

LIVING WAGE JOBS IN THE CURRENT ECONOMY

2006 NORTHWEST JOB GAP

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TABLE OF CONTENTS

Executive Summary	3
Introduction	4
Methodology	5
What Is a Living Wage?	5
Findings	6
Understanding the Race/Ethnicity Wage Gap	8
State Findings	9
Idaho	10
What is a Living Wage in Idaho?	10
The Race and Ethnicity Gap in Idaho	11
Montana	13
What is a Living Wage in Montana?	14
The Race and Ethnicity Gap in Montana	16
Oregon	18
What Is A Living Wage in Oregon?	19
The Race and Ethnicity Gap in Oregon	20
Washington	22
What is a Living Wage in Washington?	22
The Race and Ethnicity Gap in Washington	25
Trade-offs and tough times: What happens to families that don't make a living wage?	27
Health Care	29
Transportation	33
Food	34
Housing and Utilities	35
Conclusions	37
Policy options for closing the gap	38
TECHNICAL NOTES	39
Technical Appendix	44
REFERENCES	51

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EXECUTIVE SUMMARY

Is full-time work enough to afford a family's basic needs and ensure an adequate standard of living? While most people would suggest that work should be enough, the data presented in the Northwest Job Gap Study show that often this is not the case. Even as economic reports herald a strong and growing economy, this prosperity continues to be a false promise for many families, for whom living wage work remains out of reach. In the Northwest and around the nation, many people – particularly people of color – are finding that working full time does not provide a sufficient salary to meet their basic needs.

The Northwest Job Gap Study: Living Wage Jobs in the Current Economy demonstrates the reality that working people experience. Using an analysis of public data from a range of state and federal sources, this study calculates a basic family budget for different family structures in Idaho, Montana, Oregon, and Washington. Based on this “living wage,” the study then estimates the number and proportion of current jobs in the Northwest that provide a sufficient wage to support an individual or a family's basic needs without relying on public assistance.

The findings show that working full time is often not enough to maintain an adequate standard of living. Even dual-income families, where both adults are using all of the resources at their disposal to earn a living, often find they are not earning enough.

This study also reveals the outcomes of historical and present day inequities in access to economic opportunity, as people of color are less likely to earn living wages in every state in the Northwest. Data

reflects the percentage of African American, Latino, Asian American, and Native American/Alaska Natives whose income levels fall below the living wage.

The “living wage” is based upon the average costs of food, housing, transportation, health care, utilities, child care, taxes, and a small amount of savings. Because costs vary, the living wage also varies for each state and for different family configurations.

The Job Gap Series has used the same methodology over the past four years, and found that, between 2002 and 2005, the living wage has risen relative to inflation in every state in the Northwest. Rising health care costs continue to be one of the primary factors in the increase in the living wage over time. The average employee contribution to company-provided health insurance has increased more than 143 percent since 2000.

Personal stories from working Northwest people and families in the Job Gap Study illustrate the difficult trade offs that occur when a full-time job does not pay a living wage. Many are forced to make difficult choices between paying for prescriptions, balanced nutrition, and paying the bills.

These tradeoffs can have severe consequences. For example, as health care costs continue to rise, health insurance is often the first tradeoff that families make. As a result, more and more families fall into a gap where they either can't afford coverage at all or can't afford the quality of coverage they need, and are left just one health emergency away from financial catastrophe.

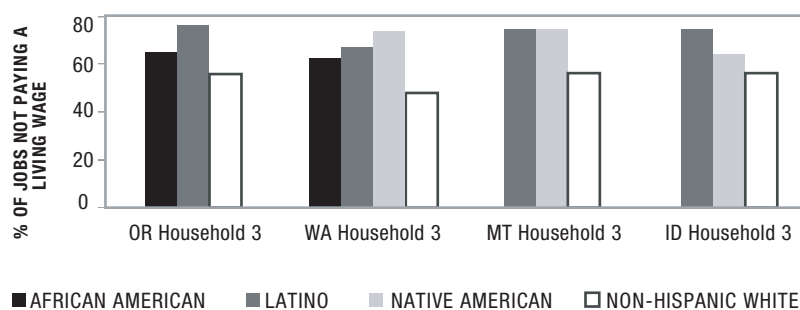
Ensuring the financial wellbeing of the residents of the region is a primary responsibility of state governments.

PERCENT OF CURRENT JOBS THAT PAY A LIVING WAGE

	SINGLE ADULT	SINGLE ADULT WITHONE CHILD	SINGLE ADULT WITH TWO CHILDREN	TWO ADULTS (one working) with two children
IDAHO	67%	27%	14%	17%
MONTANA	63%	27%	16%	14%
OREGON	63%	31%	17%	19%
WASHINGTON	73%	43%	24%	30%

These findings indicate that increasing access to work, without guaranteeing adequate wage levels and providing income supplements, is insufficient to fulfill that responsibility. To meet this challenge, lawmakers and policymakers have several options at their disposal to increase the number of living wage jobs, provide education and training to prepare people for those jobs, and meet the basic needs of the region's residents.

FAMILIES OF COLOR ARE LESS LIKELY THAN WHITES TO EARN A LIVING WAGE



LIVING WAGES IN THE NORTHWEST

	IDAHO	MONTANA	OREGON	WASHINGTON
SINGLE ADULT	\$10.41	\$9.83	\$11.38	\$11.16
SINGLE ADULT WITH ONE CHILD	17.89	16.21	18.48	17.54
SINGLE ADULT WITH TWO CHILDREN	22.23	19.98	23.40	23.39
TWO ADULTS (one working) WITH TWO CHILDREN	20.98	20.83	22.34	21.77
TWO ADULTS (both working) WITH TWO CHILDREN	29.03*	26.96*	30.38*	29.95*

*combined wage of both wage-earners

INTRODUCTION

Most recent economic reports herald a strong and growing economy, with high productivity over the last several years and a favorable economic outlook.¹ Over the past 12 months, real disposable income has increased by 2.2 percent, and since 2001 real after-tax income has risen by 8.5 percent.² These numbers suggest that average Americans should be better off than they were last year, and on the road to financial security.

Yet despite these signals, for many working families economic growth is a false promise. Even though national productivity remains high, inflation-adjusted wages continue to fall for low-income workers.³ The national average income growth masks the fact that 46 percent of this growth has been distributed not to workers, but to corporate profits.⁴ Wage inequalities continue to increase; as CEO salaries reach new highs, worker wages remain relatively stagnant. Currently, an average CEO must only work one day to match the yearly income for an average wage worker,⁵ and only a half day to match the yearly income for a minimum wage worker.⁶ Over the last two decades, income growth for the wealthiest families has far outpaced income growth for the poorest.⁷ The minimum wage has declined in value over the past decade, far below what would support a family. The purchasing power of today's minimum wage is at its lowest level since 1955.⁸ Persistent labor market inequities and structural racism in the job market continue to push people of color toward the bottom of the wage ladder.⁹ The decline of unionized manufacturing jobs has led to an increase in service sector jobs that are characterized by lower pay and few benefits.

Even as these trends persist, new challenges await. Health care costs are skyrocketing, forcing millions to go uninsured or choose inadequate health coverage. Health care debt is now the number one cause of bankruptcy in the U.S.¹⁰ Global crises are causing gas prices to skyrocket. As the costs of living increase, cuts to public programs are eroding the support structure for families. Employers are shrinking benefits packages particularly for lower wage workers, and attacks on the right to organize in the workplace threaten the ability

of workers to bargain for the benefits and wages they need.

In the Northwest and around the nation, more and more people struggle to meet their basic needs. The real picture for many people is not one of economic opportunity or growth but of persistent challenges and emerging threats to their financial well-being. Whether it is the loss of employee benefits, the high costs of rent, skyrocketing gas prices, or rising health insurance rates, many working families are not truly able to make ends meet. These trends mean that for many people in the Northwest, working full time does not guarantee financial stability or the ability to afford basics like health care or child care.

This report, *The Northwest Job Gap Study: Living Wage Jobs in the Current Economy*, takes a close look at jobs that currently exist in the Northwest economy, and brings to the forefront the question of whether these jobs are providing wages that can truly support individuals and families. This study also reveals the outcomes of historical and present day inequities in access to jobs and education, as people of color are less likely to earn living wages in every state in the Northwest. The findings of this report have direct implications for public debates about economic policies, such as minimum wage standards or tax incentives for business development. It also raises the issue of what types of public supports our state governments should consider to make sure that everyone is able to care for their basic needs

METHODOLOGY

The Northwest Job Gap Study: Living Wage Jobs in the Current Economy is a part of a series of studies that calculate the cost of basic household budgets in the Northwest. These costs are then used to estimate a living wage for certain household types. Living Wage Jobs in the Current Economy compares living wage data to occupation and wage data from each state, and calculates the number and proportion of jobs currently in the economy that are paying a living wage for each household type. The findings are based on data from 2005, the most recent year for which data on household budgets, wages, and employment are available.

To calculate a living wage for each state, the Job Gap Study estimates the costs of basic needs such as housing, food, utilities, transportation, health care, and childcare, for certain household sizes. Data for this calculation come from state and/or federal public data sources, such as the Bureau of Labor Statistics (BLS), the Department of Housing and Urban Development (HUD), the U.S. Department of Transportation, the U.S. Department of Agriculture (USDA), the U.S. Census Bureau, the Consumer Expenditure Survey, and others. Wage and occupational data are derived from data each state reports to the U.S. Department of Labor's Bureau of Labor Statistics, as a part of the BLS's Occupational Employment Statistics (OES) program.

Living Wage Jobs in the Current Economy then used the OES wage data to find the percentage of jobs that pay a living wage by dividing the number of jobs currently paying a living wage by the total number of jobs in each state.

For a complete discussion of the methodology of this study, see the Technical Notes.

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. Living wages for a single adult range from \$9.83 an hour, or \$20,449 a year, in Montana to \$11.38 an hour, or \$23,671 a year, in Oregon. This assumes full time work on a year round basis. For a single adult with two children, living wages range from \$19.98 an hour, or \$41,549 a year, in Montana to \$23.40 an hour, or \$48,667 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 example, 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 \$7.63 an hour, or \$15,870 a year, in Washington.

Many people who are currently working are struggling to make ends meet in jobs that pay insufficient wages. This study compares living wage data to occupation and wage data from each state, and calculates the number and proportion of jobs in the economy that are currently paying a living wage for each household type.

Occupation and wage data are derived from data reported to the Office of Employment Services (OES) in each state. (For the methodology behind the living wage calculation, see the Technical Notes).

FINDINGS

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

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

How does the living wage compare with the minimum wage and the federal poverty level?

Federal poverty thresholds¹¹ are the original version of the federal poverty measure, which is calculated by multiplying the cost of a minimum food budget by three.¹² When this formula was derived in 1964, it was generally true that food occupied one-third of a typical family budget. Since then, however, living expenses such as housing, utilities, health care, and child care have increased much faster than food. Because spending on food has fallen dramatically as a proportion of all costs and the formula for the poverty threshold has not been adjusted to accommodate this change, the federal poverty measure substantially underestimates a family’s basic needs.¹³ Many families with incomes above the federal poverty level still lack sufficient resources to meet their basic needs.¹⁴

The federal minimum wage is a wage floor of \$5.15 an hour and represents an attempt to provide a basic

PERCENT OF JOBS THAT WOULD SUPPORT A DUAL-INCOME FAMILY OF FOUR

	IDAHO	MONTANA	OREGON	WASHINGTON
LIVING WAGE FOR EACH PARENT*	\$14.51	\$13.48	\$15.19	\$14.97
TOTAL NUMBER OF JOBS THAT PAY THIS WAGE	267,160	193,340	717,860	1,501,550
PERCENT OF JOBS THAT PAY THIS LIVING WAGE	46%	47%	48%	59%

*Each individual parent must earn this amount.

LIVING WAGE ESTIMATES

	IDAHO	MONTANA	OREGON	WASHINGTON
SINGLE ADULT	\$10.41	\$9.83	\$11.38	\$11.16
SINGLE ADULT WITH ONE CHILD	17.89	16.21	18.48	17.54
SINGLE ADULT WITH TWO CHILDREN	22.23	19.98	23.40	23.39
TWO ADULTS (one working) WITH TWO CHILDREN	20.98	20.83	22.34	21.77
TWO ADULTS (both working) WITH TWO CHILDREN	29.03*	26.96*	30.38*	29.95*

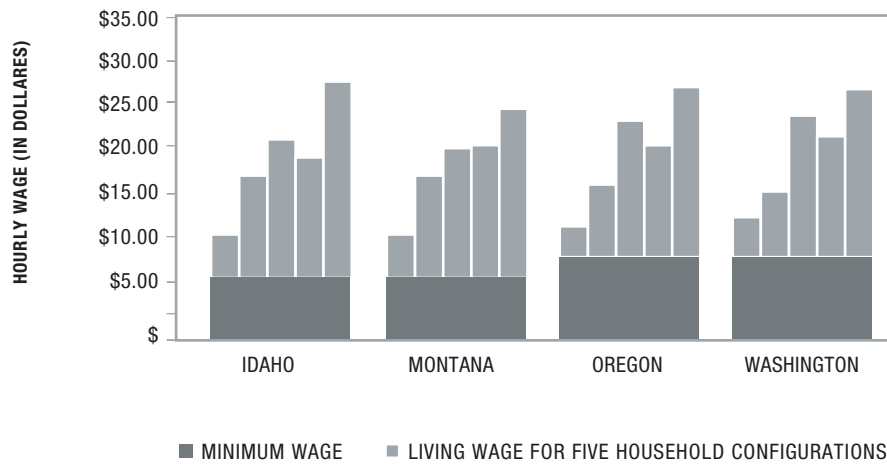
*The combined wages of both working adults need to total this amount.

standard of living for workers.¹⁵ 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. As a result, in 1996 dollars, the federal minimum wage has dropped from \$6.27 in 1979 to \$4.15 in 2005.¹⁶

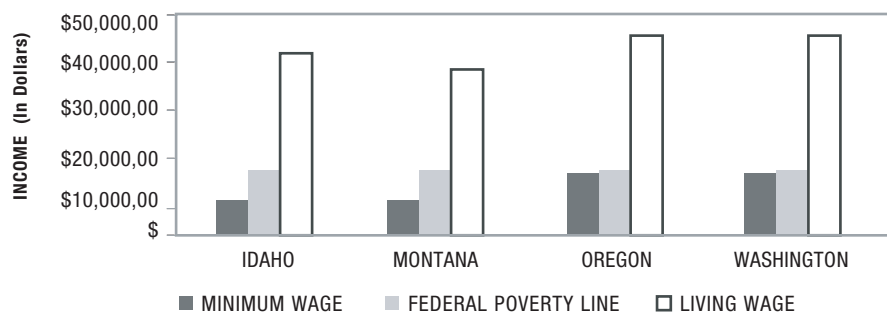
Where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.¹⁷ In Idaho and Montana, the state minimum wage is the same as the federal minimum wage, so the purchasing power of minimum wage workers has continued to fall behind the cost of living. Washington became the first state to index the state minimum wage to inflation

when a statewide initiative passed in 1998.¹⁸ Similarly, a successful ballot initiative in Oregon raised that state's minimum wage in 1998, and indexed its minimum wage to inflation.¹⁹ 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.

LIVING WAGE VS MINIMUM WAGE



LIVING WAGE COMPARED TO OTHER INCOME BENCHMARKS, HOUSHOLD 3



UNDERSTANDING THE RACE/ETHNICITY WAGE GAP

Across all four states in this report, African Americans, Latinos, and Native Americans are far less likely to hold a living wage job than their white counterparts. In single-parent households with two children, between 18 percent and 21 percent more Latino families earn less than a living wage compared to Non-Hispanic whites of the same household size. Over seventy percent of Native Americans households with two working parents and two children in the Northwest earn less than a living wage. In all groups (except for Asians) and all household configurations, people of color are more likely than whites to be working jobs that do not provide a salary that meets basic needs.

These findings reflect persistent inequities in access to economic opportunity, whether through industry segregation, education inequality, employment discrimination, or other factors.

In the Northwest, people of color are concentrated in transportation, manufacturing, and services sectors, and in occupations characterized by lower wages, limited career mobility, and fewer benefits such as health care or pensions. African American and Latino men and women are also disproportionately represented in temporary positions, on-call work, and other non-standard positions that tend to offer lower pay and fewer benefits.²⁰

While jobs that employ people of color tend to pay less, people of color are also more likely to lose their jobs than are whites. African Americans and Latinos are more vulnerable to job loss than are white workers of comparable education, skill, and literacy levels, and, once unemployed, African Americans and Latinos tend to be unemployed for longer periods of time.²¹ This vulnerability to job loss is compounded by the fact that people who work in low-wage occupations are less likely to have amassed the resources and savings to help them stay afloat between jobs.

While differences in educational attainment are one

factor in economic inequity, these differences do not account for the gaps in wages or job stability. Studies based on 1980 and 1990 census data found that race and ethnicity accounted for more of the earnings gaps between whites and minorities than did differences in education and work experience.²² Moreover, differences in unemployment rates between African Americans and whites have been relatively constant through economic recessions and expansions, despite a shrinking gap in educational differences between the two groups.²³

One persistent factor that affects earnings and job security for people of color is discrimination in both hiring, and in career advancement. As the American Sociological Association reports, “Stereotyping, discrimination, cronyism, and informal hiring networks all affect employment outcomes and contribute to racial and ethnic disparities in the labor market.”²⁴ Despite equal skills, not all workers have the same opportunity to be hired or promoted. In 2005, there were 26,740 charges of race discrimination filed with the U.S. Equal Employment Opportunity Commission.²⁵

Another factor in racial and ethnic wage inequality is the fact that certain types of work are not valued as highly as others, and this valuation may be related to the race and ethnicity of the employees in that particular field. For example, the 10 jobs with the highest concentrations of Latino workers are three times as dangerous as the 10 jobs with the highest concentrations of white workers. Despite the added risk, additional remuneration is rarely offered to those occupying these high-risk jobs.²⁶

As a result of these and other factors, while people of all races and ethnicities in the Northwest struggle in low-wage work, people of color are particularly likely to work below a living wage.

STATE FINDINGS

IDAHO FAMILY BUDGETS 2005

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH A SCHOOL AGE CHILD (AGE 6-8 YRS.)	HOUSEHOLD 3 SINGLE ADULT WITH A TODDLER (12-24 MONTHS) AND A SCHOOL AGE CHILD (6-8 YRS.)	HOUSEHOLD 4 TWO ADULTS (ONE OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD	HOUSEHOLD 5 TWO ADULTS (BOTH OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD
Food	\$163	\$303	\$399	\$584	\$584
Housing & Utilities	\$492	\$597	\$597	\$597	\$597
Transportation	\$361	\$557	\$557	\$879	\$1,047
Healthcare	\$95	\$211	\$290	\$336	\$336
Healthcare	\$95	\$211	\$290	\$336	\$336
Household clothing & personal items	\$278	\$417	\$461	\$599	\$641
Savings	\$154	\$232	\$256	\$333	\$356
Child care	\$0	\$451	\$945	\$0	\$945
State & Federal taxes	\$3,154	\$3,997	\$4,180	\$3,693	\$6,299
Gross monthly income needed	\$1,805	\$3,102	\$3,853	\$3,636	\$5,032
Gross annual income needed	\$21,658	\$37,219	\$46,239	\$43,638	\$60,382
Living wage (at 2080 hrs per yr)	\$10.41	\$17.89	\$22.23	\$20.98	\$29.03
*Total amount earned by two working adults					

Percent of Jobs in Idaho that Pay a Living Wage

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH ONE CHILD	HOUSEHOLD 3 SINGLE ADULT WITH TWO CHILDREN	HOUSEHOLD 4 TWO ADULTS (ONE WORKING) WITH TWO CHILDREN
Living Wage (Hourly)	\$10.41	\$17.89	\$22.23	\$20.98
Number of jobs that pay a living wage (of 560,900 total jobs)	375,060	154,100	77,210	94,180
Percent of jobs held that pay a living wage	67%	27%	14%	17%

IDAHO

What is a Living Wage in Idaho?

Living wages for Idaho are:

- For a single adult household, \$21,658 a year or \$10.41 an hour.
- For a single adult with one child, \$37,219 a year or \$17.89 an hour.
- For a single adult with two children, \$46,239 a year or \$22.23 an hour.
- For two adults, one of whom is working, with two children, \$43,636 a year or \$20.98 an hour.
- For two adults, both of whom are working, with two children, \$60,382 a year or \$29.03 an hour (which means that the combined wages of both working adults need to total this amount).

These are statewide averages. In some counties, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other counties, including most of the state's rural counties, costs and therefore living wages are lower. This study includes detailed living wage analyses for some Idaho counties (see appendix).

Only 14 percent of jobs in Idaho are paying living wage for single parents raising two children. Only 17 percent of all jobs in Idaho pay a living wage for a two-parent, two-child household where one parent stays at home.

MY NAME IS JAN PEROTTO.

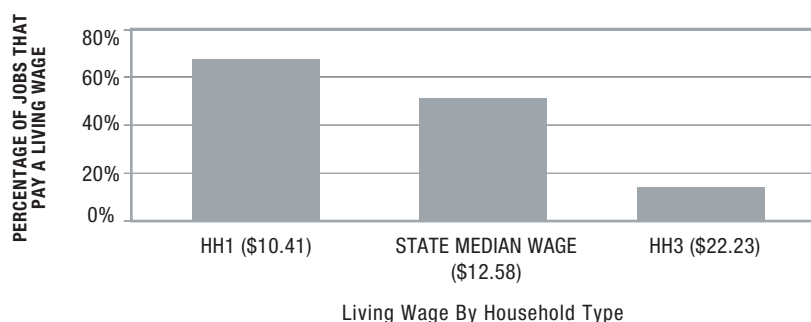
I am 52 years old, and I've lived in Rupert, Idaho for 35 years. My husband and I take care of our son, Perry. We work in a potato processing plant. Together, my husband and I earn \$1,200 per month.

We're working hard, and we're not starving, but we can't always get what we need. I am one of the fortunate people who do not have to work at the minimum wage. But the reality is that there aren't better paying jobs in this area. If there were, I would apply for something better.

I am fortunate to have health insurance through work. But I still have to pay \$37.50 bi-weekly, for dental and health. This is for a plan that has a \$2,500 deductible, which I think is very high. We also pay \$300 for rent each month, and \$213 a month for utilities. The cost of utilities has gone up by about 30 percent since last year, which makes it harder to afford. I have to pay about \$30 a month for clothing, because the chlorine in the plant ruins our clothes. I am not able to save any money for emergencies.

I think we need to increase the minimum wage, because no family can live on \$5.15 per hour. We should also raise eligibility levels, so that more people can get the help they need.

IDAHO LIVING WAGE BY HOUSEHOLD TYPE



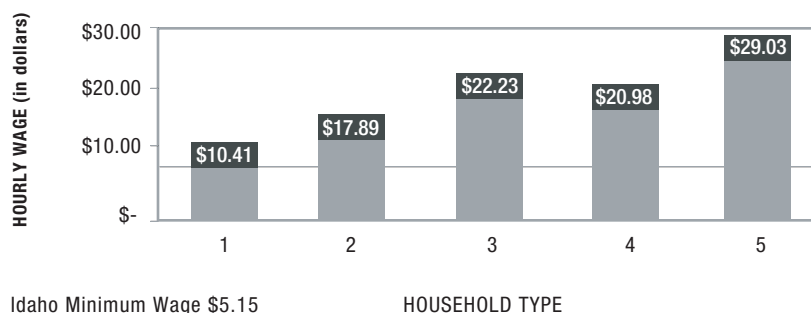
The Race and Ethnicity Gap in Idaho

Asian American families are also less likely than white families to work in living wage jobs.²⁸

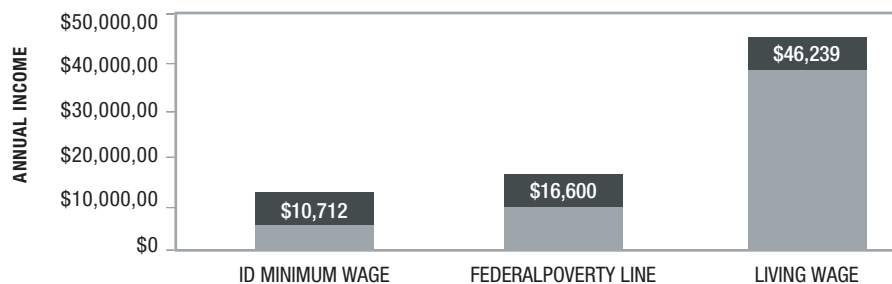
In Idaho, people of color are particularly likely to be working in occupations that do not pay a living wage. The wage gap for Native Americans in Idaho, for example, is considerable. Even if all Native American households in Idaho consisted of a single adult with no dependent children, 56 percent of those households would still earn less than a living wage. This is compared to 24 percent of white households.

In 2005, Idaho was home to more than 126,000 Latinos, according to 2005 American Community Survey. Yet while Latinos are the largest non-white minority group in the state, they are the least likely to be working in jobs that pay living wages.²⁷ Of all Latino households in Idaho, only 25 percent have an annual income that equals a living wage for a family of three.

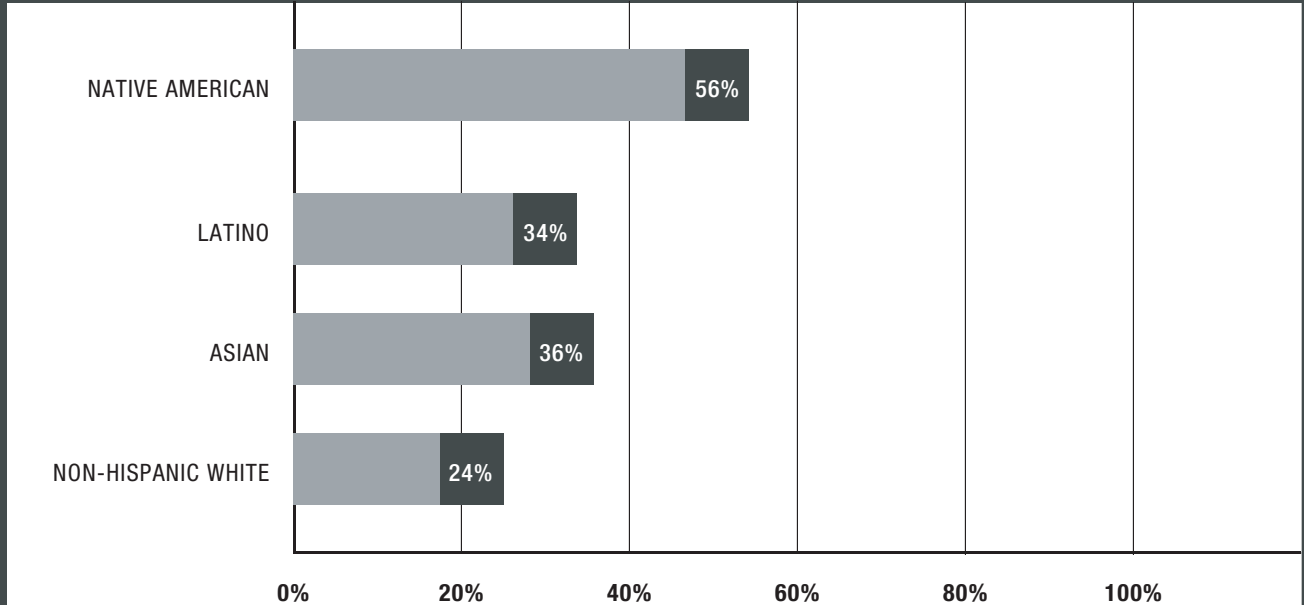
IDAHO LIVING WAGE vs. MINIMUM WAGE



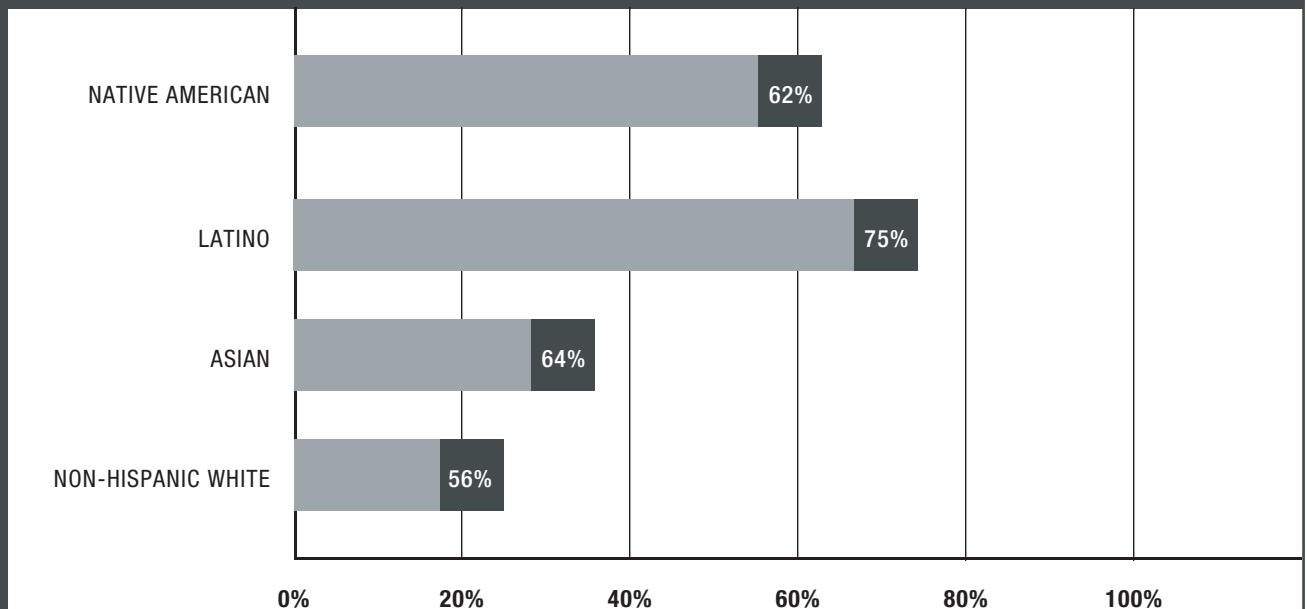
IDAHO LIVING WAGE COMPARED TO OTHER INCOME BENCHMARKS, HOUSEHOLD 3



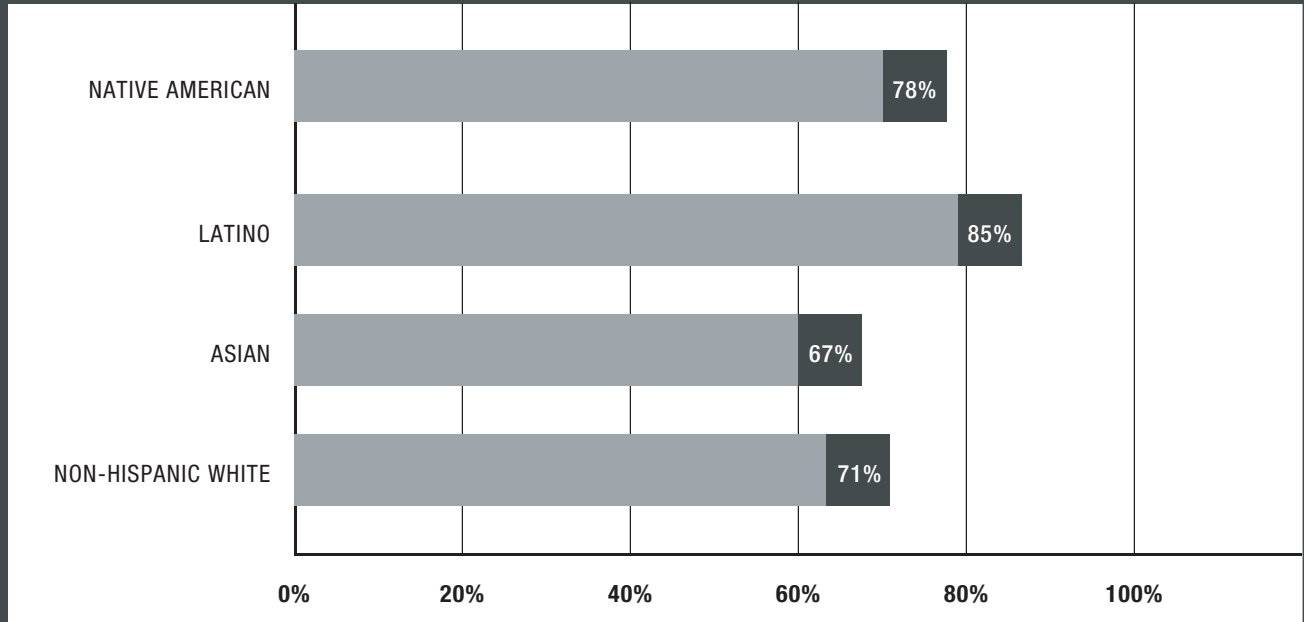
PERCENT OF HOUSEHOLDS IN IDAHO THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 1 (\$21,658/yr)



PERCENT OF HOUSEHOLDS IN IDAHO THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 3 (\$46,239/yr)

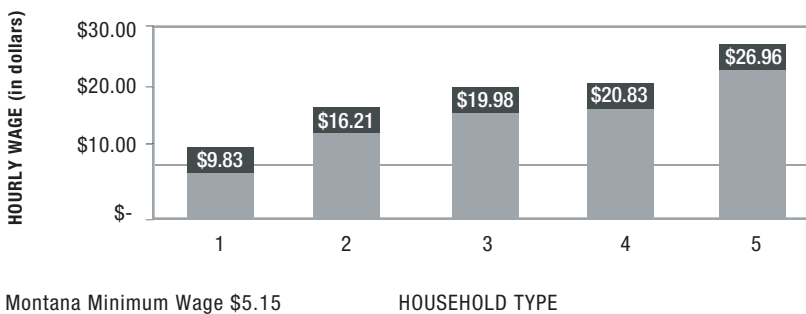


PERCENT OF HOUSEHOLDS IN IDAHO THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 5 (\$60,382/yr)

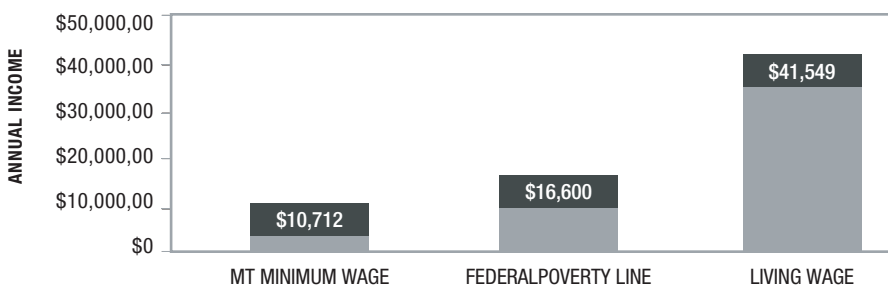


MONTANA

MONTANA LIVING WAGE vs. MINIMUM WAGE



MONTANA LIVING WAGE COMPARED TO OTHER INCOME BENCHMARKS, HOUSEHOLD 3



What is a Living Wage in Montana?

Living wages for Montana are:

- For a single adult household, \$20,449 a year or \$9.83 an hour.
- For a single adult with one child, \$33,721 a year or \$16.21 an hour.
- For a single adult with two children, \$41,549 a year or \$19.98 an hour.
- For two adults, one of whom is working, with two children, \$43,330 a year or \$20.83 an hour.
- For two adults, both of whom are working, with two children, \$56,077 a year or \$26.96 an hour (which means that the combined wages of both working

MONTANA FAMILY BUDGETS 2005

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH A SCHOOL AGE CHILD (AGE 6-8 YRS.)	HOUSEHOLD 3 SINGLE ADULT WITH A TODDLER (12-24 MONTHS) AND A SCHOOL AGE CHILD (6-8 YRS.)	HOUSEHOLD 4 TWO ADULTS (ONE OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD	HOUSEHOLD 5 TWO ADULTS (BOTH OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD
Food	\$163	\$303	\$399	\$584	\$584
Housing & Utilities	\$446	\$560	\$560	\$560	\$560
Transportation	\$361	\$557	\$557	\$879	\$1,047
Healthcare	\$89	\$240	\$289	\$335	\$335
Healthcare	\$95	\$211	\$290	\$336	\$336
Household clothing & personal items	\$265	\$415	\$451	\$590	\$632
Savings	\$147	\$231	\$251	\$328	\$351
Child care	\$0	\$208	\$664	\$0	\$664
State & Federal taxes	\$2,183	\$3,545	\$3,485	\$4,011	\$5,990
Gross monthly income needed	\$1,704	\$2,810	\$3,462	\$3,611	\$4,673
Gross annual income needed	\$20,449	\$33,721	\$41,549	\$43,330	\$56,077
Living wage (at 2080 hrs per yr)	\$9.83	\$16.21	\$19.98	\$20.83	\$26.96

*Total amount earned by two working adults

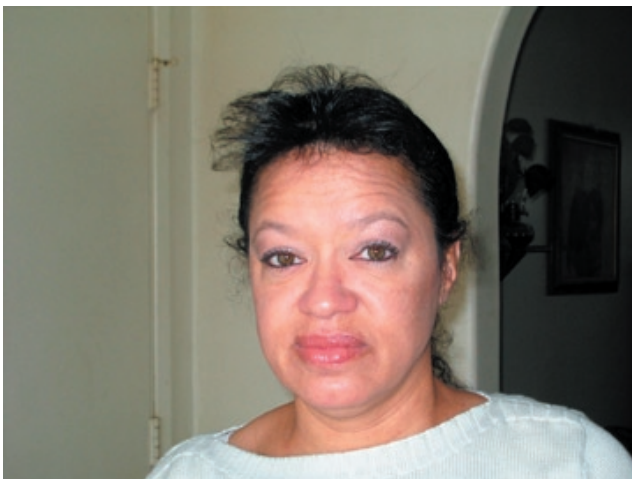
Percent of Jobs in Montana that Pay a Living Wage

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH ONE CHILD	HOUSEHOLD 3 SINGLE ADULT WITH TWO CHILDREN	HOUSEHOLD 4 TWO ADULTS (ONE WORKING) WITH TWO CHILDREN
Living Wage (Hourly)	\$9.83	\$16.21	\$19.98	\$20.83
Number of jobs that pay a living wage (of 399,900 total jobs)	250,190	108,280	63,180	56,420
Percent of jobs held that pay a living wage	63%	27%	16%	14%

adults need to total this amount).

These are statewide averages. In some counties, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other counties, including most of the state's rural counties, costs and therefore living wages are lower. This study includes detailed living wage analyses for some Montana counties (see appendix).

Only 14 percent of all jobs in Montana are currently paying enough to support a two-parent, two-child household where one parent stays at home. Single parents raising two children are also unlikely to be working in a job that pays a living wage, as only 16 percent of jobs paying a living wage for this household type. Families with two wage earners are also struggling, as Sandy Hirning's testimony illustrates:



MY NAME IS SANDY HIRNING;

I was born and raised in Montana. It is getting harder and harder to afford to live here. My husband Derek and I both work, but we are constantly struggling to keep up with the bills. I am the head housekeeper at a local nursing home. Keeping up with all that I have to do at work is hard because my diabetes is making me sicker and sicker, but I can't afford to take a pay cut to take a job that is less physically demanding.

My husband works in construction and was laid off for four months last year. He's back to work now so we are catching up with the bills. We were behind on our mortgage and they were threatening to turn off the power, so

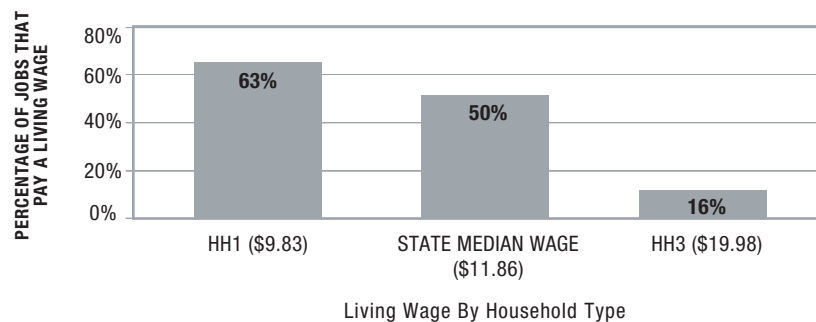
we took out a loan to pay off those bills. In a good month, we make \$3,000 together. I make \$10.85 an hour and Derek can make \$900 every two weeks if he's working full time. That doesn't always happen - his last paycheck was only 56 hours.

Paying for gas, with prices rising as they are, is really difficult. It costs \$80 every time he fills up the truck. We tried to apply for energy assistance, but they said we make too much. We went to the food bank for help, and they had run out of food! Food is ridiculously expensive. Derek's 15 year old son Jacob lives with us and he has a teenager's appetite. And I am supposed to eat well to control my diabetes. Luckily we have a garden, and that will help.

I have insurance through work but it does not cover much. Last year it paid for my first surgery for a diabetes-related problem. My joints were starting to freeze up. I had to come up with \$1,500 up-front before they would do the surgery. My insurance paid for a lot but I ended up responsible for \$4,500 for the surgery. A few months after the surgery they sent me to collections because I could not pay it off. I can get cheaper prescription drugs through the Indian Health Service, but I have to drive 45 miles each way to St. Ignatius to pick them up. Paying for the gas just adds to the cost. Luckily, Jacob has insurance through his mom, but we can't afford to cover my husband at all.

Even when we can pay the bills, we have no money left over to save for emergencies or retirement. We can't afford to do anything for relaxation, either, which is depressing. We finally broke down last weekend and went for a drive. It was gorgeous, but I just kept thinking we can't afford the gas.

MONTANA LIVING WAGE BY HOUSEHOLD TYPE



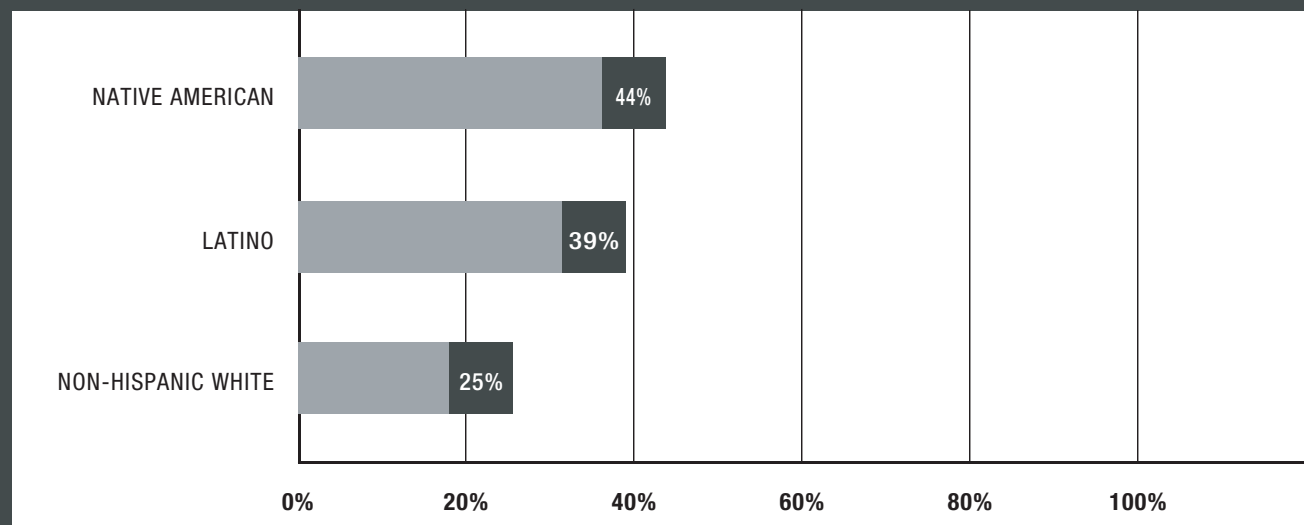
The Race and Ethnicity Gap in Montana

In Montana, people of color are particularly likely to be working in occupations that do not pay a living wage. For example, while the household income of 25 percent of non-Hispanic white families would be insufficient to support a single adult, 44 percent of Native American households and 39 percent of Latino households are not earning a living wage for a single adult.

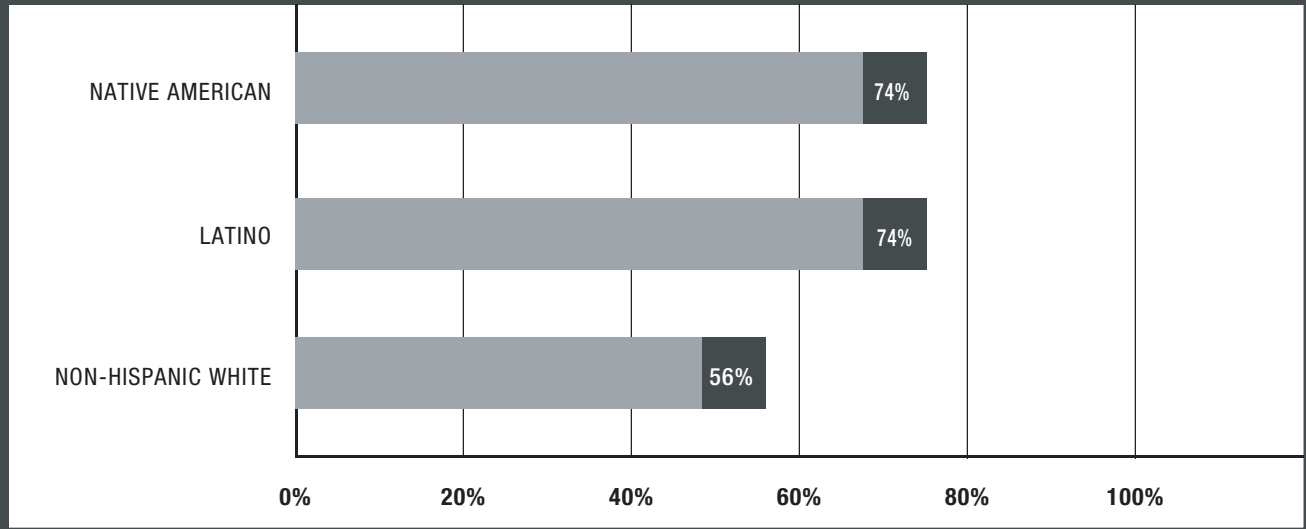
In 2005, Montana was home to more than 55,000 American Indians and Alaska Natives, according to 2005 American Community Survey. Yet while Native

Americans are the largest non-white ethnic group in the state, they are the least likely to be working in jobs that pay living wages.²⁹ Of all Native American households in Montana, only 26 percent have an annual income that equals a living wage for a family of three.³⁰

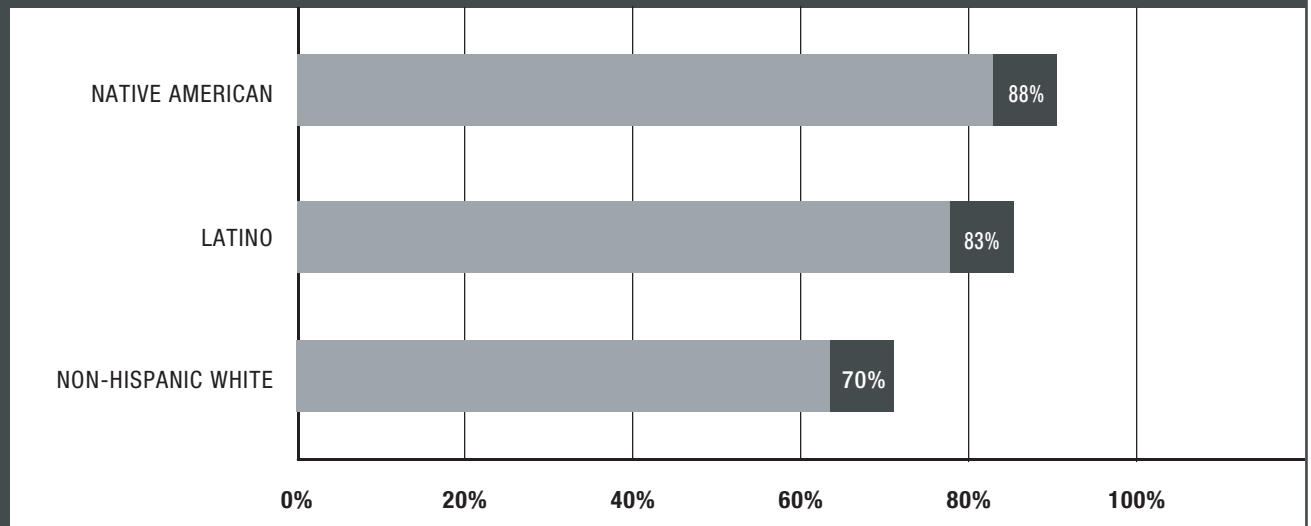
PERCENT OF HOUSEHOLDS IN MONTANA THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 1 (\$21,658/yr)



PERCENT OF HOUSEHOLDS IN MONTANA THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 3 (\$46,239/yr)

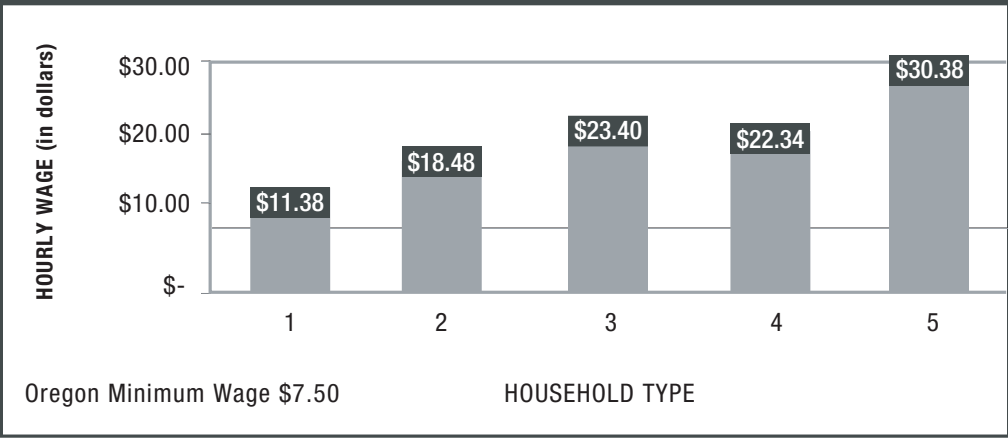


PERCENT OF HOUSEHOLDS IN MONTANA THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 5 (\$60,382/yr)

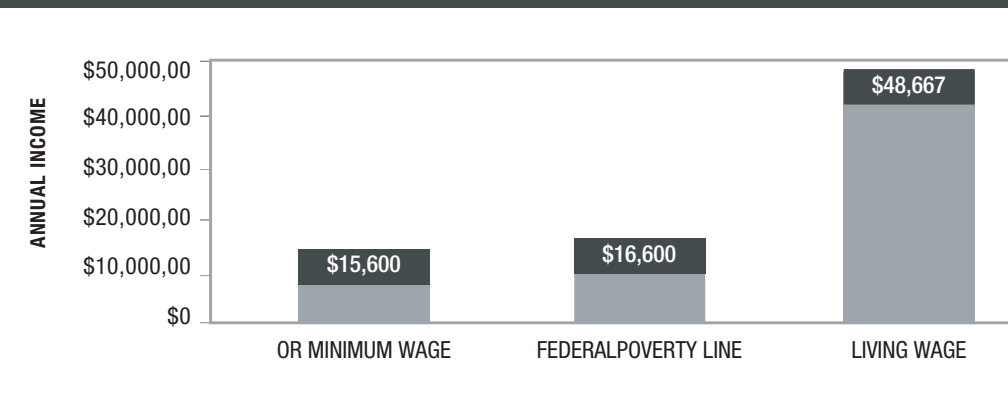


OREGON

OREGON LIVING WAGE vs. MINIMUM WAGE



OREGON LIVING WAGE COMPARED TO OTHER INCOME BENCHMARKS, HOUSEHOLD 3



What Is A Living Wage in Oregon?

Living wages for Oregon are:

- For a single adult household, \$23,671 a year or \$11.38 an hour.
- For a single adult with one child, \$38,441 a year or \$18.48 an hour.
- For a single adult with two children, \$48,667 a year or \$23.40 an hour.
- For two adults, one of whom is working, with two children, \$46,474 a year or \$22.34 an hour.
- For two adults, both of whom are working, with two

children, \$63,184 a year or \$30.38 an hour (which means that the combined wages of both working adults need to total this amount).

These are statewide averages. In some counties, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other counties, including most of the state's rural counties, costs and therefore living wages are lower. This study includes detailed living wage analyses for some Oregon counties (see appendix).

OREGON FAMILY BUDGETS 2005

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH A SCHOOL AGE CHILD (AGE 6-8 YRS.)	HOUSEHOLD 3 SINGLE ADULT WITH A TODDLER (12-24 MONTHS) AND A SCHOOL AGE CHILD (6-8 YRS.)	HOUSEHOLD 4 TWO ADULTS (ONE OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD	HOUSEHOLD 5 TWO ADULTS (BOTH OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD
Food	\$163	\$303	\$399	\$584	\$584
Housing & Utilities	\$570	\$680	\$680	\$680	\$680
Transportation	\$361	\$557	\$557	\$879	\$1,047
Healthcare	\$86	\$219	\$268	\$314	\$314
Healthcare	\$86	\$219	\$268	\$314	\$314
Household clothing & personal items	\$295	\$440	\$476	\$614	\$656
Savings	\$164	\$244	\$265	\$341	\$365
Child care	\$0	\$339	\$924	\$0	\$924
State & Federal taxes	\$4,010	\$5,060	\$5,836	\$5,513	\$8,328
Gross monthly income needed	\$1,973	\$3,203	\$4,056	\$3,873	\$5,265*
Gross annual income needed	\$23,671	\$38,441	\$48,667	\$46,474	\$63,184*
Living wage (at 2080 hrs per yr)	\$11.38	\$18.48	\$23.40	\$22.34	\$30.38*

*Total amount earned by two working adults

Percent of Jobs in Oregon that Pay a Living Wage

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH ONE CHILD	HOUSEHOLD 3 SINGLE ADULT WITH TWO CHILDREN	HOUSEHOLD 4 TWO ADULTS (ONE WORKING) WITH TWO CHILDREN
Living Wage (Hourly)	\$11.38	\$18.48	\$23.40	\$22.34
Number of jobs that pay a living wage (of 1,540,030 total jobs)	1,056,810	482,100	265,280	286,760
Percent of jobs held that pay a living wage	63%	31%	17%	19%



MY NAME IS AMY SHAER;

I live in Eugene, Oregon. Finding a job in Eugene was very difficult. It was the most difficult time I have had. I had to look for six weeks, which is pretty long time considering I have a degree from Butler University. Most of the jobs that are available are minimum wage. When I first got here, I was working for a temp company and when a job came that was even \$8.00, I was really excited.

I feel like you are bound to any job you can find here. I was a morning shift waitress, making so little money I was on food stamps. I felt really stuck in that situation, but I didn't feel like I could ask for anything better. I didn't want to take my chances and find another job. Luckily, my current job provides health insurance, but I still need food stamps to make ends meet.

Higher than normal heating bills this winter have also made things tight. We tried to keep the heat down; we wore our winter coats in the house to save money... It got to the point we couldn't sleep – especially in January, when it got into the teens at night. There is no possible way to pay for rent, heat, and all your bills and buy healthy food that is good for you – not extravagant, but just good healthy food – on \$8.00 an hour. I live simply, but there is still no way to do it.

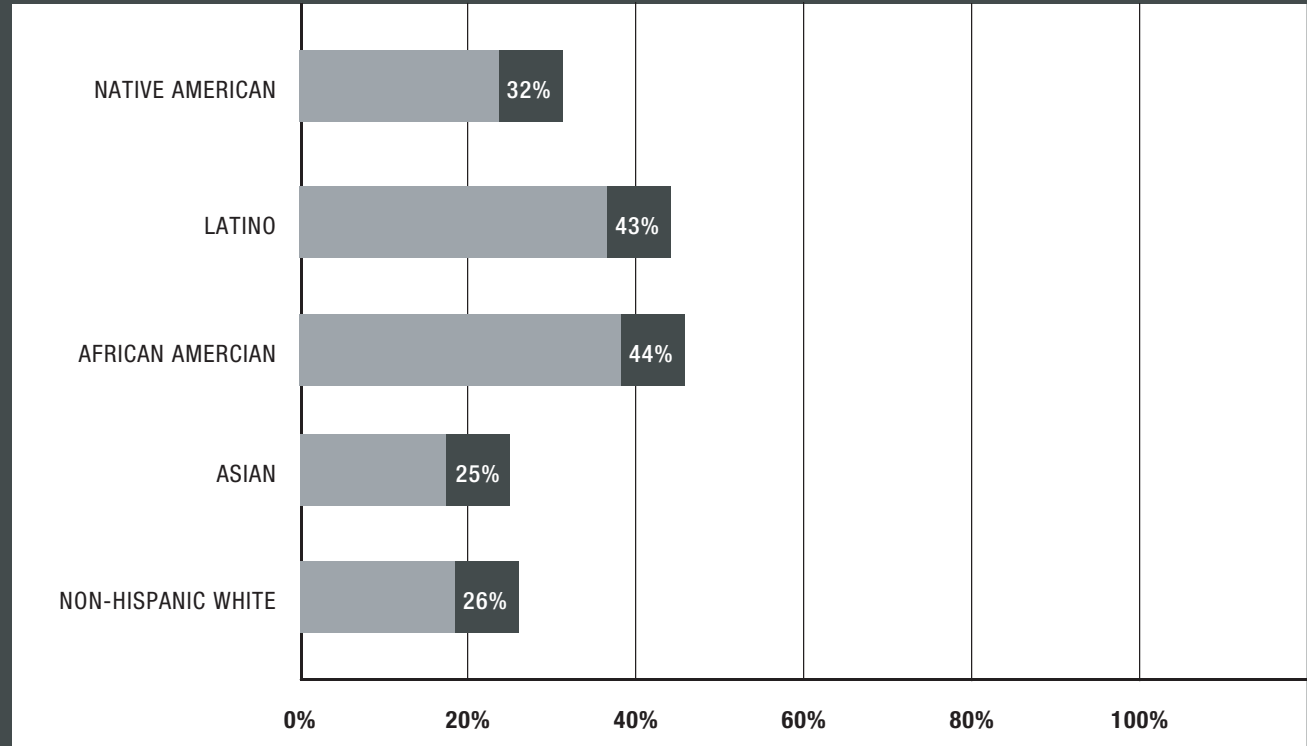
The Race and Ethnicity Gap in Oregon

In Oregon, African Americans, Latinos, and Native Americans are particularly likely to be working in occupations that do not pay a living wage. For example, while 26 percent of non-Hispanic white households have a household income that would be insufficient to support a single adult, 32 percent of Native Americans, 43 percent of Latinos, and 44 percent of African American households have incomes that fall below a living wage for a single adult.

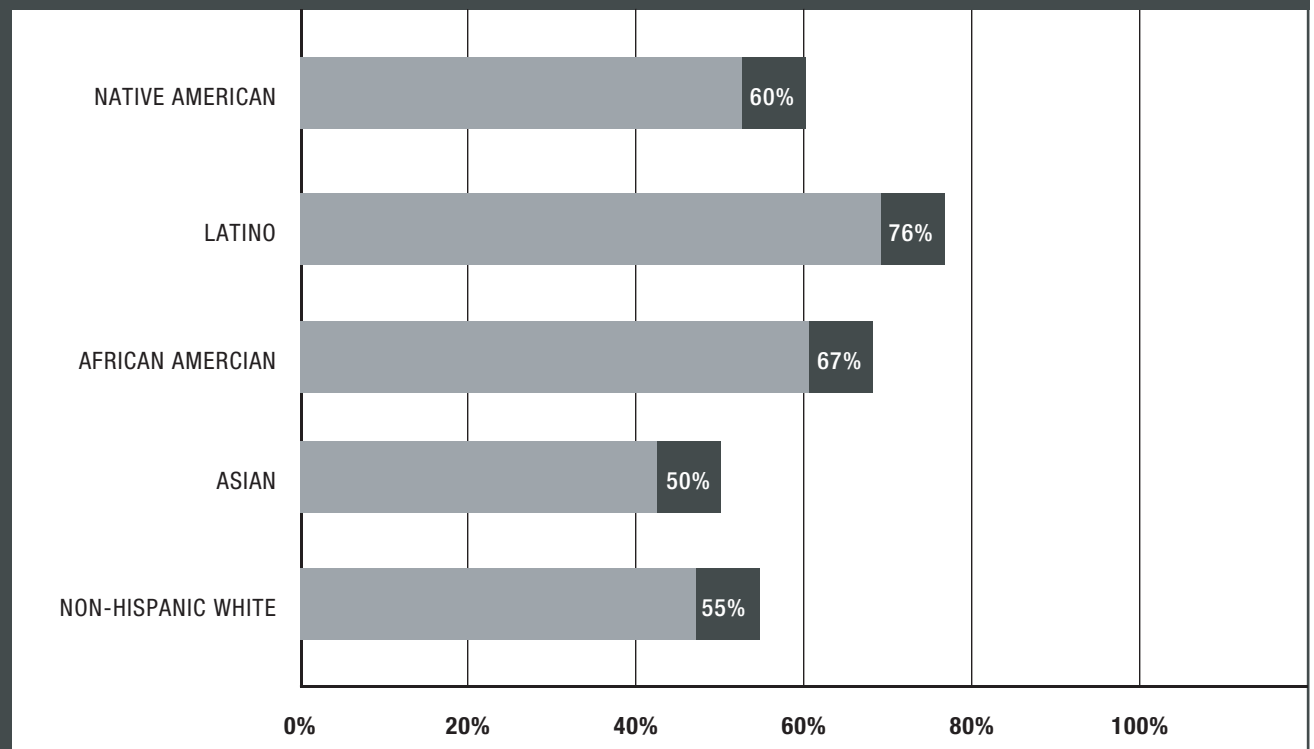
In 2005, more than 353,000 Latinos lived in Oregon, according to 2005 American Community Survey. Yet despite being the largest non-white ethnic group in the state, Latinos are among the least likely to be working in jobs that pay living wages. Of all Latino households in Oregon, only 24 percent have an annual income that equals a living wage for a family of three.

Only 19 percent of all jobs in Oregon are currently paying enough to support a two-parent, two-child household where one parent stays at home. Single parents raising two children are also unlikely to be working in a job that pays a living wage, as only 17 percent of jobs pay a living wage for this household type.

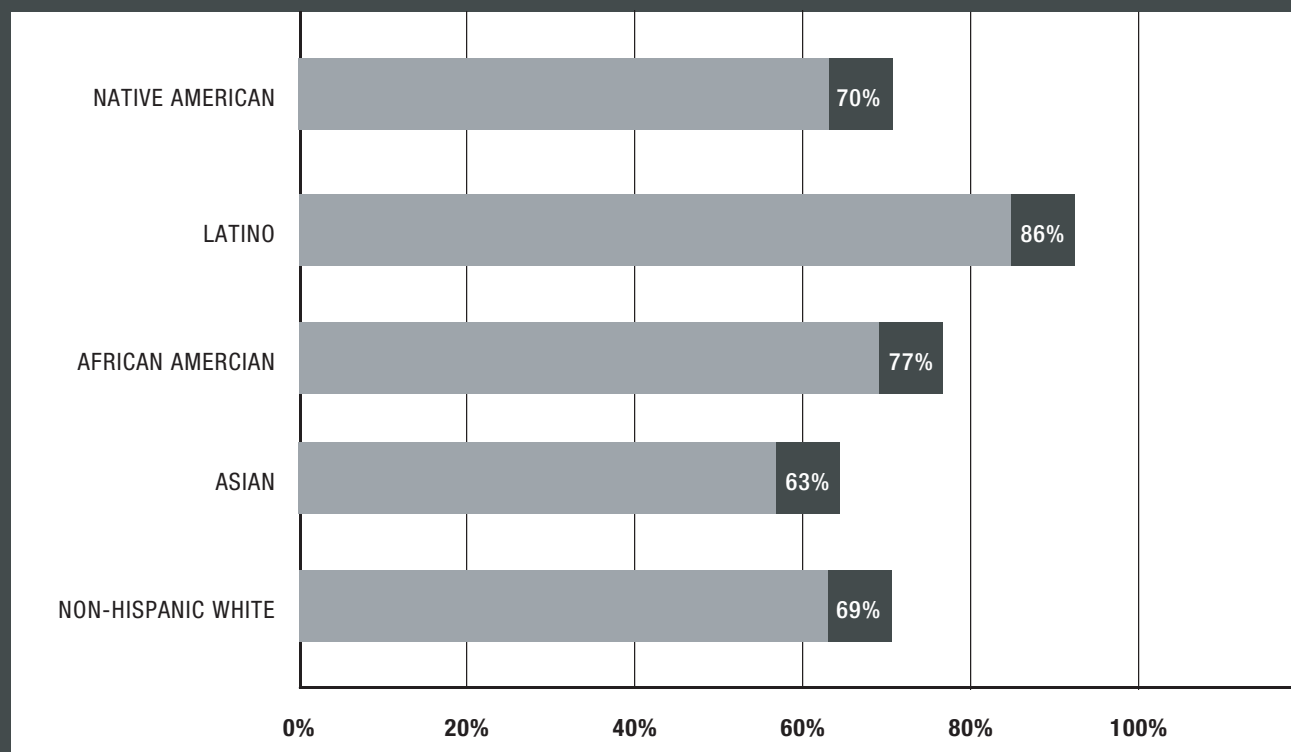
PERCENT OF HOUSEHOLDS IN OREGON THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 1 (\$23,671/yr)



PERCENT OF HOUSEHOLDS IN OREGON THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 3 (\$48,667/yr)

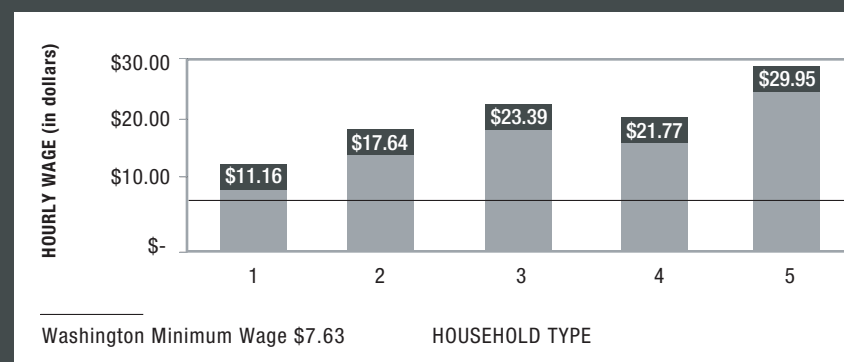


PERCENT OF HOUSEHOLDS IN OREGON THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 5 (\$63,184/yr)



WASHINGTON

WASHINGTON LIVING WAGE vs. MINIMUM WAGE



\$17.54 an hour.

- For a single adult with two children, \$48,644 a year or \$23.39 an hour.
- For two adults, one of whom is working, with two children, \$45,290 a year or \$21.77 an hour.
- For two adults, both of whom are working, with two children, \$62,294 a year or \$29.95 an hour (which means that the combined wages of both working adults need to total this amount).

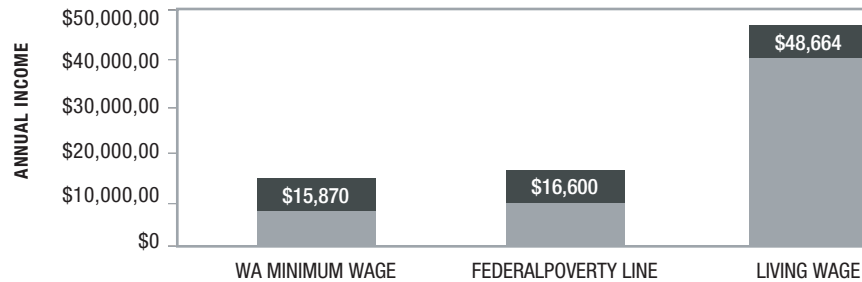
What is a Living Wage in Washington?

Living wages for Washington are:

- For a single adult household, \$23,220 a year or \$11.16 an hour.
- For a single adult with one child, \$36,481 a year or

These are statewide averages. In some counties, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other counties, including most of the state's rural counties, costs and therefore living wages are lower. This study includes detailed living wage analyses for some Washington counties (see appendix).

WASHINGTON LIVING WAGE COMPARED TO OTHER INCOME BENCHMARKS, HOUSEHOLD 3



WASHINGTON FAMILY BUDGETS 2005

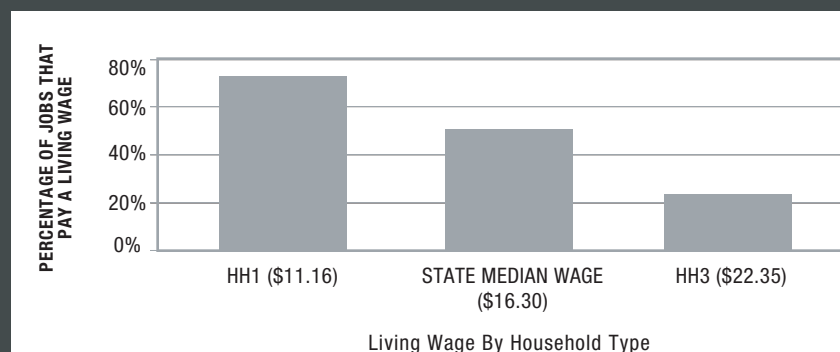
	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH A SCHOOL AGE CHILD (AGE 6-8 YRS.)	HOUSEHOLD 3 SINGLE ADULT WITH A TODDLER (12-24 MONTHS) AND A SCHOOL AGE CHILD (6-8 YRS.)	HOUSEHOLD 4 TWO ADULTS (ONE OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD	HOUSEHOLD 5 TWO ADULTS (BOTH OF WHOM IS WORKING) WITH A TODDLER AND A SCHOOL-AGE CHILD
Food	\$163	\$303	\$399	\$584	\$584
Housing & Utilities	\$610	\$748	\$748	\$748	\$748
Transportation	\$361	\$557	\$557	\$879	\$1,047
Healthcare	\$81	\$188	\$259	\$305	\$305
Household clothing & personal items	\$304	\$449	\$491	\$629	\$671
Savings	\$169	\$249	\$273	\$350	\$373
Child care	\$0	\$278	\$1,003	\$0	\$1,003
State & Federal taxes	\$2,987	\$3,209	\$3,883	\$3,348	\$5,510
Gross monthly income needed	\$1,935	\$3,040	\$4,054	\$3,774	\$5,191*
Gross annual income needed	\$23,220	\$36,481	\$48,644	\$45,290	\$62,294*
Living wage (at 2080 hrs per yr)	\$11.16	\$17.54	\$23.39	\$21.77	\$29.95*

*Total amount earned by two working adults

Percent of Jobs in Washington that Pay a Living Wage

	HOUSEHOLD 1 SINGLE ADULT	HOUSEHOLD 2 SINGLE ADULT WITH ONE CHILD	HOUSEHOLD 3 SINGLE ADULT WITH TWO CHILDREN	HOUSEHOLD 4 TWO ADULTS (ONE WORKING) WITH TWO CHILDREN
Living Wage (Hourly)	\$11.16	\$17.54	\$23.39	\$21.77
Number of jobs that pay a living wage (of 2,572,130 total jobs)	1,885,180	1,105,610	612,670	777,740
Percent of jobs held that pay a living wage	73%	43%	24%	30%

WASHINGTON LIVING WAGE BY HOUSEHOLD TYPE



Only 30 percent of all jobs in Washington are currently paying enough to support a two-parent, two-child household where one parent stays at home. Single parents raising two children are even less likely to be working in a job that pays a living wage, as only 24 percent of jobs pay a living wage for this household type.



MY NAME IS ARGENTINA DALEY.

I'm a 56 year old teacher, living in Olympia, Washington. I have a Ph.D. in English, and since August of 2005, I have been working as a temporary professor of the English language. I'm fortunate to have a job in my field, but the reality is that teaching jobs don't pay enough. My monthly salary is \$949.00. It is very hard to live on that amount of money.

Before I got this job, I was without work for seven months. I was willing to work in any field, cleaning toilets, flipping burgers, or in retail. I have worked in every job imaginable, from housekeeping jobs to waiting tables. I'm not alone in this situation. Many of my friends are as educated as I am and cannot find work in their fields, so they often end up working dead-end jobs.

Job-searching has been very discouraging. I feel like I am being judged for my age. Before I got my current job, I applied everywhere, and was even willing to relocate to anywhere in the U.S. But no one called me back for an interview.

I can't live alone because I can't afford to buy food or pay rent or utilities. I don't have health insurance because it is too expensive. I have many medical conditions which usually do need medical attention, and I spend a lot of money on prescription drugs as well. I should get medical health coverage, but I simply cannot afford it.

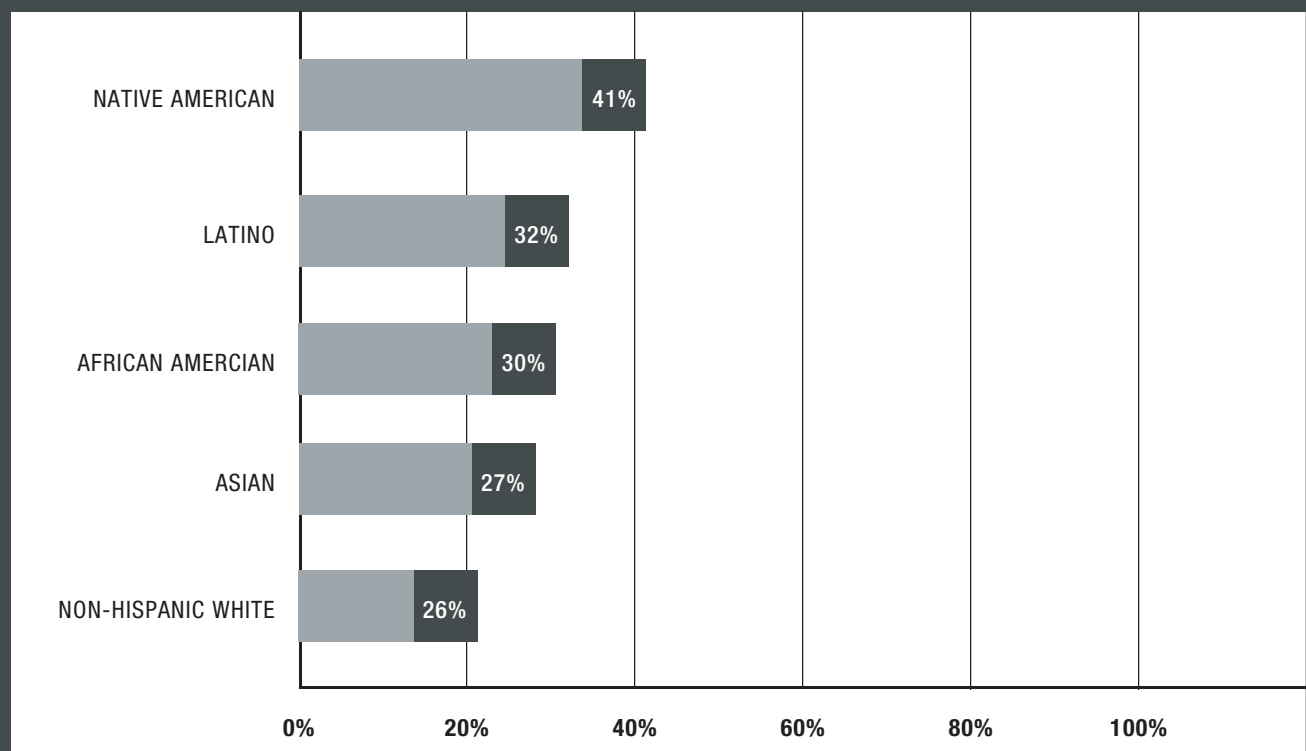
The Race and Ethnicity Gap in Washington

In Washington, African American, Asian, Latino, and Native American households are all less likely than non-Hispanic white households to earn living wages. For example, while 21 percent of non-Hispanic white households have a household income below a living wage for a single adult, that number rises to 27 percent for Asian households and up to 41 percent for Native American households.

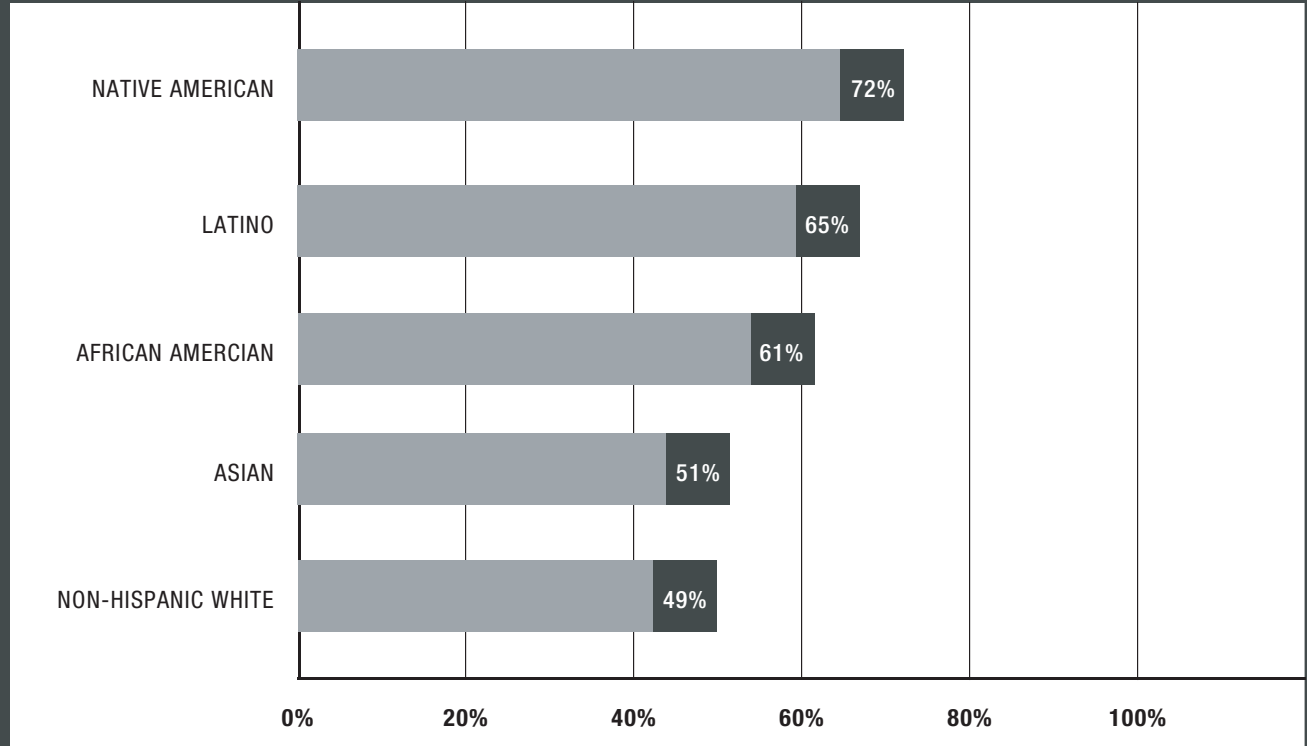
In 2005, more than 540,000 Latinos lived in Washington, according to 2005 American Community Survey. Yet despite being the largest non-white ethnic group in the state, Latinos are among the least likely to be working in jobs that pay living wages. Of all Latino households in Washington, only 34 percent have an annual income that equals a living wage for a family of three. Washington is also home to more than 200,000 African American residents,

and 61 percent of African American households in Washington earn less than a living wage for a family of three.

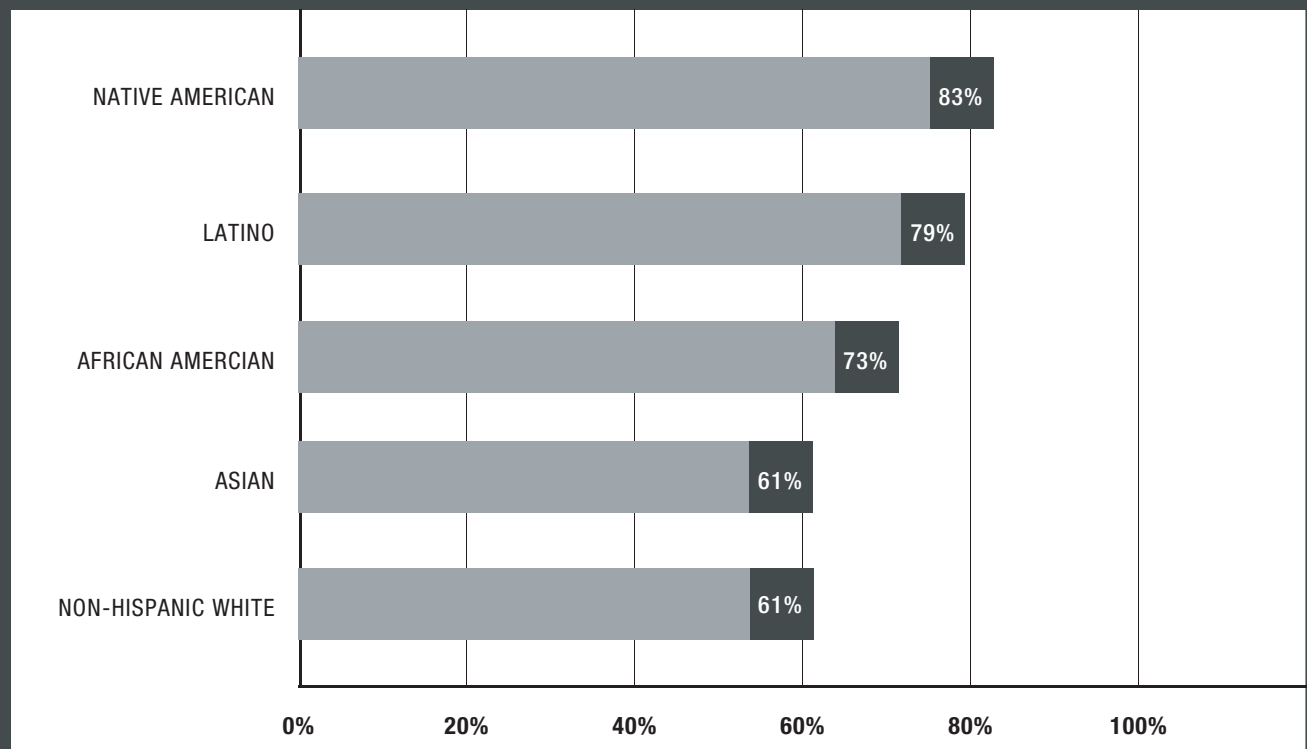
PERCENT OF HOUSEHOLDS IN WASHINGTON THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 1 (\$23,220/yr)



PERCENT OF HOUSEHOLDS IN WASHINGTON THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 3 (\$48,644/yr)



PERCENT OF HOUSEHOLDS IN WASHINGTON THAT EARN LESS THAN A LIVING WAGE FOR HOUSEHOLD 5 (\$62,294/yr)



MY NAME IS KHADIJA JAMA.

I'm 56 years old and I've lived in Seattle for 10 years. There are 11 children in my family, but only one is under 18 – my 16 year old son Mustafa. I also live with my husband, who is 67 years old. We are immigrants from Somalia.

My husband was the manager of a factory, but now he is retired. Our total family income is \$2,000 per month. I am expecting my younger children to finish school and get good jobs, and then support us because we sacrificed so much for them. I even raised two additional children (Dahir and Bashir) because after the war broke out in Somalia, I took them in because they had no where else to go. But our income depends on my husband's Social Security and the money our children bring in to help with the rent.

All of the older children work except for the four youngest who are concentrating on school. We encourage our kids to get an education, but for the older ones, it was hard to keep up with school in America because when we came here, none of us spoke English. The older ones are married and have their own families and life, but they still help out financially if we need it.

Some of our children don't have health insurance, but for us, we can cover it for about \$180 per month. Our rent is \$1,300 for a four bedroom house, and we spend \$300 a month for utilities, which is an increase of about \$80 since last year. We've had our utilities cut off in previous years, when the children were all under our roof and when we were new to the country. Sometimes money was tight. But we always paid in the end.

We spend about \$30 for gas a week, and our van lately has had many problems. Last year we spent about \$600 at different times because the van needed new tires, new timing belt, and other things. We aren't able to save much for retirement or emergencies.

Sometimes it is hard for families to pay their bills. I remember when we first came to the U.S., we were extremely poor and we had nothing, but slowly we got on our feet. Language is a major factor, and we need more classes available so that people can learn English.

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 four 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.

LIVING WAGE TRENDS BY STATE, FROM 2002 TO 2005

HOUSEHOLD 1 ADULT NO CHILDREN	2002	2003	2004	2005
WASHINGTON	\$10.07	\$10.43	\$10.77	\$11.16
MONTANA	\$8.61	\$8.81	\$9.07	\$9.83
OREGON	\$10.17	\$10.42	\$10.77	\$11.38
IDAHO	\$8.68	\$9.20	\$9.30	\$10.41

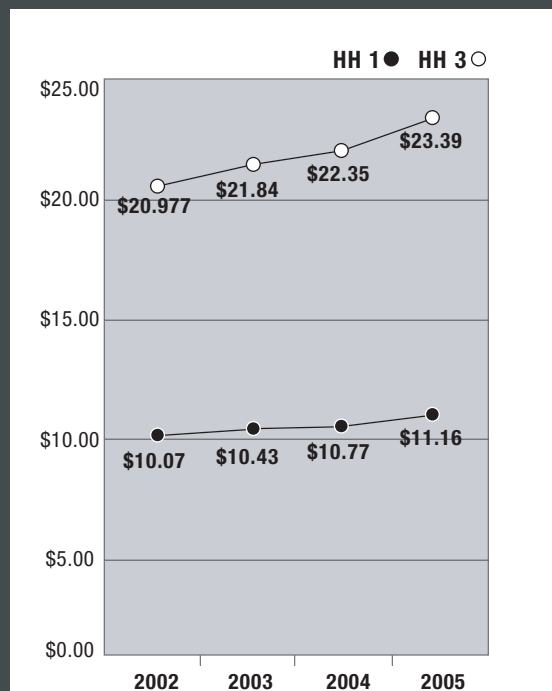
LIVING WAGE TRENDS BY STATE, FROM 2002 TO 2005

HOUSEHOLD 3 SINGLE PARENT, TWO CHILDREN	2002	2003	2004	2005
WASHINGTON	\$20.97	\$21.84	\$22.35	\$23.39
MONTANA	\$17.07	\$17.85	\$18.46	\$19.98
OREGON	\$21.44	\$22.18	\$22.37	\$23.40
IDAHO	\$18.82	\$19.52	\$20.28	\$22.23

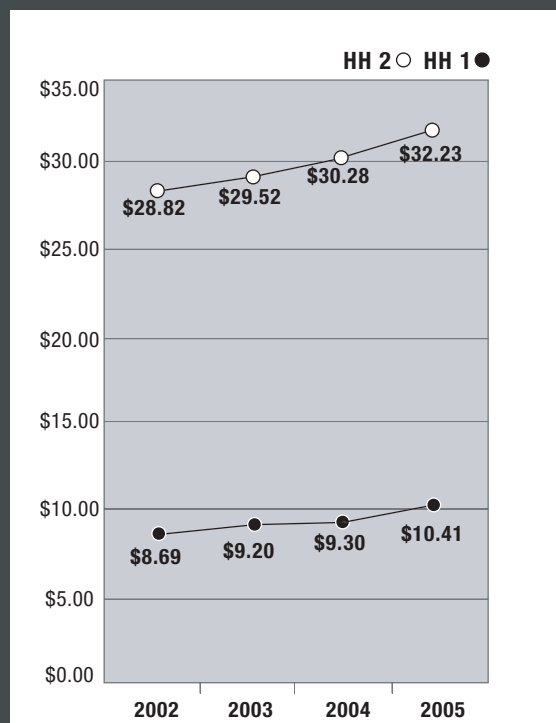
Living Wage Increase in Montana; From 2002-2005



Living Wage Increase in Washington; From 2002-2005



Living Wage Increase in Idaho; From 2002-2005



Between 2002 and 2005, the living wage has risen in every state in the Northwest. The primary causes for the increase in the living wage relative to inflation are the rising costs of health care, housing and utilities, and transportation. The following sections explain how costs have risen for families in each of these areas.

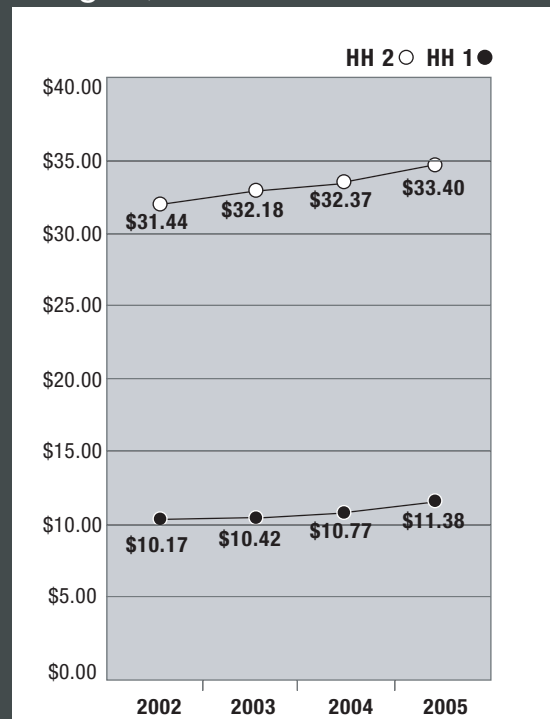
HEALTH CARE

Health care is the most volatile variable in the family budget calculation, and a primary reason for the rise in living wages. There is nothing like a health emergency to place stress on a family's finances. This study assumes that everyone has access to employer-based coverage. However, this is not the case for everyone in the Northwest.

Cost Increases in Employer-Based Health Care

For people who have access to employer-based health care, there are two variables that constitute health care costs: 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. These rising costs account for much of the increase in the

Living Wage Increase in Oregon; From 2002-2005



living wage over time.

Health care costs have risen much faster than inflation over the past several years. In 2005, employer health insurance premiums increased by 9.2 percent, or nearly three times the rate of inflation. This is the fifth consecutive year of increases over 9 percent. All types of health plans - including health maintenance organizations (HMOs), preferred provider organizations (PPOs) and point-of-service plans (POS) - showed this increase.³¹ Since 2000, employment-based health insurance premiums have increased 73 percent, compared to cumulative inflation of 14 percent and cumulative wage growth of 15 percent during the same period.³²

In 2005, the average annual premium that a health insurer charged an employer for a health plan covering a family of four averaged \$10,800, which is greater than the wage of a full-time, minimum-wage worker (\$10,712).³³

COSTS SHIFT TO EMPLOYEES

On average, employers pay 85 percent of the cost of single coverage and 72 percent of the cost of family

coverage.³⁴ However, as health care costs have risen for employers, more of these costs have been shifted to employees. In 2005, individual employees contributed an average of \$2,713 to their health plans, which is 10 percent more than they contributed in 2004. The average employee contribution to company-provided health insurance has increased more than 143 percent since 2000. Average out-of-pocket costs for deductibles, co-payments (for medications), and co-insurance (for physician and hospital visits) rose 115 percent during the same period.³⁵

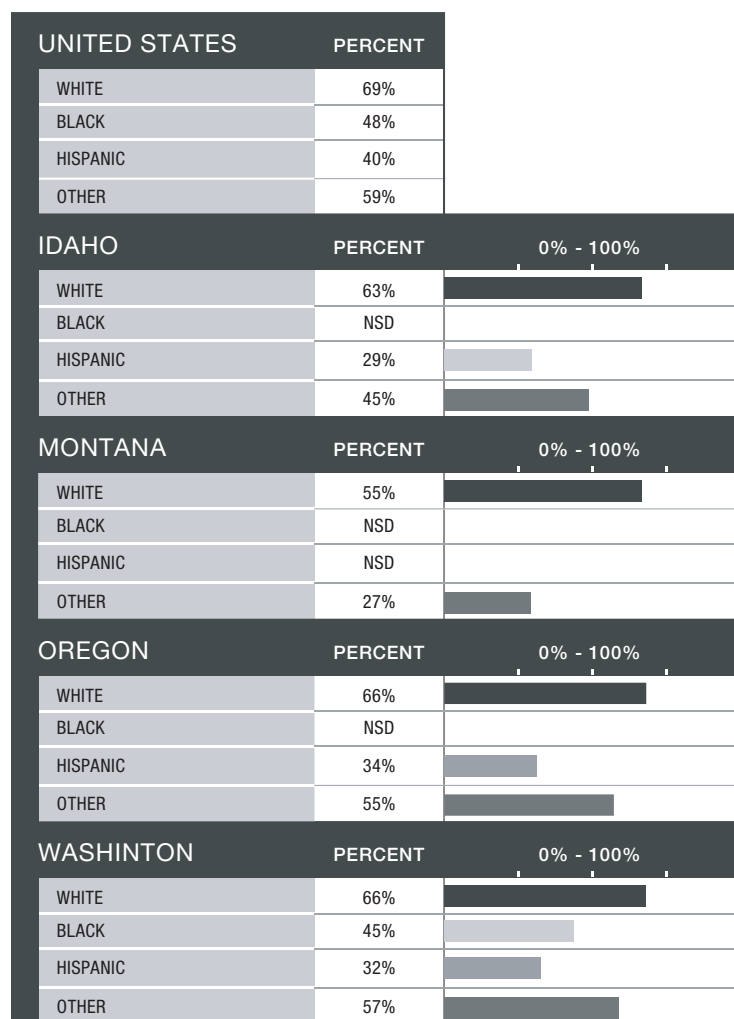
There are a variety of ways that employees have begun to share the costs of health insurance with their employers. In 2005, over three-quarters of workers contributed toward their monthly premiums

(91 percent for family coverage and 79 percent for single coverage), and higher percentages of workers contributed to cost sharing for office visits (95 percent), and tiered cost sharing for prescription drugs (89 percent). Many workers also faced separate hospital cost sharing (52 percent) and separate deductibles for prescription drugs (10 percent). More than half of all workers (56 percent) also faced plan deductibles (56 percent), and in 2005 the average annual deductible for single coverage in PPO plans (the most common type of plan) was \$323, up from \$204 in 2001.³⁶

Access to Employer-Based Health Care

It is clear that workers are paying more for their health care when they have employer-based health insurance. However, dependence on an employer-based health care system leads to inequities in health care access. As the charts below demonstrate, people of color in the Northwest are less likely to have access to employer-based health care.

HEALTH INSURANCE COVERAGE RATE OF NON-ELDERLY WITH EMPLOYER COVERAGE BY RACE/ETHNICITY, STATES (2003-2004), U.S. (2004)



Definitions:

Rate: In this case, the proportion of the population or subpopulation with employer-sponsored coverage.

NSD: Not Sufficient Data.

Note:

Persons of Hispanic origin may be of any race; all other racial/ethnic groups are non-Hispanic. "Other" includes Asian-Americans, Pacific Islanders, American Indians, Aleutians, Eskimos and persons of "Two or More Races". These groups have been combined due to their small populations in many states, which prevent meaningful statistical analyses of the groups individually. The distribution of the Non-elderly with Employer Coverage by Race/Ethnicity for the U.S. is: White, 114,387,462 (68.9%), Black, 15,492,778 (48%), Hispanic, 15,746,110 (39.8%), American Indian, 578,084 (39.2%), Asian-Americans and Pacific Islanders, 7,288,880 (62.9%), and Two or More Races, 2,220,402 (54.3%).

Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2004 and 2005 Current Population Survey (CPS: Annual Social and Economic Supplements).

For more details, see "Notes to Demographic and Health Coverage Topics Based on the CPS" at <http://www.statehealthfacts.kff.org/methodology>.

These disparities in employer-based 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.³⁷ This disconnect between work and insurance also holds true for immigrants.³⁸ 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.

Options Without Employer-Based Health Care

For those families who did not have access to employer-based health insurance, the Northwest Job Gap Study estimated the cost of purchasing very basic private health insurance on the private market. 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. Therefore 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.

Unlike premiums in the group, employer-based market, premiums in the individual market generally vary based on age and health status. Therefore, while individual market premiums are generally lower than premiums in the group market - about \$2,268 annually for single coverage and \$4,424 annually for family coverage³⁹ - this reflects the relatively younger age of purchasers and less generous coverage. Individual market coverage that was comparable to group coverage for an older, less healthy individual would be more expensive. In addition, it is important to note that there is no employer contribution toward the cost of individual coverage; thus, the individual is responsible for the full premium cost without the benefit of pre-tax withholding, as well as any out-of-pocket cost sharing. Further, except under certain circumstances (e.g., HIPAA conversion and COBRA) insurers in the individual market may deny coverage or charge higher premiums to individuals who the insurer believes will have high medical costs.⁴⁰

Private, individual health insurance is characterized by the following:

- Substantial patient cost-sharing requirements. In-network deductibles average \$1,550 in individual policies compared with \$138 in employer-sponsored plans, while out-of-network deductibles average \$2,235 and \$354, respectively.⁴¹
- Inferior benefits. While nearly all group coverage includes some level of prescription, mental health, and well-baby and well-adult care benefits, significantly fewer individual policies include such coverage.

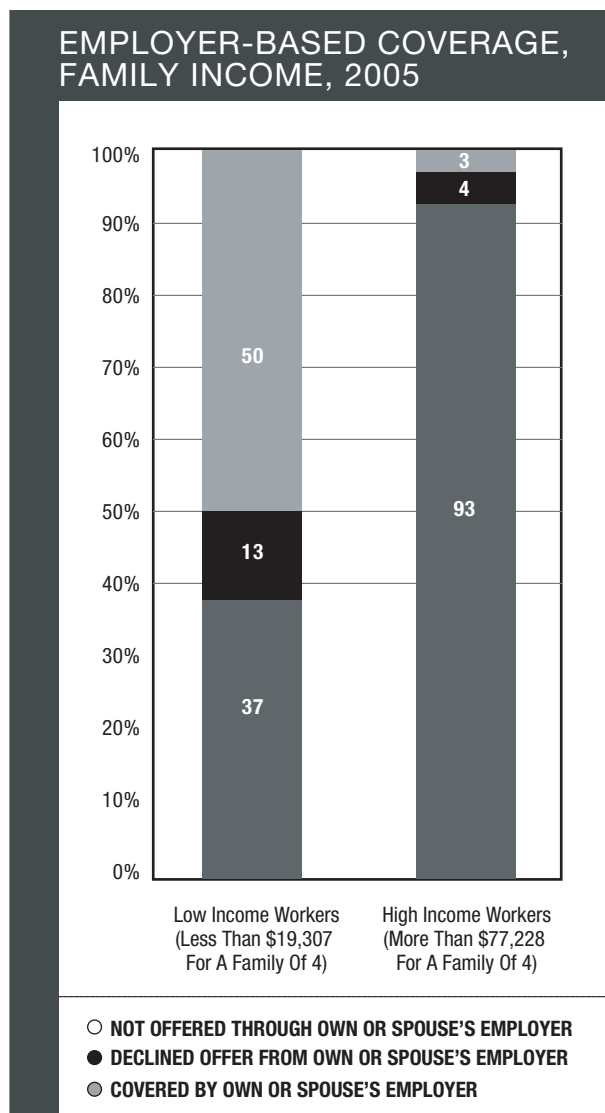
Furthermore, 56 percent of employer-sponsored plans limit out-of-pocket costs for covered persons to \$2,000 or less. Only 11 percent of fee-for-service individual policies include such out-of-pocket maximums.⁴²

- Wide variability of coverage among individual insurance policies. While individual insurance covers 63 percent of medical costs on average, half of people buying individual policies are covered for just 30 percent of the health care bill.⁴³
- Average premiums vary considerably by age, even among the healthy. The average monthly premium in 2004 for a 27 year old male with no medical conditions was \$132, one-third the average for group coverage. The average monthly premium in 2004 for a healthy 55 year old man was \$314, about 60 percent higher than group premiums. Costs for individual policies rise substantially for less-healthy individuals.⁴⁴

The Rise of the Uninsured

As costs for both employer-based health insurance and private health insurance continue to climb, many have been forced into joining the 45.8 million people in the U.S. who are uninsured. The percentage of working adults (18 to 64) who were uninsured climbed from 18.6 percent in 2003 to 19.0 percent in 2004 (an increase of over 750,000 people in 2004). During the same period, the rate of employer-based coverage for adults fell from 63.6 percent in 2000 to 59.8 percent in 2004⁴⁵.

Lack of insurance is much more common among those with low incomes. Some 24.3 percent of people with incomes below \$25,000 are uninsured; almost triple the rate of people with incomes over \$75,000 (8.4%)⁴⁶.



People of color are also more likely to be uninsured. Overall, 13.2 percent of non-Hispanic Whites were uninsured in 2004. In contrast, 21.2 percent of African Americans were uninsured, and 34.3 percent of Latinos were uninsured⁴⁷. Compared to non-Hispanic Whites, African Americans and Latinos are less likely to work in jobs that make health insurance available. Even at higher income levels (above 200 percent of the federal poverty level) African Americans and Hispanics are more likely to be uninsured than non-Hispanic whites.

Many people in the Northwest cannot afford adequate health care, and are underinsured or uninsured entirely. 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.

TRANSPORTATION

Transportation is another primary driver of living wage increases between 2004 and 2005. 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.⁴⁸

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 standard reimbursement rate for miles driven to 48.5 cents per mile, to account for the rising price of gasoline.⁴⁹ Fuel costs have stretched family budgets across the Northwest.



MY NAME IS SUSAN FOWLER, and I live in Rupert, Idaho with my husband and our three children. Our oldest son, who is 21, has autism. He is very smart but sometimes it is hard to get him to focus, and he has behavioral problem, so I take care of him.

Both my husband and I work full time, and together we bring in \$2,200 per month after taxes. It is very hard to find a decent job in Rupert. I drive a school bus, and I feel like I'd better stick to the job I have.

We work hard to make ends meet. We save money by processing our own food. We can our own vegetables, which is one way to keep our food expenses low.

We are able to afford health insurance. Our share of the cost is \$300 per month for the family, but that doesn't cover two of our children, who are over the age of 18. It is too expensive to get them covered.

Every time we save a bit, we end up having to spend it on an emergency. Right now we owe \$5,000 for my husband's appendicitis. He had started working a month before he got sick, but they said he was not covered when he became ill. The policy was not in effect until the next year. That bill wiped out our savings, and we still owe.

We are in the process of buying our home, and our mortgage is \$611 a month. We spend \$120-\$140 on utilities. That's gone up a lot in recent years. We've had our utilities shut off several times, but we have always found a way to pay for them and get them back on. It's hard, and we don't qualify for any type of assistance.

We also have car payments, gas, and

insurance, and that all adds up. We recently had to pay \$400 for my daughter to get glasses and contacts.

I think the state needs to offer assistance once in awhile when families end up in a jam. For people who can work and are surviving on their income, there sometimes needs to be assistance if an emergency comes up that we cannot afford to pay for.



MY NAME IS AHMED, and I have lived in Renton, Washington for the past three years. I'm 21 years old, and I'm the oldest of five children in my family. I work in a laboratory, using my Associate's degree in chemistry and doing research. I live with my parents. My father works as a translator and also at the hospital as an interpreter. Together, our family income is \$2,500 per month.

My father has a long commute, so he spends about \$250 a month on gas. We are currently spending \$1,200 a month for rent, and \$200 for utilities. We aren't really able to save money. The little money my father is able to save every month is mostly to send back home to his family and our relatives.

I am working toward my Bachelor's

degree so that I can hopefully get a good job. Right now, neither my younger brother nor I have medical insurance. We can't afford it. Fortunately my father can get health insurance for the rest of the family through his job, but my brother and I are too old to be covered in his policy. When I get sick I wish I did have health insurance. I usually just wait out my colds and illnesses, or take over-the-counter medicine from the pharmacy. I have not seen a doctor in over three years since we left Pakistan.

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 Americans⁵⁰ 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.⁵¹

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.⁵² 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.⁵³ 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 items than do supermarkets.⁵⁴

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. While an average American spends no more than seven percent of disposable income on foods consumed at home, that figure reaches 25 percent for low-income families.⁵⁵ 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.

Extremely low income households, with incomes equal to or lower than 30 percent of the local Area Median Income (AMI), continue to have virtually no affordable housing options in the private market. Last year, there were only 10 counties in the U.S. in which the two-bedroom Fair Market Rent was affordable for Extremely Low Income renters. Those 10 counties were home to just 18,000 of the nation's 36 million renters.⁵⁶

One-third (33 percent) of extremely-low-income renter households with children have earnings consistent with full-time work.⁵⁷ In 2004, more than two million employees nationwide were paid an hourly wage at or below the federal minimum wage of \$5.15. In no rural county or metropolitan area in the U.S. can a renter with a full-time job paying the prevailing minimum wage afford even a one-bedroom unit priced at the Fair Market Rent. And in Idaho, Montana, Oregon, and Washington, the minimum wage is insufficient income to afford even an efficiency or studio (i.e. zero-bedroom) apartment.⁵⁸



MY NAME IS PETE BUSTOS, and I live with my wife Ericka in Twin Falls, Idaho. We've lived here for four years.

I work full-time in a warehouse. I earn \$9.00 an hour, and in Twin Falls it's very hard to find any job that pays above that rate. Each month, our family income is \$1,200. Sometimes I don't eat a full meal just so my wife can have a full meal. Sometimes I will skip a day without eating.

It is frustrating because sometimes we can't seem to make ends meet no matter how hard we try. I am always looking for a better paying job, but the reality is that I don't see my income level changing that much.

Neither of us has health insurance. We are not offered health insurance through my job, and we don't qualify for assistance from the state. But we could never afford health insurance on our own.

We also couldn't afford to live on our own and pay our bills. We had the utilities shut off because we couldn't keep up with the payments. So we moved into our friend's basement, and now we pay \$237 dollars a month for rent. We still pay \$200-\$300 a month in utilities. I drive an old beat up 1984 Chevy, and we struggle to pay the \$289 every six months for car insurance, the \$20-\$30 a week for gas, and the \$200 a month it costs for upkeep.

We live check to check. When I really need it, I go and get a payday loan.

This state needs to offer some type of health insurance for people who are struggling. We also need more rights for workers. Here in Idaho there aren't unions, so anyone can get fired for no reason at all. We can barely make it as it is. Imagine if we had a family! We need to increase the minimum wage and make it easier for people to get public assistance when they need it.

HOUSEING WAGE⁵⁹

FAIR MARKET RENT (FMR) PER MONTH & HOURLY WAGE NEEDED TO AFFORD FMR

		IDAHO	MONTANA	OREGON	WASHINGTON
STUDIO	FMR	\$138	\$390	\$489	\$539
	Hourly Wage Needed To Afford FMR	\$8.42	\$7.49	\$9.41	\$10.36
1 BDRM	FMR	\$496	\$451	\$570	\$617
	Hourly Wage Needed To Afford FMR	\$9.54	\$8.67	\$10.97	\$11.86
2 BDRM	FMR	\$603	\$571	\$682	\$757
	Hourly Wage Needed To Afford FMR	\$11.60	\$10.98	\$13.12	\$14.55
3 BDRM	FMR	\$853	\$767	\$982	\$1,071
	Hourly Wage Needed To Afford FMR	\$16.40	\$14.57	\$18.88	\$20.59
4 BDRM	FMR	\$953	\$900	\$1,146	\$1,261
	Hourly Wage Needed To Afford FMR	\$18.32	\$17.30	\$22.03	\$24.25

Number of jobs (40 hours / week, 52 weeks / year) per household at prevailing minimum wage needed to afford the Fair Market Rent for a 2-bedroom unit at 30percent of income.⁶⁰

WASHINGTON	2.0
OREGON	1.8
IDAHO	2.3
MONTANA	2.1

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.”⁶¹ 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 2004⁶².

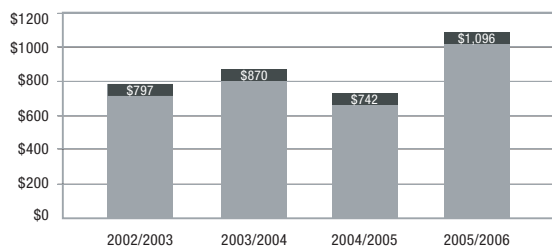
According to the Bureau of Labor Statistics, between fall 2004 and fall 2005, both average wages and average rent increased by 2.9 percent, indicating that for the market as a whole, income kept pace with

rent payments during that period. However, overall inflation outpaced earnings, in part because of a 13.3 percent increase in the costs of housing-related fuel and utilities.⁶³

However, overall inflation outpaced earnings, in part because of a 13.3 percent increase in the costs of housing-related fuel and utilities.³

Utility 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. The U.S. Energy Information Administration estimated that average households spent almost 50 percent more on natural gas to heat their homes during the 2005/2006 heating season, compared to the year before.⁶⁴ These costs particularly affect those who cannot afford to insulate or weatherize their homes or seek alternative heating methods such as wood-burning stoves.

**AVERAGE TOTAL COST OF NATURAL OF GAS
PER HOUSEHOLD FOR THE HEATING SESON**



MY NAME IS ANNE MCLAIN;

I am a working single mom of two children. Aurora, my daughter is 13 and Josh, my son is seven. We moved to Billings from Indiana a little more than two years ago now.

The first months were very tough. I have a Bachelor's degree and am just a few credits short of my masters. Despite my qualifications, I was unable to find a job for more than nine months. I was on TANF (Temporary Assistance for Needy Families) and finally through the work requirements program (WORC) I was able to get a job as a WORC case manager.

As a WORC case manager I make \$11 an hour. To most folks in Montana that is a good wage. But for me and my kids, we struggle to make ends meet. Here's what my budget looks like: I pay \$470 per month for rent on our two bedroom apartment. We don't have a washer and dryer so I spend about \$40 a month on laundry, Groceries are about \$400, phone is \$50, child care for Josh is \$254, utilities are around \$100 per month, and I have one credit card that I pay \$50 a month on. My take home

pay is \$1,637. After my monthly expenses and miscellaneous costs we have NO money to save.

It's hard to make it on even \$11 an hour. I am constantly looking for a higher paying job, but they just don't seem to exist in Montana. I am just a few credits shy of my Master's degree but cannot go to school until I pay off my last tuition bill, and on top of that my education has cost me more than \$40,000 in student loans.

My kids and I go without a lot of things, not the least of which is health insurance. My job does offer coverage but I cannot afford the monthly premiums. So, I go with just dental coverage for the kids. It only costs \$10 a month. I don't have a car, so I have to depend on friends and co-workers for rides to work. Since being off food stamps we go with a lot less fresh fruits and vegetables—they are just too expensive on our budget.

It's extremely difficult here to make enough money to be able to do even the simplest things. I'll never forget the day that Josh came to me and said he needed new shoes; I looked down as saw him poking his big toe through the shoe. I had to wait two weeks for my next check to buy my son shoes without holes in them. As a parent, that is heartbreaking. And things like field trips and school pictures - forget it.

Why in America, the wealthiest nation in history, are our people going without the basic needs? Why don't we invest in health care and education? Something's got to give; it shouldn't be this hard just to live.

CONCLUSIONS

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

likely to be in living wage work.

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

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

Ensuring the financial wellbeing of the residents of the region is a primary responsibility of state governments. These findings indicate that increasing access to work, without guaranteeing adequate wage levels and providing income supplements, is insufficient to fulfill that responsibility. To meet this challenge, lawmakers and policymakers have several options at their disposal to increase the number of living wage jobs, provide education and training to prepare people for those jobs, and meet the basic needs of the region's residents.

Policy Options For Closing the Gap

Working families in the Northwest are doing all they can to support themselves and their families. But for many families, working hard is not enough. What can be done to make sure that families can make ends meet? Findings from the Northwest Job Gap Study: Living Wage Jobs in the Current Economy suggest a number of strategies that business, labor, government, and communities can pursue to close the job gap, promote living wage jobs, and make sure people are able to get and keep these jobs.

Increase the number of jobs that pay a living wage. A number of options exist for increasing the number of living wage jobs and bringing current jobs up to living wage standards. Lawmakers can:

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

Provide people the education and training required for living wage jobs. The door to living wage work will remain shut as long as workers lack adequate training and education. To address this deficit, options include:

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

Meet the basic needs of those who do not have access to stable living wage jobs, and reduce costs of living without lowering living standards. If work alone can not meet the needs of families, the public sector should adopt measures to address this shortfall.

Options include:

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

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 2005 data. Where 2005 data was not available, data for the closest year available were adjusted for inflation to reflect 2005 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 items
- 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).⁶⁵ 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 one 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 1989-1991 data and updated monthly for inflation.⁶⁶

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.⁶⁷

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.⁶⁸ 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 Transportation⁶⁹ and 2004 Internal Revenue Service (IRS) “Standard Mileage Rates” as an approximate cost for automobile travel.⁷⁰

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.⁷¹ 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.⁷²

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.⁷³ 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.⁷⁴ Additionally, low-wage workers are much less likely than higher-wage earners to work in companies that offer health insurance to their employees.⁷⁵ In 2004 in the U.S., 54 percent of the population had employer-based insurance, 5 percent purchased private, individual health insurance, 13 percent were covered by Medicaid, 12 percent were covered by Medicare, and 16 percent were uninsured.⁷⁶

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).⁷⁷ 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.⁷⁸ 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.⁷⁹ 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.⁸⁰

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.⁸¹ An only child was assumed to be an eight-year-old male, and two children in a family were males ages eight and two (gender did not affect price quotes). The eHealthInsurance website generates premium quotes by zip code, so statewide 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.⁸²

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 (two parents, two children, with only one 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.⁸³ 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:

1. 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 five percent.
2. Clothing and personal costs include clothing, personal care products, reading materials, and other personal expenses. Clothing and personal costs are estimated at six percent.
3. 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 five percent.
4. 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 two percent.

SAVINGS

The American Savings Education Council (ASEC) has developed a formula for estimating the percentage of household income that families should save.⁸⁴ 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.⁸⁵ When applied to households in our

study, the recommendation is that families should save between seven and 13 percent of household income for retirement. Using the lower estimate of seven percent, an additional three 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.⁸⁶

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.⁸⁷

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.⁸⁸ Employment taxes were calculated at 7.65 percent of earned income (6.2% for Social Security, 1.45% 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.

HIGH AND LOW-COST AREAS

In general, areas with high population density and a proximity to major metropolitan areas tend to be high-cost areas. Rural areas that are far from metropolitan areas tend to be low cost areas. In addition to the average statewide living wage budgets, household budgets have also been estimated for high- and low-cost areas. These distinctions are based on the costs of housing and child care, as these costs vary the most from high- to low-cost area. This provides an estimate

of how costs vary across each state.

To estimate the cost of rent in high-cost areas, the two counties with the highest Fair Market Rents were averaged together. The same method was used to estimate the cost of rent in low-cost areas.

For child care, county specific data is not available in any of the states. Instead, each state has child care regions made up of many counties. To estimate the cost of child care in high-cost areas, the costs from the two most expensive regions were averaged together. The same method was used to estimate the cost of child care in low-cost areas.

The costs of housing and child care for all counties and regions are included in the technical appendix. This can be used to further tailor the living wage budget to specific areas.

CURRENT LIVING WAGE JOBS

Total number of current jobs held, identification of living-wage occupations, and number of jobs held per occupation were based on wage data from the 2005 Occupational Employment Statistics (OES) wage survey of employers conducted by state Employment Security Agencies in cooperation with the BLS and the ETA.⁸⁹ To determine which occupations pay a living wage, the state's median wage for each occupation was identified.⁹⁰ Using the living wage budgets described earlier, occupations were classified as non-living wage or as living wage for each household type. The jobs were then aggregated to reflect all jobs that pay a living wage for each household type.

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.⁹¹

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 – 1bdm	HUD Fair Market Rents – 2bdm
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

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

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

CHILDCARE

*Monthly costs are shown and are an average of the costs of the various types of child care providers within each region.

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

92

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

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

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