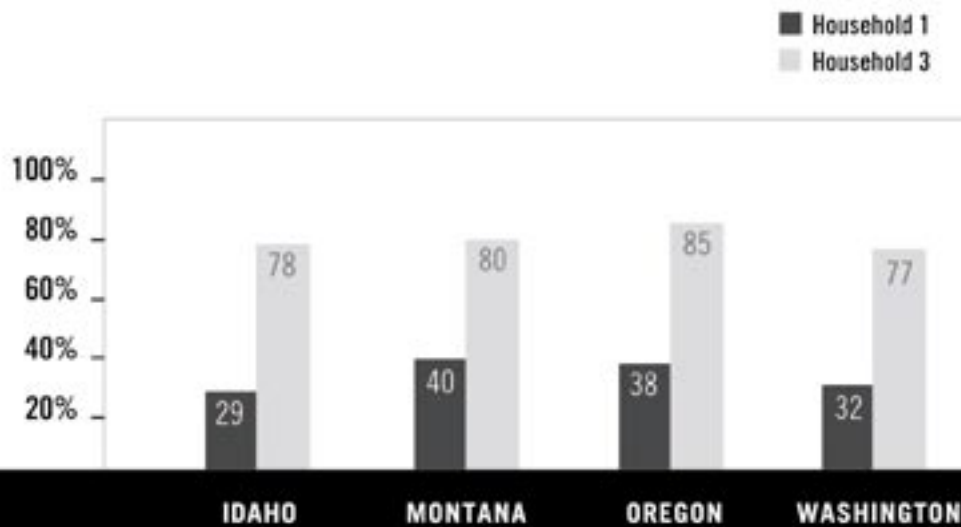
A job gap ratio of four to one, for example, does not necessarily imply there are four people competing for each job opening at that wage level. It simply indicates that over the course of a year there were four times as many job seekers as there were living wage jobs at or above that wage level. Available data do not provide details on what sorts of jobs workers from households of different sizes actually pursue, so no precise conclusions can be reached about the applicant pool for jobs at different wage levels. The applicant pool also depends on the skills and education and training of job

seekers, as well as other factors. Large ratios suggest greater competition among job seekers for available job openings.

State by state figures are:

- In Idaho, for each job opening that pays at least the \$9.30 an hour living wage for a single adult, there are two job seekers on average. For each job opening that pays at least the \$20.28 an hour living wage for a single adult with two children, there are eight job seekers on average.
- In Montana, for each job opening that pays at least the \$9.07 an hour living wage for a single adult, there are five job seekers on average. For each job opening that pays at least the \$18.46 an hour living wage for a single adult with two children, there are 14 job seekers on average.
- In Oregon, for each job opening that pays at least the \$10.77 an hour living wage for a single adult, there are six job seekers on average. For each job opening that pays at least the \$22.37 an hour living wage for a single adult with two children, there are 21 job seekers on average.
- In Washington, for each job opening that pays at least the \$10.77 an hour living wage for a single adult, there are four job seekers on average. For each job opening that pays at least the \$22.35 an hour living wage for a single adult with two children, there are 12 job seekers on average. Job gap ratios are calculated by dividing the number of people who were looking for work at some point during 2004 by the number of job openings that year. Job seekers include:
 - The unemployed—people who are not employed but are looking for work. Included are those who have been laid off, quit their jobs, are entering the workforce for the first time, or are re-entering it. Not included are those who are unemployed due to temporary layoff or those looking only for part-time work.
 - Involuntary part-time workers—people who work less than full-time, but want to work full time.
 - Discouraged workers and marginally attached workers—people who are not employed and not currently looking for work, but have looked for work within the past year. In the case of discouraged workers, they are not seeking work because they believe there are no jobs available or there are none for which they qualify. Marginally attached workers are not seeking work due to personal or financial reasons.

Percentage of job openings paying less than living wage



2004 Job gap ratios (job seekers per job opening)

	IDAHO	MONTANA	OREGON	WASHINGTON
All job openings	2 to 1	3 to 1	4 to 1	3 to 1
Job openings paying a living wage				
Single adult (HH1)	2 to 1	5 to 1	6 to 1	4 to 1
Single adult with two children (HH3)	8 to 1	14 to 1	21 to 1	12 to 1

Not included are people who prefer part-time work.

It is important to note that the unemployment rate reflects only the unemployed and, therefore, misses many job seekers—including discouraged and marginally attached workers. This suggests that there are many more job seekers for each living wage job opening than conventionally assumed.

The job seeker figures used are likely an underestimate of the actual number of job seekers. Ideally, the count of job seekers would capture everyone, working or not, who needs a living wage job. The figures understate the number of job seekers in that it does not count those who are working full-time at less than a living wage job but want a living wage job, because data on this group do not exist. It overstates the number in that all the unemployed are counted, even

though some may not be looking for a living wage job. Also, people who left the labor market and then re-entered the same occupation are counted among the job seekers, whereas those who moved directly from one job to another in the same occupation are not. However, assuming even a fraction of the people working at less than a living wage job for a single adult want a living wage job, the count is, on balance, an underestimate.

Job openings include:

- Job openings due to growth—the result of new jobs being created by new or existing firms.
- Job openings due to replacement—the result of people retiring, entering school or the military, moving across state boundaries, changing occupations, or otherwise leaving the occupation in which they

currently work.

The analysis does not include job openings that result from people changing employers but remaining in the same occupation, since these are largely invisible to the average job seeker. Also not included, for similar reasons, are job openings for unpaid family workers and self-employment.

In determining which job openings paid a living wage, the state median wage for an occupation was used, where available; this means that half the people in the occupation earn less and half more than that amount. Not everyone will start at the median wage, but many should progress to that wage over time.

(A more detailed description of the methodology can be found in the *Technical Notes & Resources Section*.)



PRESTON, IDAHO

My name is Beth and I live in Preston, Idaho. I am a single mother with three sons at home. I was unemployed for a while, and have luckily just started a new job at a local small business. I make \$9 an hour and receive no benefits because of the high cost of health insurance for small businesses. My middle son receives Social Security because of the death of my husband in a car accident in 1988. My youngest receives Social Security because of his father's disability. I don't get the child support that is owed me. The four of us live on \$2800 a month.

I pay \$243 a month for health insurance that I can't even use because the deductible is \$5,000, but I know I need it for me and my boys in case one of us gets hurt. I owe over \$1,000 to the dentist because I don't

have any dental coverage. When I get caught up, I will find some better insurance, but I know that it will cost me a lot more than what I am paying now. In the past, I have paid as much as \$430 a month to have health insurance that provides more than catastrophic coverage.

Luckily, I own my home. I pay \$50 a month for home owners insurance. My utilities are about \$100 each month in the summer, although they go up in the winter when I have to buy propane to heat my house. Additionally, each month my car insurance for me and my two oldest sons is \$200 and the phone bill is \$90.

On top of all of the regular bills, I'm paying for my son to go to college so he has a chance at a good future and a job that pays well. I'm afraid it will be hard for him to find one around here, though. I went to school for two years, but my extra skills don't mean more money in my community. I'm really thankful to have my job. If I wanted to make more money, I would have to commute 86 miles round trip, and that just isn't worth it. The fact is, my family is not doing that badly, but at the end of the month there is no money left over for savings. I budget really carefully and pray that there isn't an emergency, because I don't know where the money would come from.

STATE FINDINGS (IDAHO)

IDAHO KEY FINDINGS

Key findings for Idaho are:

- The living wage for a single adult is \$9.30 an hour. This is based on what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$20.28 an hour.
- Twenty-nine percent pay less than \$9.30 an hour, the living wage for a single adult. Over three quarters of all job openings (78 percent) pay less than \$20.28, an hour the living wage for a single adult with two children.
- For each job opening that pays at least \$9.30 an hour, the living wage for a single adult, there are two job seekers on average. For each job opening that pays at least \$20.28 an hour, the living wage for a single adult with two children, there are eight job seekers on average.

WHAT IS A LIVING WAGE?

Living wages for Idaho, which reflect family budgets as shown on the following page, are:

- For a single adult household, \$19,338 a year or \$9.30 an hour.
- For a single adult with one child, \$33,432 a year or \$16.07 an hour.
- For a single adult with two children, \$42,180 a year or \$20.28 an hour.
- For two adults, one of whom is working, with two children, \$39,433 a year or \$18.96 an hour.
- For two adults, both of whom are working, with two children, \$55,092 a year or \$26.49 an hour (which means that the combined wages of both working adults needs to total this amount).

These are statewide averages. In some areas, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other areas, including most of the state's rural areas, costs and, therefore, living wages are lower.

ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

Of all job openings, 29 percent pay less than the \$9.30 an hour living wage for a single adult, as shown in the chart above. Over three quarters of job openings (78 percent) pay less than the \$20.28 an hour living wage for a single adult with two children. It is important to note the distinction between jobs and job openings. Not all jobs come open during a year. Job openings are of particular interest because they provide employment opportunities to people looking-for work.

In addition, there are more people looking for work than there are job openings that pay a living wage. As shown in the table on the following page, job gap ratios, which compare job seekers to job openings, are:

- For each job opening, regardless of pay, there are two job seekers on average.
- For each job opening that pays at least \$9.30 an hour, the living wage for a single adult, there are two job seekers on average.
- For each job opening that pays at least \$20.28 an hour, the living wage for a single adult with two children, there are eight job seekers on average.



TWIN FALLS, IDAHO

My name is Carlos Benavides and I live in Twin Falls with my wife Minerva, and my daughter Carla. I work at the Holiday Inn doing maintenance. I make about \$950 every two weeks. My wife receives \$600 every month in disability. The three of us live on \$1900 a month. Our rent and utilities come to \$900, and we pay an additional \$220 for car insurance every month and \$250 for the car payment. The real big expense that we face is for our health care.

The health insurance premium for the coverage I get through work for me, my wife and our daughter is \$133.85 every two weeks. It is expensive, but it is a necessity. Minerva has an enlarged artery in her brain which causes a lot of health problems for her including facial spasms, headaches and eye problems. That means a lot of visits to the doctor and prescription drugs. She is taking six medications that have a co-pay of \$15 each and two that are \$30 each. There are other medicines that she needs for her blood pressure and migraines that we can't afford; she has to rely on samples from her doctor. Every time she visits the doctor there is a \$15 co-pay as well. That really adds up, and we're not even counting her health care requirements that aren't covered. Her neurologist isn't covered, and she has to visit him every two months for injections for an eye condition caused by the enlarged artery. She may have to have surgery on her eye, and that would mean another big bill. Her arm needs surgery because of a rotor cuff tear, but we are putting that off because of the cost. My daughter also has some health problems, and the cost varies from month to month. Last year we had to claim bankruptcy because of medical bills, but that doesn't stop new ones from piling up.

Our daughter should be in college right now, but we can't afford it without help and she didn't get a grant this year. All of our money goes for the basics and for health care. There aren't any jobs that pay better and give benefits that I qualify for; I have a degree in air

conditioning and refrigeration that helped me get my job, but I would need to go to college to earn more. I would like to go to school, but that is a luxury that we can't afford.

Household 1 is a single adult

Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child*

*Total amount earned by two working adults

IDAHO Family Budgets (in 2004 Dollars)

	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4	HOUSEHOLD 5
Food	162	304	401	587	587
Housing & Utilities	432	543	543	543	543
Transportation	313	484	484	764	910
Health Care	93	174	256	301	301
Child Care	0	433	906	0	906
Household, Clothing, & Personal	250	376	421	548	585
Savings	139	209	234	305	325
State & Federal Taxes	222	263	270	239	435
Gross Monthly income needed	1,612	2,786	3,515	3,286	4,591
Gross Annual income needed	19,338	33,432	42,180	39,433	55,092
Living Wage (at 2080 hours/year)	9.30	16.07	20.28	18.96	26.49

Idaho Job Gap Ratio

	TOTAL JOB SEEKERS – 51,000		TOTAL JOB OPENINGS – 29,115			
			HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4
Living Wage Job Openings			20,632	8,913	6,533	7,225
Job Seekers per Living Wage Opening			2:1	6:1	8:1	7:1
Percentage of All Job Openings Paying Less than a Living Wage			29%	69%	78%	75%

Household 1 is a single adult

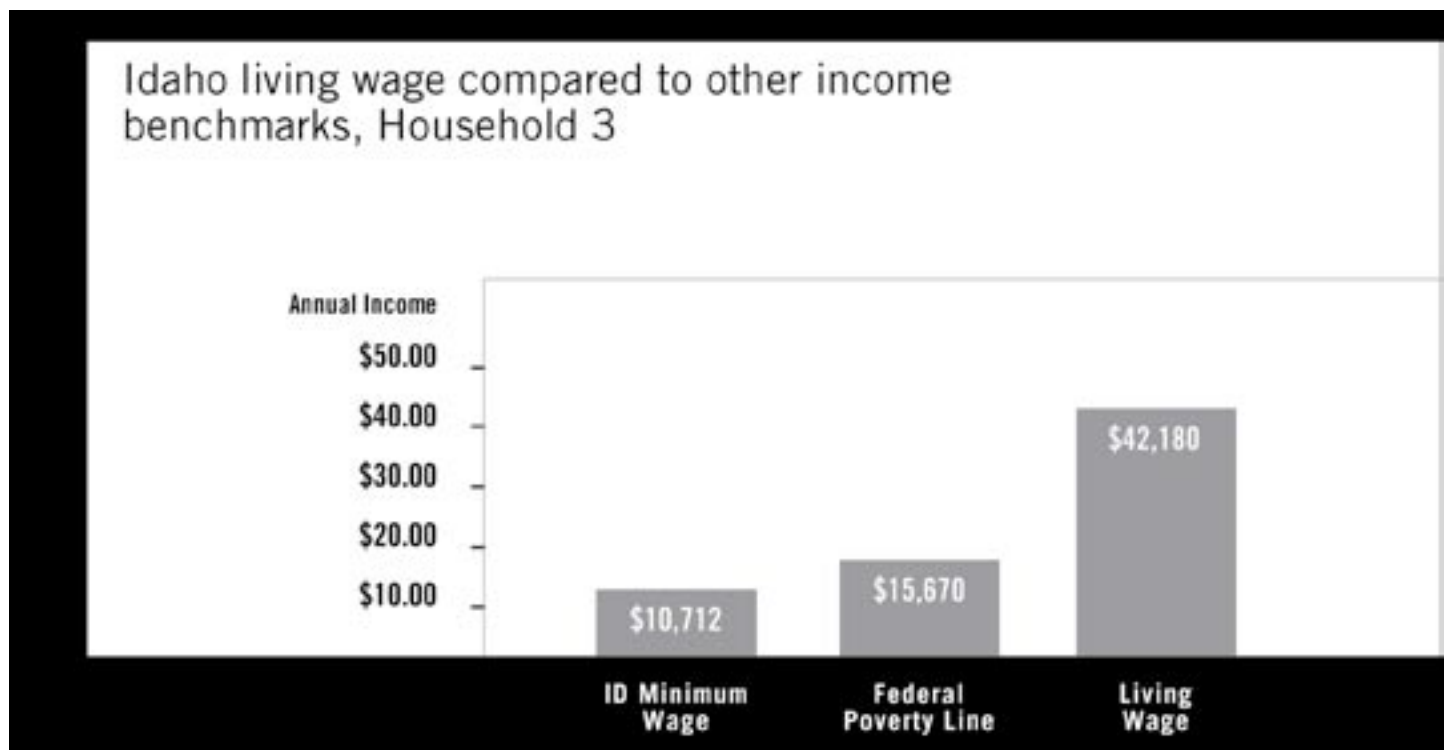
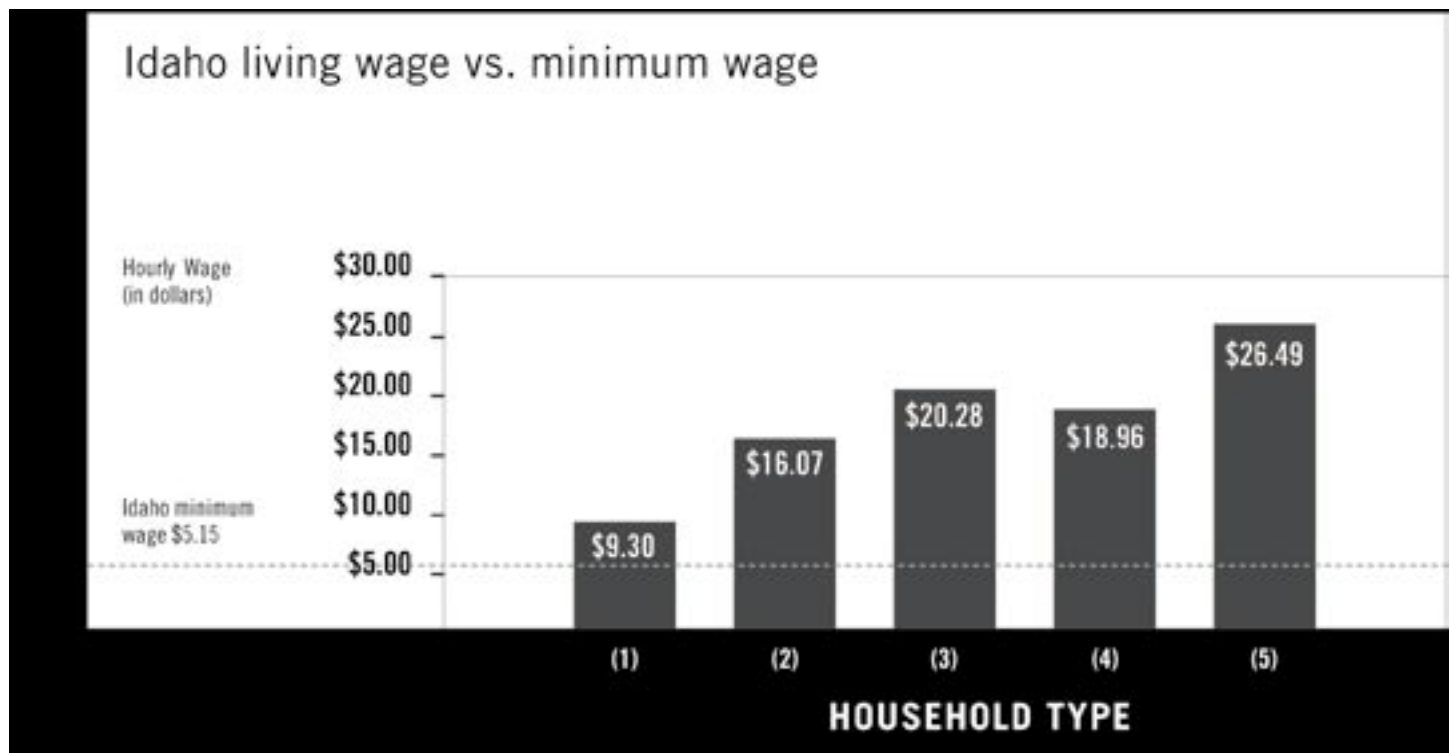
Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child

*Total amount earned by two working adults





BILLINGS, MONTANA

My name is Crystal Rondeaux; I am a single working mom in Billings, MT. My daughter, Cadence is almost a year and a half. As a single mom it has been a day to day struggle to pay bills and put food on the table.

By Montana standards, I have a job that pays well; I work full time and make \$9.90 an hour. Still, I have a hard time making ends meet, and some months I cannot even do that. My rent is cheap for a small two bedroom home I pay only \$400 per month. My utilities like gas, electricity, water, and phone cost around \$260 a month. Childcare is a huge monthly expense at \$525. My transportation is around \$200 per month and groceries (including clothes and diapers) run around \$200 per month.

By the end of the month, I have no money to save and, in fact, I often just pay partial bills to keep my checking account in the black. I do not have health insurance for myself or Cadence. My employer does offer it, but the premium for the two of us would be \$320. I simply do not have it. Currently, if one of us gets sick, I have to take a day off work and drive to the reservation to see a doctor.

My car has broken down and needs over \$600 in repairs, so right now I get a ride from my sister to get Cadence to and from daycare and myself to and from work. I cannot foresee how I will get the money to fix my car.

My daughter and I live just one major expense from disaster. My job is a good paying job for this state. I have many friends who work for much less. I was

lucky to find and get this job that barely meets my costs. I cannot get ahead, I can't save for emergencies, or birthdays, or even a little vacation. All I can do is just pray that we stay healthy and manage to keep our heads above water.

STATE FINDINGS (MONTANA)

MONTANA KEY FINDINGS

Key findings for Montana are:

- The living wage for a single adult is \$9.07 an hour. This is based on what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$18.46 an hour.
- Forty percent of all job openings pay less than the \$9.07 an hour living wage for a single adult. Over three quarters (80 percent) pay less than the \$18.46 an hour living wage for a single adult with two children.
- For each job opening that pays at least the \$9.07 an hour living wage for a single adult, there are five job seekers on average. For each job opening that pays at least the \$18.46 an hour living wage for a single adult with two children, there are 14 job seekers on average.

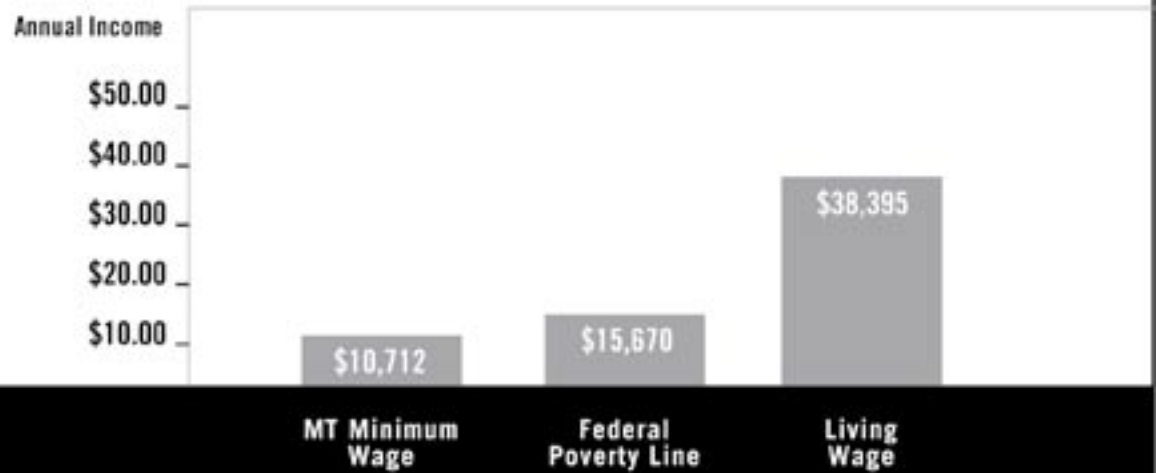
WHAT IS A LIVING WAGE?

Living wages for Montana, which reflect family budgets as shown on the following page, are:

- For a single adult household, \$18,858 a year or \$9.07 an hour.
- For a single adult with one child, \$30,964 a year or \$14.89 an hour.
- For a single adult with two children, \$38,395 a year or \$18.46 an hour.
- For two adults, one of whom is working, with two children, \$39,743 a year or \$19.11 an hour.
- For two adults, both of whom are working, with two children, \$51,717 a year or \$24.86 an hour (which means that the combined wages of both working adults needs to total this amount).

These are statewide averages. In some areas, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other areas, including most of the state's rural areas, costs and, therefore, living wages are lower.

Montana Living Wage Compared To Other Income Benchmarks, Household 3



Household 1 is a single adult

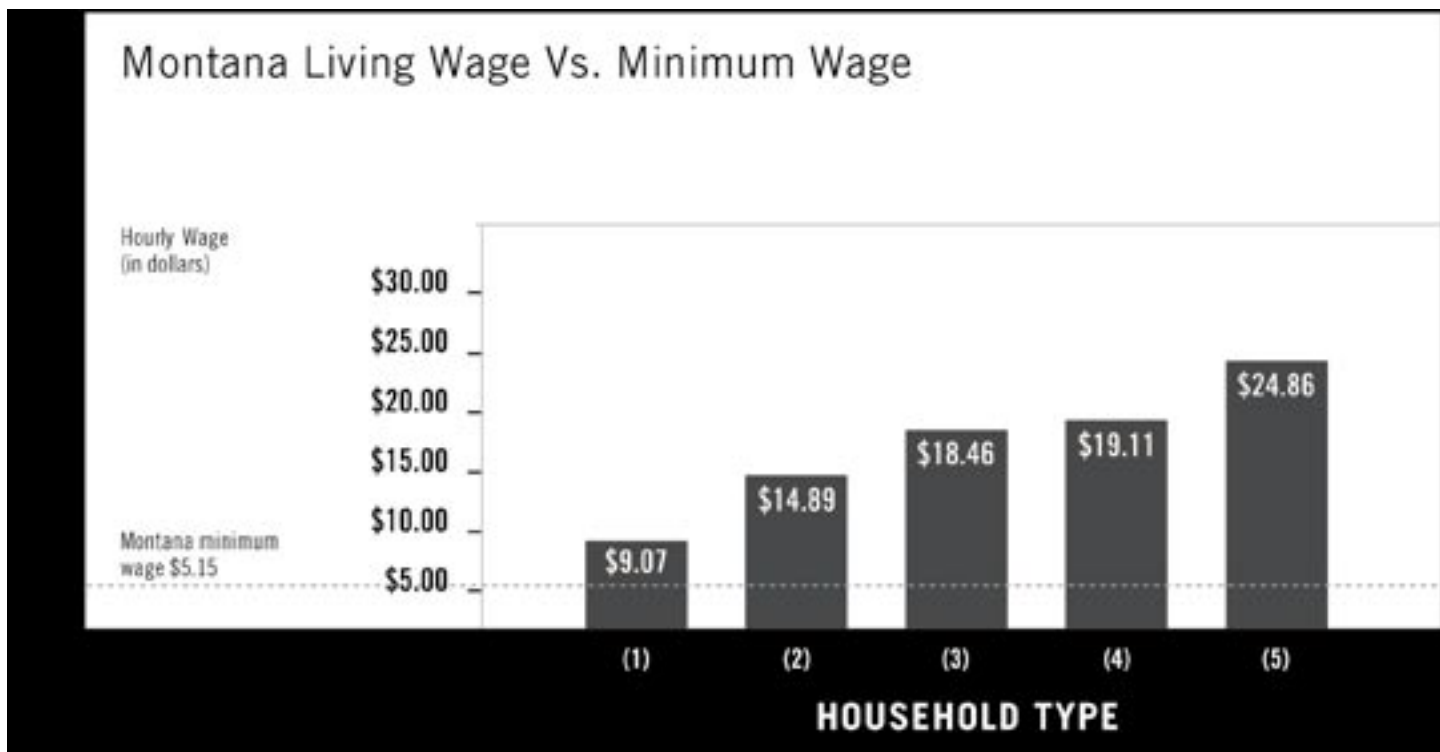
Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child

*Total amount earned by two working adults



ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

Of all job openings, 40 percent pay less than the \$9.07 an hour living wage for a single adult, as shown in the chart below. Over three quarters of job openings (80 percent) pay less than the \$18.46 an hour living wage for a single adult with two children. It is important to note the distinction between jobs and job openings. Not all jobs come open during a year. Job openings are of particular interest because they provide employment opportunities to people looking for work.

In addition, there are more people looking for work than there are job openings that pay a living wage.

As shown in the table on the following page, job gap ratios, which compare job seekers to job openings, are:

- For each job opening, regardless of pay, there are three job seekers on average.
- For each job opening that pays at least \$9.07 an hour, the living wage for a single adult, there are five job seekers on average.
- For each job opening that pays at least \$18.46 an hour, the living wage for a single adult with two children, there are 14 job seekers on average.

Household 1 is a single adult

Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child*

*Total amount earned by two working adults

MONTANA FAMILY BUDGETS (in 2004 Dollars)

	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4	HOUSEHOLD 5
Food	162	304	401	587	587
Housing & Utilities	419	550	550	550	550
Transportation	313	484	484	764	910
Health Care	84	156	242	286	286
Child Care	0	267	638	0	638
Household, Clothing, & Personal	245	374	419	547	583
Savings	136	208	233	304	324
State & Federal Taxes	212	238	233	275	432
Gross Monthly income needed	1,572	2,580	3,200	3,312	4,310
Gross Annual income needed	18,858	30,964	38,395	39,743	51,717
Living Wage (at 2080 hours/year)	9.07	14.89	18.46	19.11	24.86

MONTANA Job Gap Ratio

TOTAL JOB SEEKERS – 46,300	TOTAL JOB OPENINGS – 16,250			
	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4
Living Wage Job Openings	9,787	4,997	3,235	2,870
Job Seekers per Living Wage Opening	5:1	9:1	14:1	16:1
Percentage of All Job Openings Paying Less than a Living Wage	40%	69%	80%	82%

STATE FINDINGS (OREGON)

OREGON KEY FINDINGS

Key findings for Oregon are:

- The living wage for a single adult is \$10.77 an hour. This is based on what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$22.37 an hour.
- 38 percent all job openings pay less than the \$10.77 an hour living wage for a single adult. Over three quarters of all job openings (85 percent) pay less than the \$22.37 an hour living wage for a single adult with two children.
- For each job opening that pays at least \$10.77 an hour, the living wage for a single adult, there are six job seekers on average. For each job opening that pays at least \$22.37 an hour, the living wage for a single adult with two children, there are 26 job seekers on average.

WHAT IS A LIVING WAGE?

Living wages for Oregon, which reflect family budgets as shown on the following page, are:

- For a single adult household, \$22,404 a year or \$10.77 an hour.
- For a single adult with one child, \$36,102 a year or \$17.36 an hour.
- For a single adult with two children, \$46,531 a year or \$22.37 an hour.
- For two adults, one of whom is working, with two children, \$44,041 a year or \$21.17 an hour.
- For two adults, both of whom are working, with two children, \$59,732 a year or \$28.72 an hour (which means that the combined wages of both working adults needs to total this amount).

These are statewide averages. In some areas, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other areas, including most of the state's rural areas, costs and, therefore, living wages are lower.



PORTLAND, OREGON

My name is Shannon Olive. I have a little boy named Jeffery; he's amazing and shines like a jewel. Right now, I am desperately looking for work. I had been working for Portland School Alliance as a youth organizer. I worked with school students developing ways to make their education experience more positive and focused on engaging parents to play a more active role in their kid's education.

When I was notified that my temporary job was ending earlier than expected, I found myself having to face a bleak job marked. At the Portland School Alliance, I earned \$13 per hour, which was a wage that enabled my son and me to have a decent life. I realize now how good I had it. The jobs I see now pay a lot less most are around minimum wage—\$7.25. With that low wage, I would not be able to get out of the cycle of poverty.

Currently, I rely on government assistance to get by. I have Section 8 housing and I pay \$360 per month in rent. Thankfully, my son and I are covered under the Oregon Health Plan. For food, we receive food stamps and we also get help with utilities; I pay \$40 for electric. I also get cash assistance. I get so frustrated because I don't want to rely on the government. I am an active person with lots of energy and many talents. I want to work, but I need a job that will be sustaining.

Here's the catch 22, the jobs on the market pay just enough to disqualify me for government assistance, but not enough sustain myself or my family. Taking a low paying job, would push me further into poverty—into a situation that would be even harder

to overcome. Even if I still got section 8 housing, I would need to make at least \$2000 a month, because I would lose my health insurance and food stamps. A job at \$7.50 an hour would never be enough for me to afford health care for myself or my son and would actually take food off my table.

Not working and not finding a decent paying job is really beginning to take a toll on me. There is so much I want to do, to contribute, but I feel thwarted at every turn. The depression and stress start to take a hold of me and it's hard to believe things will get better. I try to keep a positive façade up to protect my little boy from the harsh reality of our situation, but even he starts to notice that Mommy isn't herself.

In October, I will start a two year online program at the School of Criminal Justice where I will receive a Bachelors Degree. I have a few interviews lined up. One job pays \$9.50, a little low, but a figure I can work with. I keep my fingers crossed that a new day will come and I will be able to provide for my family. Until then, I have to keep looking and pray a good job will come along.

Household 1 is a single adult

Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child*

*Total amount earned by two working adults

OREGON Family Budgets (in 2004 Dollars)

	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4	HOUSEHOLD 5
Food	162	304	401	587	587
Housing & Utilities	567	714	714	714	714
Transportation	313	484	484	764	910
Health Care	76	156	232	276	276
Child Care	0	326	889	0	889
Household, Clothing, & Personal	280	414	458	585	622
Savings	155	230	254	325	345
State & Federal Taxes	313	380	447	420	636
Gross Monthly income needed	1,867	3,008	3,878	3,670	4,978
Gross Annual income needed	22,404	36,102	46,531	44,041	59,732
Living Wage (at 2080 hours/year)	10.77	17.36	22.37	21.17	28.72

Household 1 is a single adult

Household 2 is a single adult with a school-age child (age 6-8 yrs)

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Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child

*Total amount earned by two working adults

OREGON Job Gap Ratio

TOTAL JOB SEEKERS – 236,000	TOTAL JOB OPENINGS – 60,073			
	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4
Living Wage Job Openings	37,228	17,308	9,154	11,258
Job Seekers per Living Wage Opening	6:1	14:1	26:1	21:1
Percentage of All Job Openings Paying Less than a Living Wage	38%	71%	85%	81%

Oregon Living Wage Vs. Minimum Wage

Hourly Wage
(in dollars)

Oregon minimum
wage \$7.05

\$30.00
\$25.00
\$20.00
\$15.00
\$10.00
\$5.00



(1)

(2)

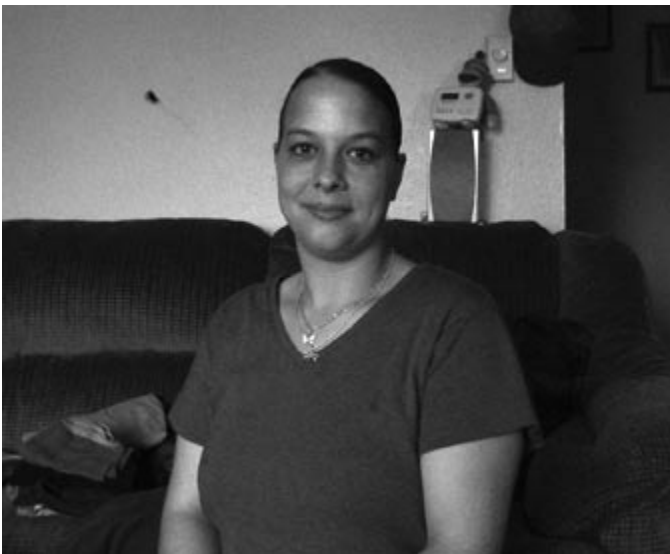
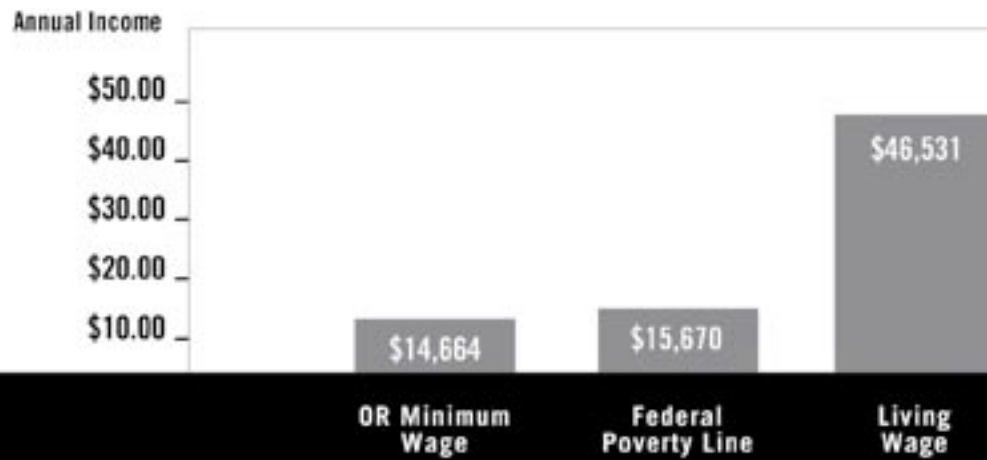
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HOUSEHOLD TYPE

Oregon living wage compared to other income benchmarks, Household 3



TACOMA, WASHINGTON

My name is Kristina Foulkes. I am 28 years old with 2 children ages 6 and 20 months. My husband works full time (often more) as a heating/cooling specialist. He is the sole wage earner in our family, making an average of \$2300/ month. We get health insurance through his company, but it costs over \$700 a month which is automatically deducted from his paycheck. There is a \$2000 deductible and as a family of 4 with 2 young children, we have gone over this deductible. Right now, we owe about \$2000 in medical expenses from smaller bills that have piled up over the past year since my latest was born.

My youngest is behind on his regular immunizations because I can't afford the co-pay or charges that might come along with brining him to the doctor. I found out recently that WIC will do the immunizations for free. I wish we could take advantage of that service. On paper our family makes too much money to qualify for any assistance, but after the bills are paid and the health insurance is taken out we don't have much to live on.

I don't understand why we are paying so much for insurance and still have to pay out of pocket each time we go to the doctor. I would like to go back to work, but then we would need to pay for childcare which is a big expense. I have worked in the past at fast food restaurants and gone without insurance. I am looking to go back to school so that I can go back to work and add income for my family. If my husband were injured or laid off, I don't know what we would do about money, which is another big reason for me to return to school to get training for a better paying job. I can't go back to working for minimum wage at fast-food restaurant. There is no way we would survive on that.

STATE FINDINGS (WASHINGTON)

WASHINGTON KEY FINDINGS

Key findings for Washington are:

- The living wage for a single adult is \$10.77 an hour. This is based on what is needed to meet basic needs and provides some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$22.35 an hour.
- Thirty-two percent of all job openings pay less than the \$10.77 an hour living wage for a single adult. Seventy-seven percent pay less than the \$22.35 an hour living wage for a single adult with two children.
- For each job opening that pays at least the \$10.77 an hour living wage for a single adult, there are four job seekers on average. For each job opening that pays at least \$22.35 an hour, the living wage for a single adult with two children, there are 12 job seekers on average.

ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

Of all job openings, 32 percent pay less than the \$10.77 an hour living wage for a single adult, as shown in the chart below. Seventy-seven percent pay less than the \$22.35 an hour living wage for a single adult with two children.

It is important to note the distinction between jobs and job openings. Not all jobs come open during a year. Job openings are of particular interest because they provide employment opportunities to people looking for work.

In addition, there are more people looking for work than there are job openings that pay a living wage. As shown in the table on the following page, job gap ratios, which compare job seekers to job openings, are:

- For each job opening, regardless of pay, there are three job seekers on average.
- For each job opening that pays at least the \$10.77 an hour living wage for a single adult, there are four job seekers on average.
- For each job opening that pays at least the \$22.35 an hour living wage for a single adult with two children, there are 12 job seekers on average.

WHAT IS A LIVING WAGE?

Living wages for Washington, which reflect family budgets as shown on the following page, are:

- For a single adult household, \$22,402 a year or \$10.77 an hour.
- For a single adult with one child, \$35,011 a year or \$16.83 an hour.
- For a single adult with two children, \$46,486 a year or \$22.35 an hour.
- For two adults, one of whom is working, with two children, \$42,921 a year or \$20.64 an hour.
- For two adults, both of whom are working, with two children, \$58,907 a year or \$28.32 an hour (which means that the combined wages of both working adults needs to total this amount).

These are statewide averages. In some areas, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other areas, including most of the state's rural areas, costs and, therefore, living wages are lower.

Household 1 is a single adult

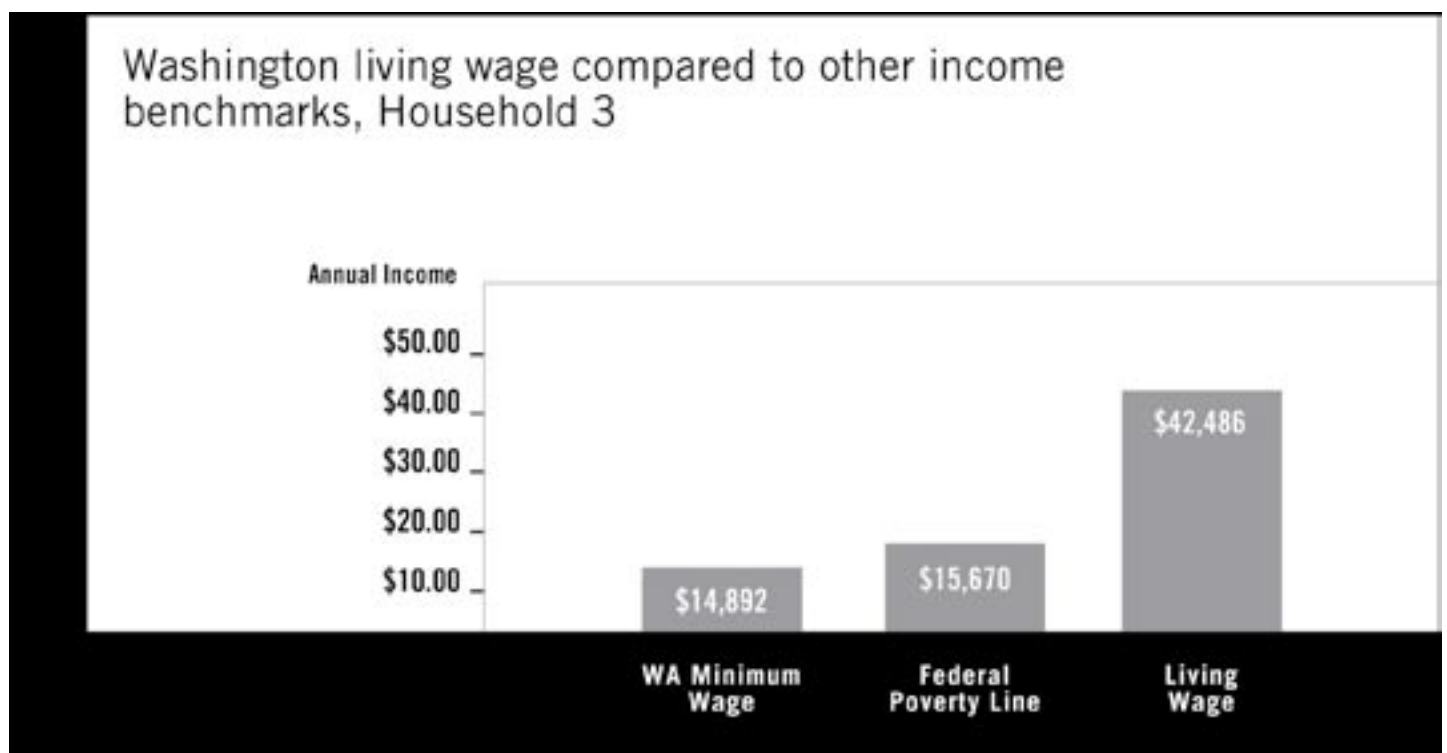
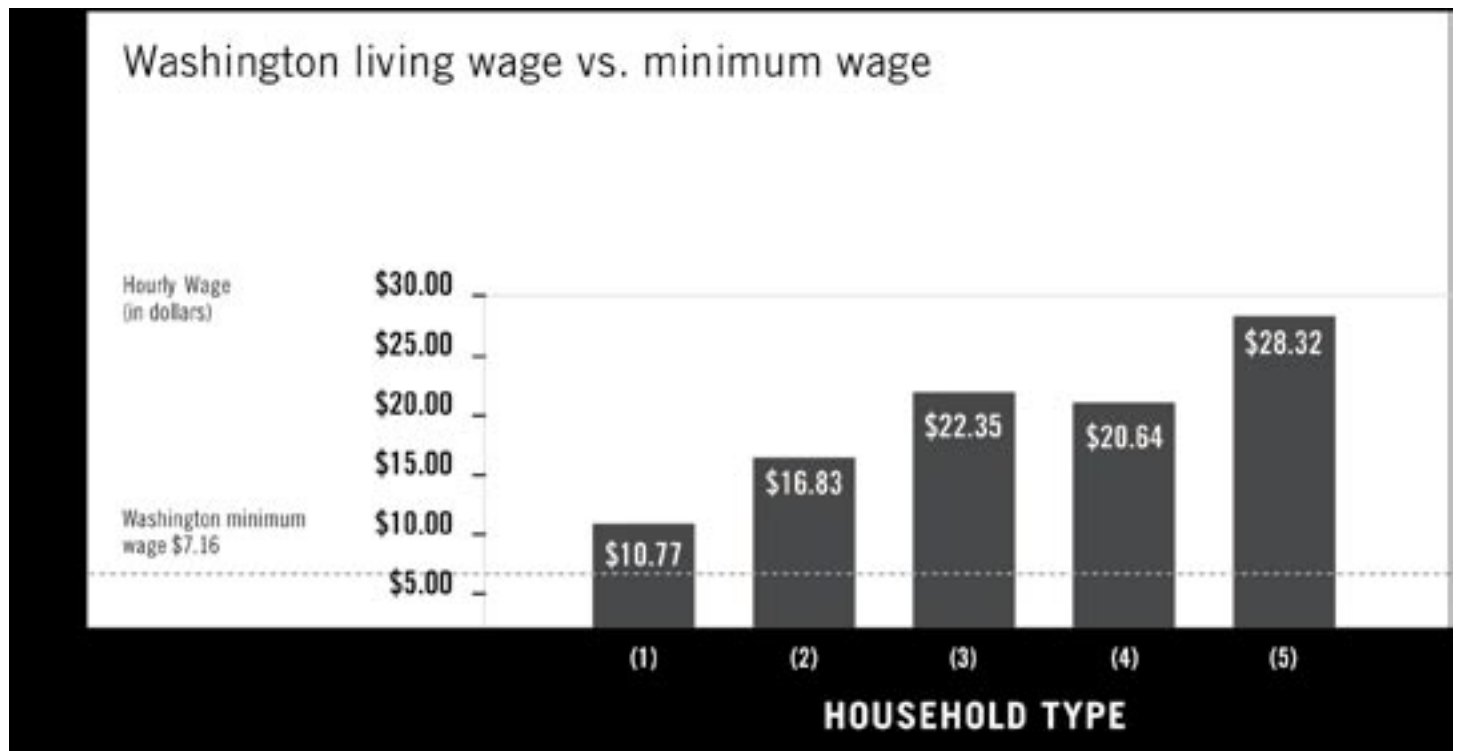
Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child

*Total amount earned by two working adults





SEATTLE, WASHINGTON

My name is Sue Coffman. I am a 59 year old woman and own my small business. I do odd jobs such as cleaning, pet sitting and house maintenance; therefore, I have to get private insurance if I want insurance. I earn approximately \$1500.00 per month. I am constantly working two to five jobs under the guise of one business just to make ends meet. I have been doing this for 22 years now, working at least 40

hours per week, and often times more. Despite how much I work, and my willingness to work, I have trouble paying bills, particularly rent and utilities. Luckily, I live with my partner; yet, I still worry about how I am going to pay my bills in the future at this rate. Currently, I pay \$300.00 in rent, \$150.00 in utilities, \$100 to \$150.00 for transportation, \$200.00 for food and \$25 to \$50.00 for car repairs. In addition to these expenses, it also costs me approximately \$200.00 to \$300.00 per month in dietary supplements to help me stay healthy.

Just recently, I have been able to begin saving money in case of emergencies, usually \$70.00 per month. Last year my car broke down, and I was able to get it fixed with the savings that I have had; thankfully, nothing else come up, had I been sick, I would have had to choose between my health and my car.

My housemate and I grow food and work to conserve energy to stretch our income. I am constantly looking for more side jobs too! Often times, I fear homelessness and what would happen if I do not get those extra jobs. But I keep on juggling, trying to keep my head above water.

Household 1 is a single adult

Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child*

*Total amount earned by two working adults

WASHINGTON Family Budgets (in 2004 Dollars)

	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4	HOUSEHOLD 5
Food	162	304	401	587	587
Housing & Utilities	624	788	788	788	788
Transportation	313	484	484	764	910
Health Care	72	155	212	256	256
Child Care	0	267	965	0	965
Household, Clothing, & Personal	293	433	471	599	635
Savings	163	240	262	333	353
State & Federal Taxes	239	247	291	251	415
Gross Monthly income needed	1,867	2,918	3,874	3,577	4,909
Gross Annual income needed	22,402	35,011	46,486	42,921	58,907
Living Wage (at 2080 hours/year)	10.77	16.83	22.35	20.63	28.32

WASHINGTON Job Gap Ratio

TOTAL JOB SEEKERS – 317,500	TOTAL JOB OPENINGS – 110,319			
	HOUSEHOLD 1	HOUSEHOLD 2	HOUSEHOLD 3	HOUSEHOLD 4
Living Wage Job Openings	75,327	44,041	25,766	33,580
Job Seekers per Living Wage Opening	4:1	7:1	12:1	9:1
Percentage of All Job Openings Paying Less than a Living Wage	32%	60%	77%	70%

TRADE-OFFS AND TOUGH TIMES: WHAT HAPPENS TO FAMILIES THAT DON'T MAKE A LIVING WAGE?

The living wage estimates the level of income sufficient to meet a family's basic needs and maintain a reasonable standard of living. 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. If full-time workers are making trade-offs between basic needs, their wages do not allow for economic self-sufficiency. Since the living wage is a state-wide average, the budget for each individual family will vary according to its particular circumstances.

The same methodology has been used to calculate the living wage over the past three years. This section of the report explores these trends, and reveals the difficult tradeoffs that households confront when they do not earn a living wage.

The living wage has risen between 2002 and 2004 in every state in the Northwest. This can be attributed to rising costs for food, transportation, housing and utilities, health care, and child care.

SEATTLE, WASHINGTON

My name is Leigh and I'm a fifty year old woman living with my 17 year old daughter. I work as a door detailer at a cabinet making shop; I've been in

the cabinet making business for about fifteen years, and I enjoy it a lot. I've been at my current job for the past four months, and my health insurance just kicked in after three months. This is the first time I've had health insurance since I lost my job in November 2002, even though I've been employed periodically since then. Currently, I make about \$1700 a month at my job, and receive \$500 a month in child support.

My late husband, who was a Vietnam veteran, suffered from seizures that made it difficult to work, and was not working at the time I lost my job. We fell behind in house payments and had to file bankruptcy in order to keep our house. In April 2003, my husband died from unknown seizure-related complications. I got a \$220 Social Security death benefit and a \$5000 life insurance payment, which allowed me and my daughter to get through that period. Now I'm paying \$1500 a month to pay off my debts.

On top of everything in June 2005, my daughter developed an antibiotic resistant abscess on her neck and had to stay in the hospital for three days. Ironically, she fell sick one month before my health insurance kicked in and now I am faced with an additional \$4000 hospital debt. I was so worried—about my daughter, about money. There were no alternatives.

Besides \$1500 a month for bankruptcy payments and \$120 a month for health care, I pay about \$80 a month in utilities (electricity, water/sewage, and garbage) and about \$50 for the phone. I pay roughly \$250 a month for food for my daughter and I, and we try to stretch that budget by eating skimpy meals and making as much of it as we can from scratch.

My budget does not allow me any room to save for emergencies, but I'm working to pay of my debts and get back on my feet so I can start saving again and be financially stable

HEALTH CARE

Health care costs explain much of the increase in the living wage over the past three years. Nationwide, premium rates have seen double-digit increases from 2000 to 2004. Premium rates increased nine percentage points faster than the economy-wide inflation rate and the rate of increase in workers' hourly earnings. Premiums also grew faster than the estimated growth in medical claims expenses, suggesting increasing profit margins for insurers.

The two variables that constitute health care costs (based on the assumption that everyone has employer-based coverage) include out-of-pocket costs and employee contributions to their health insurance plans. As health insurance premiums have increased, employees have been asked to bear more of their own health care costs. Rising costs in these two areas account for much of the increase in the living wage.

There are a variety of ways that employees have begun to bear a greater portion of their health care costs. In the 1990s separate hospital deductibles and cost-sharing were very rare. By 2004, 53 percent of people with employer-based coverage faced separate cost-sharing arrangements. Over 30 percent of employees with job-based coverage must now pay either a separate annual deductible or a copayment for hospital care; the average payment required is \$222. Another 13 percent must pay coinsurance when hospitalized, with the average coinsurance rate being 16 percent. And a further five percent must pay both a deductible or copayment, as well as coinsurance.¹⁰

Cost-sharing for prescription drug coverage is also increasing, and copayments for office visits have increased for all types of plans. Meanwhile, employees of companies with fewer than 200 employees generally have higher cost-sharing requirements for employer-based coverage. Thus, even for people who have employer-based health care, premium increases have had a direct impact on people's health care expenses.

Trends in Employer-based Coverage

Health care costs are the most volatile component of any family's living wage calculation. There is nothing

like a health emergency to place stress on a family's finances. While the Northwest Job Gap study assumes that people have employer-based care, more and more workers are not so lucky. And though the numbers of uninsured people are rising, the proportion of people who are underinsured is also increasing rapidly. This is largely due to decreases in employer-based coverage.

The number of uninsured Americans under age 65 increased by 5.1 million between 2000 and 2003. During the same time period, the rate of employer-based insurance coverage for adults fell from 68.9 percent to 65.1 percent, and the uninsured rate for adults increased by 2.4 percent.¹¹

People with low wages are less and less likely to have employer-based health insurance. Three quarters of the drop in employer-based coverage between 2000 and 2003 occurred for people making low wages (under 200 of the Federal Poverty Level (FPL)). Only 30 percent of adults under 65 with incomes under 200 percent FPL had employer-based health insurance in 2003, while 87 percent of adult with incomes over 400 percent FPL had employer based coverage.

While low wage workers are less likely to have employer based insurance, jobs are also shifting to industries and places of employment that are less likely to provide health coverage. Between 2000 and 2003, three million fewer people worked for companies of 25 or more employees, and more people are self-employed or working for companies with fewer than 25 employees—both of which are less likely to provide health insurance.

When employers do offer coverage, not all employees are eligible. Of employers offering health coverage, only six percent provide coverage to temporary employees, and 48 percent provide coverage to part time employees. About 80 percent of employees in companies that offer health insurance are eligible for that insurance. And only 82 percent of the eligible employees take the health coverage offered by their employers—usually because of cost. Consequently, one third of people who work for companies that provide health insurance are not covered by their employer's health insurance either because they cannot afford it or are not eligible.¹³

KEY CONCERNS:

Fewer employers are offering comprehensive health coverage

Health insurance plans are charging higher premiums and copayments

Employers are shifting costs to employees

Health insurance plans are adding new cost-sharing requirements

More people are working for small employers, who are less likely to provide health care

OPTIONS FOR PEOPLE WITHOUT EMPLOYER-BASED HEALTH CARE

For people without employer-based health insurance, there are few options on the private market that are affordable. Premiums on the individual market, like those for employer-based coverage, have been rising. The average premium for an individual health insurance policy has increased by 44 percent from 1996 to 2002. Like employer-based coverage, cost-sharing is increasing, and high deductible plans are more frequently available.

The Northwest Job Gap study estimated the cost of purchasing very basic private health insurance on the private market, for those families who did not have access to employer based health insurance. Private plans vary from state to state, but most do not cover the costs of vision, dental, mental health, or substance abuse treatment, which must be purchased for an additional fee. So the estimates of the cost of purchasing health insurance on the individual market are for the most minimum of health care plans, and the level of coverage is not comparable to the typical level of coverage provided by employer-based plans.



BILLINGS, MONTANA

My name is Teddee Cuomo, I am a single mother with two boys living at home. My oldest is Jesse, 17 and youngest is Jamie, 4. The challenges of being a single mother are many. I also own and operate my own small wallpaper and paint business while going to college full time.

My monthly income is around \$2000 a month on average, some months business is better than others. That money is all used up after my monthly expenses. The cost of housing (\$560), utilities (\$230), rising transportation costs (\$232) and especially feeding two growing boys (\$300) has me living from paycheck to paycheck, scrounging for change.

There simply is no room to breathe. No room to save or to spend money on things for the boys. The fees for Jesse's athletics or school supplies become a very major burden, so I end up paying partial bills to allow for those added expenses.

I go without health insurance; and am still paying off medical debt of \$1500 sometimes at \$10 a month. I recently was in a car accident and had to hire a lawyer—just so that I wasn't charged with a ticket that would raise my auto insurance.

If I were to get sick or for some reason not be able to work, it would mean disaster for me and my boys. I work hard. I am going to college and I'm a loving responsible parent. In this country with all the wealth around us we should be able to count on having healthcare and have some financial security, but it just seems to get worse.

Oregon Living Wage 2002-2004

Hourly Wage
(in dollars)

■ 2004
■ 2003
■ 2002



Washington Living Wage 2002-2004

Hourly Wage
(in dollars)

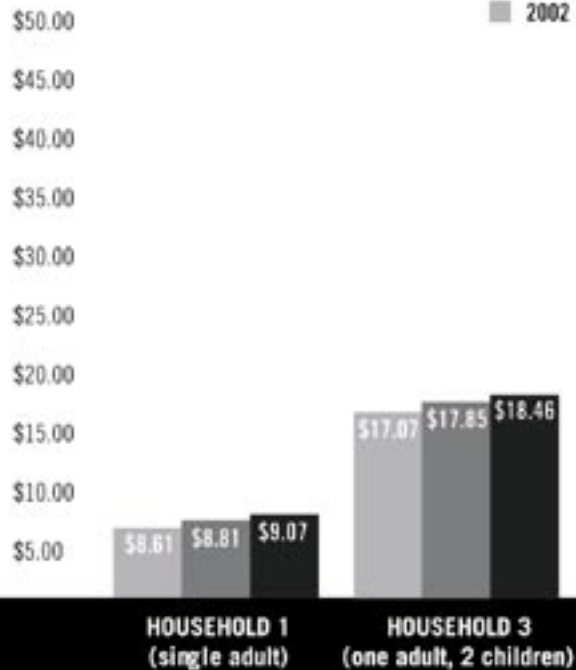
■ 2004
■ 2003
■ 2002



Montana Living Wage 2002-2004

Hourly Wage
(in dollars)

■ 2004
■ 2003
■ 2002



Idaho Living Wage 2002-2004

Hourly Wage
(in dollars)

■ 2004
■ 2003
■ 2002



Distribution of individual health insurance premiums for single policies, 1996 and 2002

PERCENTILE	1996 (Median \$1,302)	2002 (Median \$1,913)
90th	\$2,886	\$4,728
75th	\$2,006	\$3,261
50th	\$1,302	\$1,913
25th	\$665	\$990
10th	\$312	\$541

MEDFORD, OREGON

My name is Mary. I live in Medford, Oregon with my boyfriend and two kids. I work at a packaging plant as a line supervisor. With my \$10.60 per hour salary, I live on a tight budget. My boyfriend cannot work because he is disabled, but together we manage to scrape by. He gets \$650 monthly in disability and that helps. Together we pay \$625 in monthly rent. The utilities including the phone are around \$210 per month. Car insurance is yet another financial burden at \$75 a month. All these expenses really add up and making ends meet can be quite a challenge especially when you have kids. The cost of back to school supplies, clothing and school activities can really be a huge financial burden. No matter what though, in our household, the kids come first. My boys are 12 and 13, and at that age having food on the table is my first priority.

For the most part, I've been able to stay on top of my finances. That was until I got sick. During a family outing my boyfriend and I were exposed to poison oak—no big deal, right? Well, what was different about us is that we breathed in the poison oak as it was burning—the exposure was in our lungs. I could feel the sting in my chest, but decided against going to the doctor. I simply could not afford to pay. The \$1000 deductible was looming and incentive enough to avoid going to see the doctor. For 5 long days, I fought against going in and got sicker and sicker. The infection got so bad that I finally broke down and went in for treatment. I now have a \$600 hospital bill.

I also had to shell out \$130 toward the deductible and an additional \$60 for medicines. Not being able to save money hurts, but not as bad as unexpected medical bills—that's when you really feel the crunch.

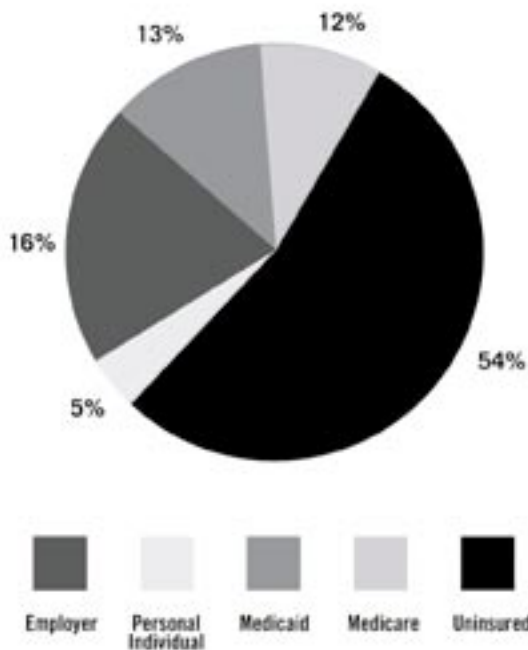
THE CRISIS OF UNINSURANCE IN THE NORTHWEST

Sixty-one percent of the non-elderly population in the U.S. had employer-based health insurance, 18 percent were uninsured, 14 percent had Medicaid coverage, 2 percent had Medicare coverage, and five percent had health insurance from the individual market.

Northwest states are similar, with Montana and Idaho facing uninsured rates that are higher than the national average¹⁶:

- In Washington, 61 percent of the non-elderly population had employer-based health insurance, six percent purchased private health insurance, 16 percent were covered by Medicaid, 1 percent were covered by Medicare, and 17 percent were uninsured.
- In Oregon, 60 percent of the non-elderly population had employer-based health insurance, seven percent purchased private health insurance, 14 percent were covered by Medicaid, 1 percent were covered by Medicare, and 18 percent were uninsured.
- In Idaho, 59 percent of the non-elderly population had employer-based health insurance, six percent purchased private health insurance, 13 percent were covered by Medicaid, 1 percent were covered by Medicare, and 21 percent were uninsured.

U.S. population distribution by insurance status



• In Montana, 51 percent of the non-elderly population had employer-based health insurance, 11 percent purchased private health insurance, 16 percent were covered by Medicaid, 2 percent were covered by Medicare, and 20 percent were uninsured.

Low-income workers in general are over three-times more likely to be uninsured than those with incomes above 200 percent of the poverty level (42 percent vs. 11 percent).¹⁷ Workers who earn low hourly wages are at the greatest risk of being uninsured. Only 53 percent of workers earning less than \$10 per hour had job-related health care coverage. About 33 percent of workers earning under \$10 per hour were uninsured, and 17 percent of those earning \$10-15 were uninsured.¹⁸

People working part-time—fewer than 35 hours per week—were also more likely to be uninsured. Around 58 percent of part-time workers had job-related insurance, while 78 percent of full-time workers had job-related insurance.²⁰

People of color are also disproportionately represented among the uninsured. While only 14.5 percent of whites are uninsured in the U.S., 35.7 percent of Latinos, 20.8 percent of African Americans, and 19.5 percent of people of other race/multiple races are

uninsured. Latinos are disproportionately represented among the uninsured.²¹

These disparities in health insurance rates can be explained largely by the segregation of people of color into low-wage occupations and job sectors where fewer employers insure their workers. For example, African Americans and Latinos are about as likely as whites to work full-time and year-round, but they are much more likely to be uninsured. Native Americans are in a similar situation. Thirty percent of American Indians with permanent, full-time employment are uninsured, compared to only eight percent of whites working the same amount.²³ This disconnect between work and insurance also holds true for immigrants.²⁴ Job segregation and employment discrimination, therefore, take their toll not only on the wages and financial security of people of color, but also on their access to health insurance coverage.

Many people in the Northwest cannot afford adequate health care, and are underinsured or entirely uninsured. While healthy uninsured families may get by without health insurance for years, when serious health problems arise, any small savings quickly vanish to cover health care costs. The uninsured are at risk of falling into deep medical debt and not receiving vital health care. Trends that make it more difficult to obtain quality health coverage have a major impact on families who are struggling to earn a living wage.



PAUL, IDAHO

My name is Gary Hathaway and I live in Paul, Idaho with my wife Linda. I am a garbage man for the city of Rupert and Linda works at the Idahoan potato processing plant. I make \$8.50 an hour and Linda makes \$9.50 an hour. Her job is seasonal though, so until the new potatoes are ready to be processed she is

receiving unemployment benefits of \$170 a week.

We own our own home. Our monthly utility bills are \$150 for water and sewer, \$130 for electricity and \$50 for phone. The car insurance is \$100 a month, and unfortunately we have no homeowners insurance because we just can't afford it. Groceries come last after all bills are paid. We rely on the food bank to make it through the month.

I don't have any health insurance. I opted out of the health insurance plan my employer offers; the out of pocket is \$10,000, and having insurance like that is the same as having none at all. When I need medical attention, I go to the VA. Linda has health insurance through her work, but that also has a high deductible. Sometimes she goes without some of her medications because of the high cost. If she runs out of her diabetes medicine, she uses mine until we can afford to get more of hers.

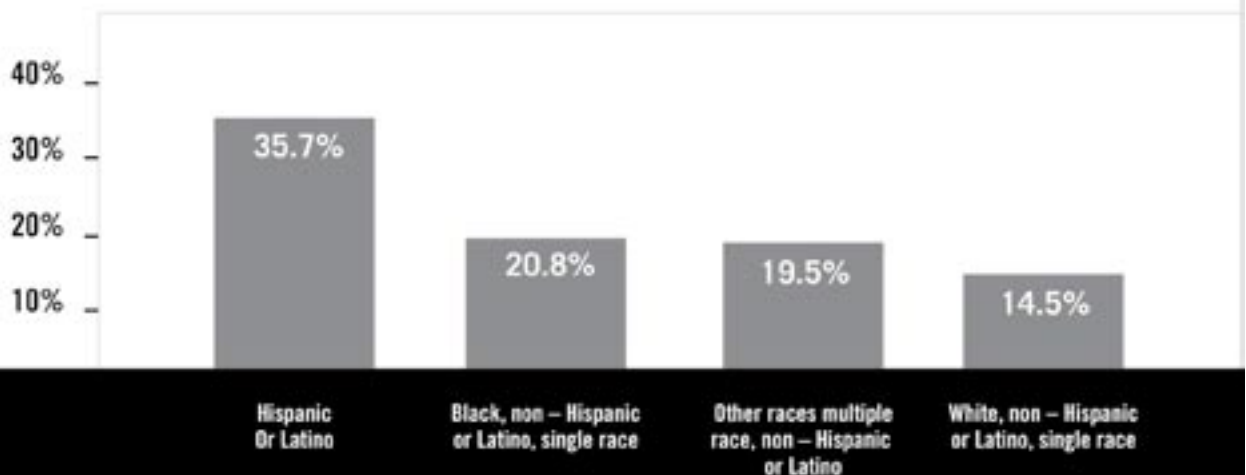
We're too old to look for new jobs. Linda will retire next year and will get a little from the plant and a little from Social Security. We have some stock for their retirement, but otherwise will be relying on Social Security for their income after retirement. We worked hard all our lives, and never really had a chance to save for the years ahead.

FOOD

For families that do not earn a living wage, paying bills to cover some areas of the budget can force trade-offs that compromise nutrition. Low-income consumers are more likely to buy energy-dense foods and have lower quality diets than other Americans.²⁵ Nutritionists have pointed out that diets containing more cereals, added sugar, and fat, and less meat, fish, or vegetables most effectively minimize food costs. The ability to adopt a healthy diet probably has less to do with health awareness, nutrition education, or readiness to change than with the simple fact that well-balanced diets cost more.²⁶

Low-income households spend a higher proportion of their income on food than do wealthier households. Despite the use of cost-saving techniques such as purchasing lower quality foods, choosing generic products over brand names, taking advantage of volume discounts, and buying sale items, America's low-income families pay slightly higher food prices than the national average.²⁷ Studies have found that suburban supermarkets typically have the lowest food prices and widest selection, but that many people with lower incomes tend to live in cities and rural areas.²⁸ Small food stores, which are more likely to locate in low-income central-city neighborhoods and rural areas, tend to charge an average of 10 percent more for food

Percentage uninsured by race/ethnicity, people under age 65



items than do supermarkets.²⁹

The effect of the size and location of food merchants is that, on average, low-income households pay slightly higher prices than do other households for the same food items. This disparity helps to explain related data showing that while an average American spends no more than 7 percent of disposable income on foods consumed at home, that figure reaches 25 percent for low-income families.³⁰ The significant portion of income that low-wage workers devote to necessities such as food often competes with payments for other components of the family budget.

HOUSING AND UTILITIES

Housing and utilities costs in the Northwest account for a growing portion of the living wage for families. This cost category reflects both rental prices for apartments and the utilities costs associated with those apartments. Rising costs in both areas affect the rise in the living wage calculation.

Nationwide, evidence shows that as rents are rising, wages are not keeping pace. Bureau of Labor Statistics data suggest that rents continued to rise faster than incomes in 2004. From October 2003 to October 2004, the Consumer Price Index shows an increase of 2.9 percent for the rental of primary residences.³¹ Hourly wages, however, were up only 2.6 percent over the past year.³² Data compiled by the Joint Center

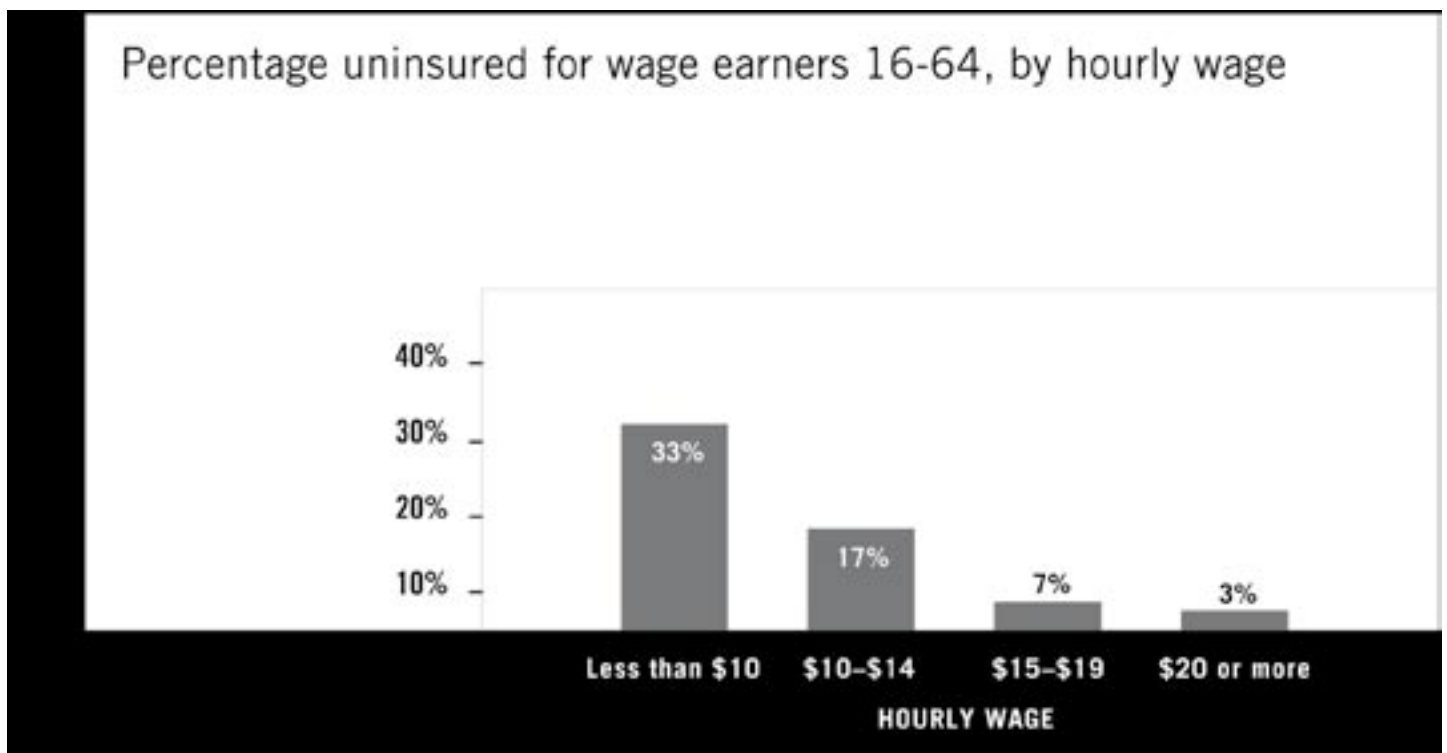
for Housing Studies at Harvard University show that gross rents, which include the cost of utilities, have risen steadily from the mid-1990s, despite a decline in renter incomes after 2001.³³

It is such evidence that has prompted the National Low Income Housing Coalition to report that “no community, no town or city or county or state, has enough housing for the low income people who live there.”³⁴ The reality is that the rising cost of rental housing in the United States is placing a considerable strain on the budgets of most low-wage earners. This is particularly true in the Northwest, where rental markets remained tight throughout 2004.³⁵

Utilities rate increases are of particular concern to families, particularly as winter approaches. Sharp increases in oil and gas prices have led to increased utilities costs. Even before Hurricane Katrina caused a spike in prices, the Department of Energy predicted that natural gas users will need to spend 46 percent more to heat their homes this winter, and heating oil costs will rise by 31 percent.³⁶ These costs particularly affect those who cannot afford to insulate or weatherize their homes or seek alternative heating methods such as woodburning stoves.

TRANSPORTATION

The transportation component of the family budget is based on the cost of maintaining a private vehicle and



the annual miles of vehicle travel, as compiled by the National Household Travel Survey. The costs reflect insurance, gas, vehicle purchase, and depreciation costs, as well as the cost of car insurance.³⁷

The real costs of transportation are affected by the rise in gas prices. In September of 2005, following a spike in gasoline prices, the IRS and the Treasury department raised the reimbursement rate to 48.5 cents per mile, a total increase of 11 cents per mile from the 2004 rate of 37.5 cents.³⁸ This increase affects families now, but will not be reflected in the living wage calculation until future studies are completed using data from 2005.



MEDFORD, OREGON

My name is Dolores Morales-Vega and I live in Medford, Oregon with my 4 children. I work for the Oregon Department of Human Services and earn a monthly salary of \$2098. My monthly expenses add up to \$2633. After paying all my bills and monthly expenses and I am left in the red—with a balance of negative \$535 to be exact.

To supplement my income, I work as a seasonal contractor for the American Red Cross and train Spanish speaking firefighters in First Aid and CPR. I charge \$50 per person. From October to March, I can supplement my income by as much as \$1300

depending on the number of participants. However, the downside of working weekends is the added cost of childcare, but, as a single mom, I have to do what I can to provide for my kids. The extra money really helps.

Here is a breakdown of my expenses. I can assure you I don't spend willy-nilly—there isn't enough money for that. Some of my expenses are: rent @ \$695; for utilities \$250 per month; monthly transportation cost: car payment \$268, insurance \$115 and gas \$280. For childcare, I pay a minimum of \$150 monthly. My biggest expenses are food and health-care. My food budget is anywhere from \$600-\$800 per month. For healthcare, I pay a least \$900 yearly: \$500 for doctor's visits, \$200-\$300 for prescriptions and \$100 for vision, which equals about \$75 monthly (depending).

These expenses don't even account for when the kids go back to school or if there's an emergency—not to mention, the idea of going to the movies or out to eat or having vacation! Vacation, can you imagine? Not in my world. No. I work, do homework with the kids, get food on the table and church on Sundays and that's it.

The sad thing is compared to others I am doing okay. I have a roof over my head and 4 beautiful children. I've learned in my life to count my blessings. But, I wonder, is it fair for a person to work two jobs and still be too poor to make ends meet?



LEWISTON, IDAHO

My name is Terri Sterling. I am married and have three kids—15, 13, and 10. We live in Lewiston, Idaho. My husband, a hard working man, currently earns \$14.00/hr. His employer provides him with health insurance, but the \$650.00 monthly premium to cover the kids and me is unaffordable.

Recently, I graduated from college with a BA in Communication Arts. At first I was hopeful that I would find a better-than-average job because of my degree. But, unfortunately, it seems I may have been wrong.

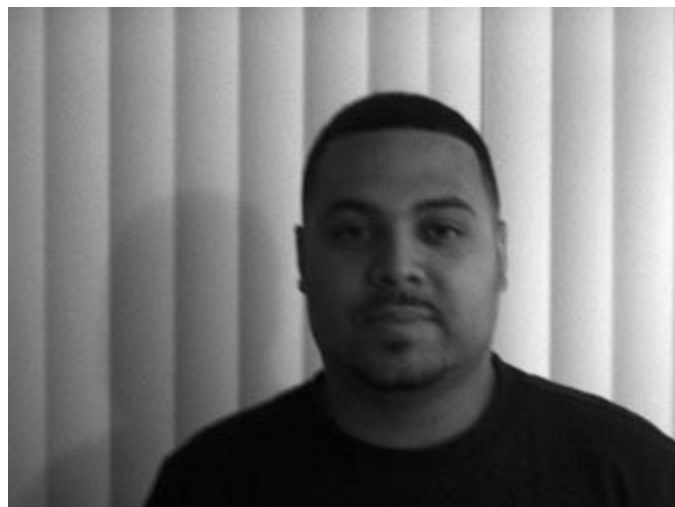
After graduation, I searched and searched for a job that a paid decent wage. Out of desperation and despair, I took a job as a homecare worker. My job doesn't offer any benefits, not even holiday or overtime pay. Since I started, I have worked every holiday, and one week I even worked 50 hours, but I only was only paid my hourly rate of \$8.25. Most of the time, though, I have a hard time working 40 hours a week because I usually am scheduled to work only five or six hours a day. To get close to 40 hours I have to work seven days a week, which I have done for the last two months.

Between my husband and me, we bring home \$3200 per month. Our expenses including house payment (\$828), insurance for car and home, utilities, medical bills, food and clothing for the kids—the usual provisions for survival all add up to \$3218. This budget leaves no room for school supplies or school lunches. The kids used to get free lunch, but now they get reduced price: \$0.50 per lunch. That \$0.50 times 3 kids for 180 days of school equals \$270 or about \$30

per month. Also, school supplies are \$80 per kid or \$240. School registration fees are \$30 per kid or \$90. If these totals were averaged monthly, it would be another \$50 monthly.

I see my college friends struggling too. A couple of girls in my class told me that some of the people they work with at Wal-Mart have college degrees and they stock shelves. One of my closest friends in school just graduated with a Psychology degree and after five months of job searching, she might accept a cashier job at a convenience store.

Soon I will have to start paying on student loans, and without a good job I am worried about how I will afford any more payments. I'm not sure which would be worse—having a health care emergency or not finding a good job to pay my student loans. I wonder if a college education doesn't make a difference, what does it take to find a living wage job?



SEATTLE, WASHINGTON

My name is Richard Vera, and I am a 27 year old man of Puerto Rican descent with a four-year-old daughter, Desiree. I have a small DJ business in which I am the sole employee. I also work full-time at an electrical warehouse, filling and delivering orders. I got this job through a temp agency, and get no health benefits as a temporary employee. If I get hired on as a permanent employee, I may get some health benefits. My income from these two jobs is roughly \$1600 a month. My girlfriend Candace, who works in interior design, helps me out a lot; without her, I fear that I could end up homeless.

I have a lot of expenses in my life related to my DJ

work and my daughter. I have a van I use for DJing, which costs me \$350 a month in gas and insurance, and I've had to put \$3000 worth of work and registration fees into it in the past year. I pay \$320 a month in child support, though, right now, I'm paying half of my paycheck because I got behind in payments during the time I was underemployed. Rent, utilities, and food cost me about \$700 a month. I often worry about being able to afford my bills, and in order to stretch my income I avoid luxuries like going out or buying anything unnecessary.

The last time I had health benefits was in 2001 when I worked for Fred Meyer, which was also the last time I went to a doctor for a check-up. Since 2001, I've tried to make ends meet as a DJ, but the summer months were very slow for me and I was nearly broke. I've had several other jobs off and on. However, it's been hard to find anything besides fast-food jobs, and nothing has worked out. Recently it's seemed like the job market is improving and there are more opportunities for me, but since I don't have a college education, I don't feel I have a chance of making much more than \$10 or \$12 an hour.

In general, my health insurance is simply the fact that I'm young and in good health. However, if I get injured I will usually just work through the pain, which reduces my productivity and increases the chance I will have a serious injury. For instance, I walked on what I thought was a sprained ankle for a month and a half until the pain was so great that I finally went to have it looked at, only to learn that my ankle was actually broken.

ASHLAND, OR

My name is David Myers. For the past 5 years, I've worked at Southern Oregon University (SOU) as a Telecommunication Technician. I am a single dad with a 10 year old daughter in the 4th grade in Ashland, Oregon. I make \$16.21 per hour. With food, \$300 per month, utilities at \$250 per month and monthly rent at \$600, I don't have much wiggle room in my budget.

My daughter and I live in a one bedroom apartment. Because I cannot afford the rent for a two bedroom apartment, I have to sleep in the living room so my daughter can have the privacy she needs and deserves. I've had to forego on repairing my car and I certainly

can't swing car insurance and that's a problem; there are other towns in this area with more affordable housing, but I just don't have the resources for a long work commute.

With the start of the school year, things are tighter than usual in our household. I just had to spend \$150 for my daughter's school clothing and that expense used up a big part of my available income. Overall the start of the school year is stressful; all the extra expenses are difficult on an already tight budget. Luckily for us, my job does provide healthcare benefits for my daughter and me. I often think, maybe I should look for a higher paying job, but just can't walk away from the health benefits that my job provides for me and my little girl.

We live a simple life and can barely afford any recreation expenses. About one weekend a month, we can take in a movie or go the park and buy ice cream. I don't mind making sacrifices so that my daughter can get the things she needs. What frightens me though is that I don't have any savings to fall back on. If there was some big unexpected expense, we would be in trouble.

TECHNICAL NOTES

Given limitations in the available data and continuity of data sets, this study updates the previous Northwest Job Gap Study as closely as possible, using 2004 data. Where 2004 data was not available, data for the closest year available were adjusted for inflation to reflect 2004 dollars

FAMILY LIVING WAGE BUDGETS

A living wage is a wage that provides a household with economic self-sufficiency, allowing it to meet its basic needs without government subsidy. For this study, a modified market basket approach was used. Household budgets, upon which living wages are based, include:

- Food
- Housing and utilities
- Transportation
- Health care
- Child care
- Household, clothing, and personal
- Savings
- State and federal taxes

HOUSEHOLD ASSUMPTIONS

Household types were selected to reflect the range of budget requirements for five household types:

Single adult

Single adult with one child between the ages of six and eight

Single adult with two children, one between the ages of six and eight and the other between the ages of one and two

Two adults including one wage earner, with two children, one between the ages of six and eight and the other between the ages of one and two

Two adults, both wage earners, with two children, one between the ages of six and eight and the other between the ages of one and two

FOOD

Food costs are derived from the “Low Cost Food Plan” in the “Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average” produced by the U.S. Department of Agriculture (USDA).³⁹ The 2002 living wage calculation used the March 2002 Low Cost Food Plan. Monthly food costs for the living wage calculation for 2003 and 2004 are based on an annual average of monthly food costs.

The Low Cost Food plan values are based on food expenditures by the 25th to 50th percentiles of the U.S. population, as determined in the National Household Food Consumption Survey. This plan is 25-50 percent higher than the “Thrifty Food Plan” which is used as the basis for food stamp allocations and federal poverty benchmarks. The Thrifty Plan was not used because nutritionists consider it to be nutritionally inadequate on a long-term basis. The Low Cost Plan is based on the assumption that all food is prepared at home.

The adults were calculated as: Single Adult HH1 (20-50 year old woman); Single Adult with Child HH2 (20-50 year old woman and 6-8 year old child); Single Adult with two children HH3 (20-50 year old woman, 6-8 year old child, and 1 year old child); HH4 and HH5 were calculated with one woman 20-50 year old, one man 20-50 years old, 6-8 year old child, and 1 year old child.

There are no adjustments for these food plans by state or region. Other reports indicate that the variation in food prices is small enough that geographic adjustments are not necessary. The USDA values are based on 1989-91 data and updated monthly for inflation.⁴⁰

HOUSING AND UTILITIES

Housing and utilities costs are derived from U.S. Department of Housing and Urban Development (HUD) Fair Market Rents and information provided by Qwest. Fair Market Rent data are provided at a county level.⁴¹ For this study, the data were weighted by county population. This ensures that more populous counties contribute proportionately to the overall estimates. Fair Market Rents are gross rent and utilities estimates “that would be needed to rent privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities.” They include shelter rent plus the cost of all utilities, except telephones. HUD sets Fair Market Rents at the 40th percentile (in other words, 40 percent of the standard quality rental housing units are at or below this cost). The 40th percentile rent is drawn from the distribution of rents of all units occupied by renter households who moved to their present residence within the past 15 months. Public housing units and units less than two years old are excluded. It is assumed that families with one or two children will rent a two-bedroom unit, and that a single adult household will rent a one-bedroom unit.

Qwest provided the cost of basic service for unlimited local calls, with no call waiting, voice messaging, or other extras. The estimate does not include any long distance calls.⁴² The estimate also does not include set-up fees or taxes. Each state’s basic phone cost was added to its weighted average Fair Market Rent to determine the whole cost of rent and utilities.

TRANSPORTATION

Transportation costs were derived using the 2001 National Household Travel Survey from the U.S. Department of Transportation⁴³ and 2004 Internal Revenue Service (IRS) “Standard Mileage Rates” as an approximate cost for automobile travel.⁴⁴

The transportation component of the family budget is based on the cost of maintaining a private vehicle, and the National Household Travel Survey provides data on the annual vehicle miles of travel. The mileage totals were adjusted for the number of adults, workers and persons in each household.⁴⁵ The number of annual vehicle miles traveled per household was then multiplied by the IRS standard mileage reimbursement rate for the year of the study (37.5 cents

per mile in 2004), which accounts for vehicle cost, insurance, gasoline, repairs, depreciation, and vehicle registration fees.⁴⁶

HEALTH CARE

Health care expenses include insurance premiums as well as the out-of-pocket costs not covered by insurance. Estimates of health care expenditures were prepared for families that are covered by employer-sponsored insurance, as well as for families that purchase private non-group health insurance.⁴⁷ These two estimates provide some idea of the range of health care costs families experience, yet the figures are probably conservative. Workers who earn low wages are far more likely than higher-wage earners to contribute a large share of their income to their health insurance premiums.⁴⁸ Additionally, low-wage workers are much less likely than higher-wage earners to work in companies that offer health insurance to their employees.⁴⁹ In 2002, 65.0 percent of the non-elderly U.S. population (163.7 million people) was covered by employer-based health insurance, 16.2 percent (40.8 million people) was covered by Medicaid or other public coverage, and 6.6 percent (16.5 million people) purchased private non-group health insurance. Yet another 43.3 million non-elderly Americans (12.2 percent) lacked health insurance for the entire year.⁵⁰

Employer-Sponsored Insurance:

Average employee contributions to employer-sponsored insurance premiums were obtained for each state from the Insurance Component Tables of the 2002 Medical Expenditure Panel Survey (MEPS).⁵¹ Although MEPS contains some information about co-payments and deductibles, it does not provide detailed information about the typical package of health benefits.

Out-of-Pocket Costs:

Out-of-pocket costs represent the medical expenses that are not covered by an insurance policy, and are instead paid by the individual or their family for health care received.⁵² To arrive at a total figure for health care costs, an average value for out-of-pocket expenses was added to the family share of insurance premiums. Out-of-pocket costs were based upon figures from the 2002 MEPS Household Medical Expenditure Tables, which can be modified to produce specific out-of-pocket data by age and geographic region.⁵³ Out-of-pocket costs for those

purchasing private insurance and those buying into employer-sponsored health insurance were calculated using the same methods.

Private Non-Group Insurance:

In addition to estimating health care expenses for adults who receive employer-sponsored insurance, the costs for families that must buy into private non-group insurance were calculated. Other studies have assumed that every household has access to employer-sponsored health insurance, but the validity of that assumption is diminishing as the number of employers that do not provide insurance increases.⁵⁴

Current estimates of premium costs for private insurance were obtained from eHealthInsurance.com quotes. In order to obtain price quotes from eHealthInsurance.com, it was necessary to make assumptions about the type of plan to be purchased. The coverage levels of available estimates varied slightly from state to state. Generally, the estimates in this report assume a \$500 deductible and 20 percent coinsurance. The plans were selected to represent the highest level of coverage for which quotes were available in all four states. The private insurance benefit packages varied from state to state, but typically did not cover the costs of vision, dental, mental health, or substance abuse treatment, and many of the state estimates included additional co-pays. The estimates for Idaho do not include coverage for office visits; estimates were not available for a plan in Idaho with a \$500 deductible and 20 percent coinsurance that provided coverage for office visits. It was assumed that single adults and single parents were female (altering gender did not affect price quotes), and that all adults were 25-year-old non-smokers.⁵⁵ An only child was assumed to be an 8-year-old male, and two children in a family were males ages 8 and 2 (gender did not affect price quotes). The eHealthInsurance website generates premium quotes by zip code, so state-wide figures were not available. Zip codes were entered for high and low-population areas, but the same plans were generally available throughout the state. In states where more than one health insurer offered comparable plans, a weighted average of the price quotes was calculated.

Out-of-pocket costs for those purchasing private insurance were calculated using the same methods that were used to calculate average out-of-pocket costs for those covered by employer-sponsored health insurance. Values for out-of-pocket costs were then

added to the prices obtained for private insurance premiums. Although out-of-pocket costs will depend on the amount of private insurance coverage purchased (greater out-of-pocket costs for less insurance coverage), it is reasonable to use an average of out-of-pocket values with insurance premiums representing average plans.⁵⁶

CHILD CARE

Child care expenses are based on the assumption that all single-parent households and households with two working parents require child care services. Estimates are derived from market rate surveys conducted by state welfare agencies. Because the federal government and most states subsidize child care for low-income families up to the 75th percentile – the statewide child care rate at which 75 percent of child care slots may be purchased – state-level data are readily available and are used for these estimates.

As child care market rate surveys are done by each individual state, their methods vary. For this reason, this study's methods vary slightly state-to-state. None of the four states publish child care data at the county level. Instead, each state gives child care costs by region. The costs of the various types of child care were averaged for each region, weighted by that region's population, and summed to produce a weighted average for the cost of child care in each state.

In all states, school-age children are assumed to attend half-time and toddlers full-time, 12 months a year. In the two parent household, with only one parent working, it is assumed that child care is not necessary. So, in Household 1 (single adult) and Household 4 (2 parents, 2 children, with only 1 working parent), child care costs are \$0.

HOUSEHOLD, CLOTHING, AND PERSONAL ITEMS

Household, clothing, and personal spending estimates are derived from the Consumer Expenditure Survey (CES) and are calculated as a fixed percentage of total household spending minus child care and taxes.⁵⁷ Spending on these items, as a proportion of total income, is consistent across income categories. No detailed expenditures or needs-based estimates are available for these budget categories. A total percentage of 18 percent for this item is used in the household budget, based on the 1998 CES estimates. It is essential to use a percentage for household, clothing,

and personal expenditures that is fixed over time. The first year of the Job Gap study was based on CES data from 1998. We believe that data from that year fairly represent household costs, and we have used the same proportions for subsequent years of this study. As defined by the CES:

Household costs include laundry and cleaning supplies, stationery supplies and postage, household linens (towels, sheets, etc.), sewing materials, furniture, floor coverings, major appliances, miscellaneous house-wares (small appliances, plates, etc.), and other items needed to operate and maintain a household. Household costs are estimated at 5 percent.

Clothing and personal costs include clothing, personal care products, reading materials, and other personal expenses. Clothing and personal costs are estimated at 6 percent.

Recreation and entertainment costs include fees for participant sports, admissions to sporting events, movies and video rentals, TV/sound equipment, music, pets, toys, and other entertainment expenses. Entertainment costs are estimated at 5 percent.

Miscellaneous costs include items not covered in the above categories such as school supplies, bank fees, and credit card finance charges. Miscellaneous costs are estimated at 2 percent.

SAVINGS

The American Savings Education Council (ASEC) has developed a formula for estimating the percentage of household income that families should save.⁵⁸ This study assumes that workers are not enrolled in employer-sponsored retirement plans, given that only 33 percent of those with incomes between \$10,000 and \$25,000 participate in an employer-sponsored retirement plan.⁵⁹ When applied to households in our study, the recommendation is that families should save between 7 and 13 percent of household income for retirement. Using the lower estimate of 7 percent, an additional 3 percent was added to cover emergencies and allow families to plan ahead. Savings rates were set at 10 percent of spending minus childcare and taxes.⁶⁰

STATE AND FEDERAL TAXES

Taxes include federal taxes (including child care credits and the Earned Income Tax Credit), payroll taxes (Social Security and Medicare), and state income taxes where applicable. Property taxes were not included here because they are accounted for in housing (rental) costs. State and local sales taxes were not added to the income tax figure because they are already reflected in the cost of food, transportation, and household costs.⁶¹

The total living wage budget before taxes was assumed to represent each household's annual income. Federal and state income tax returns were prepared for each household using TaxCut software.⁶² Employment taxes were calculated at 7.65 percent of earned income (6.2 percent for Social Security, 1.45 percent for Medicare). For federal taxes it was assumed that families would use the standard deduction and that there was no source of outside income. Where appropriate, deductions were made for applicable child care and EITC benefits, including the \$600 per child credit in effect for 2002. Once the tax amount was calculated, it was added to each family's monthly budget to determine the total living wage.

LIVING WAGE JOB OPENINGS

Estimates of job openings are produced by each state following guidelines developed by the states in cooperation with the Bureau of Labor Statistics and the Employment and Training Administration (ETA). The job opening data used in this report include job openings due to growth and job openings due to replacement.

Job openings data in this report exclude openings due to self-employment. The Occupational Employment Statistics (OES) wage survey does not include self-employed wage estimates.⁶²

The state agencies that provided the estimates are: the Idaho Department of Labor (2002-2012 projections), the Montana Department of Labor and Industry (2002-2012 projections), the Oregon Employment Department (2002-2012 projections), and the Washington State Employment Security Department, Labor Market and the Economic Analysis Branch (2002-2007 projections). Oregon and Montana provided the data with self-employment excluded. Washington and Idaho projections were adjusted to remove self-employment data using national data on the percentage of self-employed workers by occupation.⁶³

Occupations were identified as being living wage or non-living wage jobs based on wage data from the 2002 Occupational Employment Statistics (OES) wage survey of employers conducted by state Employment Security Agencies in cooperation with the BLS and the ETA.⁶⁴ To determine which occupations pay a living wage, the state's median wage for each occupation was identified.⁶⁵ Using the living wage budgets described earlier, occupations were classified as non-living wage or as living wage for each household type.

The openings were then aggregated to reflect all jobs that pay a living wage for each household type.

JOB SEEKERS

The March 2004 Current Population Survey (CPS) was used to estimate the job-seeking population in Idaho, Montana, Oregon, and Washington. The job-seeking population comprises: a) the unemployed who are looking for jobs and not on temporary lay-off; b) those working part-time who would work full-time if that opportunity were available; and c) those not in the labor force who are able to work full-time but are not looking for a job because they are discouraged or temporarily unable to do so. The sample size of the March CPS is large enough to support a state-level analysis using a single year's worth of data.

JOB GAP

Job gap figures were calculated by dividing the number of job seekers by the number of job openings that pay a living wage.

TECHNICAL APPENDIX

HOUSING COSTS

*housing costs are monthly costs and do not include the cost of basic phone service.

IDAHO Housing & Utilities Cost for 2004

	HUD Fair Market Rents – 1bdrm	HUD Fair Market Rents – 2bdrm
Ada County	487	593
Adams County	351	452
Bannock County	388	499
Bear Lake County	351	452
Benewah County	351	452
Bingham County	351	452
Blaine County	515	686
Boise County	390	452
Bonner County	431	535
Bonneville County	388	535
Boundary County	351	452
Butte County	351	452
Camas County	351	452
Canyon County	487	593
Caribou County	351	452
Cassia County	351	452
Clark County	351	452
Clearwater County	351	452
Custer County	351	452
Elmore County	351	452
Franklin County	351	452
Fremont County	351	452
Gem County	351	452
Gooding County	351	452
Idaho County	351	452
Jefferson County	351	452
Jerome County	351	452
Kootenai County	452	592
Latah County	351	452
Lemhi County	351	452
Lewis County	351	452
Lincoln County	351	452
Madison County	351	452
Minidoka County	351	452
Nez Perce County	351	452
Oneida County	351	452
Owyhee County	351	452
Payette County	351	452
Power County	351	452
Shoshone County	351	452
Teton County	351	452
Twin Falls County	351	457
Valley County	351	452
Washington County	351	452

OREGON Housing & Utilities Cost for 2004

	HUD Fair Market Rents – 1bdrm	HUD Fair Market Rents – 2bdrm
Baker	400	520
Benton	560	710
Clackamas	644	795
Clatsop	461	605
Columbia	644	795
Coos	412	548
Crook	400	520
Curry	459	610
Deschutes	481	642
Douglas	400	520
Gilliam	427	520
Grant	400	520
Harney	400	520
Hood River	447	607
Jackson	492	659
Jefferson	400	520
Josephine	410	528
Klamath	400	520
Lake	400	520
Lane	518	675
Lincoln	416	555
Linn	483	625
Malheur	400	520
Marion	525	671
Morrow	400	520
Multnomah	644	795
Polk	525	671
Sherman	400	520
Tillamook	400	520
Umatilla	400	520
Union	400	520
Wallowa	400	520
Wasco	510	571
Washington	644	795
Wheeler	400	520
Yamhill	644	795

WASHINGTON Housing & Utilities Cost for 2004

	HUD Fair Market Rents – 1bdrm	HUD Fair Market Rents – 2bdrm
Adams	410	535
Asotin	410	535
Benton	618	740
Chelan	410	535
Clallam	494	628
Clark	644	795
Columbia	410	535
Cowlitz	430	554
Douglas	424	535
Ferry	410	535
Franklin	618	740
Garfield	410	535
Grant	410	535
Grays Harbor	410	540
Island	729	923
Jefferson	443	545
King	729	923
Kitsap	602	781
Kittitas	410	535
Klickitat	410	535
Lewis	410	535
Lincoln	410	535
Mason	483	593
Okanogan	410	535
Pacific	410	535
Pend Oreille	410	535
Pierce	553	736
San Juan	578	771
Skagit	571	674
Skamania	410	535
Snohomish	729	923
Spokane	471	569
Stevens	410	535
Thurston	660	823
Wahkiakum	410	535
Walla Walla	410	535
Whatcom	562	747
Whitman	421	559
Yakima	480	596

MONTANA Housing & Utilities Cost for 2004

	HUD Fair Market Rents – 1bdrm	HUD Fair Market Rents – 2bdrm
Beaverhead	374	495
Big Horn	374	495
Blaine	374	495
Broadwater	374	495
Carbon	432	561
Carter	396	495
Cascade	420	553
Chouteau	374	495
Custer	374	495
Daniels	396	495
Dawson	374	495
Deer Lodge	374	495
Fallon	374	495
Fergus	374	495
Flathead	375	502
Gallatin	466	625
Garfield	374	495
Glacier	374	495
Golden Valley	395	495
Granite	374	495
Hill	374	495
Jefferson	374	495
Judith Basin	396	495
Lake	374	495
Lewis and Clark	422	560
Liberty	374	495
Lincoln	374	495
McCone	394	495
Madison	374	495
Meagher	396	495
Mineral	374	495
Missoula	426	566
Musselshell	374	495
Park	374	495
Petroleum	374	495
Phillips	374	495
Pondera	395	495
Powder River	379	495
Powell	374	495
Prairie	374	495
Ravalli	374	495
Richland	405	495
Roosevelt	374	495
Rosebud	374	495

	HUD Fair Market Rents – 1bdrm	HUD Fair Market Rents – 2bdrm
Sanders	374	495
Sheridan	374	495
Silver Bow	374	495
Stillwater	374	495
Sweet Grass	374	495
Teton	374	495
Toole	374	495
Treasure	374	495
Valley	374	495
Wheatland	374	495
Wibaux	396	495
Yellowstone	422	563

IDAHO Child Care

REGION	Household 2 - School age child (6-8yrs) in childcare 1/2 time	Households 3 and 5 School age child (6-8yrs) in childcare 1/2 time and 12-24 month old child full time.
Region 1 (includes Benewah, Bonner, Boundary, Kootenai, and Shoshone counties).	\$434.34	\$912.38
Region 2 (includes Clearwater, Latah, Nez Perce, and Idaho counties).	\$419.14	\$915.30
Region 3 (includes Adams, Canyon, Gem, Owyhee, Payette, and Washington counties).	\$389.12	\$809.78
Region 4 (includes Ada, Boise, Elmore, and Valley counties).	\$506.16	\$1,065.52
Region 5 (includes Blaine, Camas, Cassia, Jerome, Gooding, Lincoln, Minidoka, and Twin Falls counties).	\$394.06	\$792.69
Region 6 (includes Bannock, Bear Lake, Bingham, Caribou, Franklin, Lewis, Oneida, and Power counties).	\$388.36	\$820.42
Region 7 (includes Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, and Teton counties).	\$407.36	\$842.84

MONTANA Child Care

REGION	Household 2 - School age child (6-8yrs) in childcare 1/2 time	Households 3 and 5 School age child (6-8yrs) in childcare 1/2 time and 12-24 month old child full time.
Billings Region (includes Big Horn, Carbon, Stillwater, Sweet Grass, and Yellowstone counties).	\$196.63	\$650.38
Bozeman Region (includes Gallatin, Meagher, and Park counties).	\$231.83	\$757.08
Butte Region (includes Beaverhead, Deer Lodge, Granite, Madison, Powell, and Silver Bow counties).	\$189.75	\$596.75
Glasgow Region (includes Daniels, Phillips, Roosevelt, Sheridan, and Valley counties).	\$191.13	\$573.38
Glendive Region (includes Dawson, Garfield, McCone, Prairie, Richland, and Wibaux counties).	\$180.68	\$563.48
Great Falls Region (includes Cascade, Chouteau, Glacier, Pondera, Teton, and Toole counties).	\$193.88	\$617.38
Havre Region (includes Blaine, Hill, and Liberty counties).	\$196.08	\$596.48
Helena Region (includes Broadwater, Jefferson, and Lewis & Clark counties).	\$180.95	\$593.45
Kalispell Region (Lake, Lincoln, Flathead, and Sanders counties).	\$206.25	\$639.65

Lewistown Region (includes Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, and Wheatland counties).	\$187.00	\$607.20
Miles City Region (includes Carter, Custer, Fallon, Powder River, Rosebud, and Treasure counties).	\$178.20	\$582.45
Missoula Region (includes Mineral, Missoula, and Ravalli counties).	\$207.90	\$647.90

OREGON Child Care

REGION	Household 2 - School age child (6-8yrs) in childcare 1/2 time	Households 3 and 5 School age child (6-8yrs) in childcare 1/2 time and 12-24 month old child full time.
Region A (includes child care providers in the Portland Metropolitan area, Mount Hood, Corvallis, Independence, Monmouth, Eugene, Springfield, Ashland, and Gold Hill).	\$368.00	\$1,051.33
Region B (includes child care providers in Salem, Bend, Albany, Philomath, Lincoln County, and areas outside the Portland Metropolitan area).	\$320.33	\$815.33
Region C (includes all communities not in Region A or B, including most of Oregon's rural areas).	\$258.33	\$680.00

WASHINGTON Child Care

REGION	Household 2 - School age child (6-8yrs) in childcare 1/2 time	Households 3 and 5 School age child (6-8yrs) in childcare 1/2 time and 12-24 month old child full time.
Region 1 (includes Adams, Asotin, Chelan, Douglas, Ferry, Garfield, Grant, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, and Whitman counties).	\$222.75	\$762.25
Region 2 (includes Benton, Columbia, Franklin, Kittitas, Walla Walla, and Yakima counties).	\$231.00	\$765.50
Region 3 (includes Island, San Juan, Skagit, Snohomish, and Whatcom counties).	\$280.50	\$994.50
Region 4 (includes King County).	\$299.75	\$1,186.25
Region 5 (includes Kitsap and Pierce counties).	\$253.50	\$880.50
Region 6 (includes Clark, Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania, Thurston, and Wahkiakum counties).	\$264.50	\$900.50

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2005 NORTHWEST JOB GAP STUDY

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, WA98144, Voice: (206) 568-5400, Fax: (206) 568-5444, Web: <http://www.nwfc.org>