

**2007 MONTANA  
JOB GAP STUDY**

# Living in the **RED**



## Montana Family Budgets Falling Behind



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**Northwest Federation of  
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## Executive Summary

The wage gap between high- and low-income families continues to grow. In the Northwest, people struggle to find work that pays a living wage. A living wage is the amount that is needed for an individual or family to meet their basic needs. This increasing wage gap means that for many individuals and families, hard work just isn't enough.

*Living in the Red: Northwest Family Budgets Falling Behind, 2007 Northwest Job Gap*, takes stock of the Northwest economy. This report features:

- A living wage for all counties in Idaho, Montana, Oregon, and Washington,
- A comparison of real wage growth with the rise in the living wage,
- The percent of job openings that pay a living wage,
- The ratio of the number of living wage job openings to the number of people looking for work.

The findings show an alarming picture of the Northwest economy. For people looking for living wage work in the Northwest, the market is limited. These job seekers are often confronted with low-paying jobs that do not provide sufficient income for a basic standard of living. They face the gap left between the need for living wage work, and the availability of jobs that pay enough to maintain a basic standard of living.

Job seekers and workers are further challenged by a disturbing trend; the fact that the cost of basic necessities is increasing faster than wages. Driven by rapidly rising health care costs, the living wage is fast outpacing actual wage growth, leaving paychecks increasingly unable to cover a basic standard of living. Data from this and previous reports show that even if a worker received a living wage five years ago, by now even an inflation-adjusted wage would leave the worker unable to meet some basic needs.

The Job Gap Series has used the same methodology over the past five years and found that, between 2002 and 2006, the living wage has risen

<b>NORTHWEST LIVING WAGES</b>	<b>IDAHO</b>	<b>MONTANA</b>	<b>OREGON</b>	<b>WASHINGTON</b>
<b>Household 1: Single adult</b>	\$10.93	\$10.32	\$11.67	\$11.51
<b>Household 2: Single adult with one child</b>	\$18.77	\$16.77	\$19.65	\$18.39
<b>Household 3: Single adult with two children</b>	\$23.44	\$20.97	\$24.48	\$25.18
<b>Household 4: Two adults (one working) with two children</b>	\$21.56	\$21.36	\$23.11	\$23.04
<b>Household 5: Two adults (both working) with two children</b>	\$30.05*	\$27.84*	\$31.34*	\$31.68*

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

**Table 1**

two to four times faster than inflation and actual wage growth 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.

As few as one in five job openings in the region offer a wage that could support a working family. The job gap ratios below indicate that over the course of 2006, there were as many as 10 times as many job seekers as there were living wage jobs.

The stories of people working in the Northwest 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 monthly bills.

These trade-offs can have severe consequences. For example, as health care costs continue to rise, health insurance is often the first necessity to be cut from the family budget. 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. 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.

The findings in this report are based on data from 2006, the most recent year for which data on job openings, wages, and employment are available.

NORTHWEST JOB GAP	Total Job Seekers		Total Job Openings	
	493,085		259,646	
	Household 1 Single Adult	Household 2 Single Adult with 1 Child	Household 3 Single Adult with 2 Children	Household 4 2 Adults, 1 Working with 2 Children
Living Wage Job Openings	173,236	87,908	47,810	60,372
Job Seekers Per Living Wage Job Openings	3:1	6:1	10:1	8:1
Percent of All Job Openings Paying Less Than a Living Wage	33%	66%	82%	77%

Table 2

## **Introduction**

Since the last recession ended at the beginning of the century, the U.S. economy has seen some recovery. For the past six years, the economy has seen expansion each year. However, this recovery has not been felt by everyone.

Recent economic growth has been largely concentrated in the higher income brackets. The tax cuts that were supposed to help everyone have benefited mostly the wealthy.<sup>1</sup> While there has been modest job growth in the last three quarters of a decade, this growth has been felt primarily in the higher wage jobs. Meanwhile, middle- and low-income families have seen their real wages stagnate, and new research finds that neither middle- nor low-income workers are seeing any more ability to afford their basic needs, never mind shopping more.<sup>2</sup>

As costs for basic needs such as health care continue to rise faster than wages, families across the country are seeing their paychecks less able to cover the bills. Many workers also find that there are few jobs in the market that will allow them to afford basics like nutritious food, health care, and a modest savings without going into debt.

## **Methodology**

*Living in the Red: Northwest Family Budgets Falling Behind, 2007 Northwest Job Gap* is one in a series of studies that calculate the cost of basic household budgets in the Northwest to determine the living wage for certain household types and measure the availability of these living wage jobs. This living wage is used to find the “job gap”: the percent of job openings that pay less than a living wage and the ratio of the number of living wage job openings to the number of people looking for work.

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 U.S. Department of Labor’s 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 Bureau of Labor Statistics as part of the BLS’s Occupational Employment Statistics (OES) program.

Occupation and wage data are available from data reported by each state following guidelines developed by the states in cooperation with the Bureau of Labor Statistics and the Employment and Training Administration. The March 2006 Current Population Survey (CPS) was used to calculate the job-seeking population in all four Northwest states.

Trending data is derived from previous reports in the Job Gap series, available at [www.nwfco.org](http://www.nwfco.org).

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, 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 \$10.32 an hour, or \$21,473 a year, in Montana to \$11.67 an hour, or \$24,276 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 \$20.97 an hour, or \$43,620 a year, in Montana to \$25.18 an hour, or \$52,369 a year, in Washington.

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 2006 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 Wash-

ington. Not even the recent increase in the federal minimum wage to \$7.25 an hour (to be reached incrementally by 2009), or \$15,080 a year, moves these families much closer to earning a living wage.

Many people who are currently working struggle 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 job openings that pay a living wage for each household type.

## Findings

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

- For a single adult, the living wage ranges from \$10.32 an hour, or \$21,473 a year, in Montana to \$11.67 an hour, or \$24,276 a year, in Oregon. This assumes full-time work on a year-round basis.
- For a single adult with one child, the living wage ranges from \$16.77 an hour, or \$34,889 a year, in Montana to \$19.65 an hour, or \$40,862 a year, in Oregon.

NORTHWEST LIVING WAGES	IDAHO	MONTANA	OREGON	WASHINGTON
Household 1: Single adult	\$10.93	\$10.32	\$11.67	\$11.51
Household 2: Single adult with one child	\$18.77	\$16.77	\$19.65	\$18.39
Household 3: Single adult with two children	\$23.44	\$20.97	\$24.48	\$25.18
Household 4: Two adults (one working) with two children	\$21.56	\$21.36	\$23.11	\$23.04
Household 5: Two adults (both working) with two children	\$30.05*	\$27.84*	\$31.34*	\$31.68*

Table 3

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

- For a single adult with two children, the living wage ranges from \$20.97 an hour, or \$43,620 a year, in Montana to \$25.18 an hour, or \$52,369 a year, in Washington.
- For two adults, one of whom is working, with two children, the living wage ranges from \$21.36 an hour, or \$44,435 a year, in Montana to \$23.11 an hour, or \$48,064 a year, in Oregon.
- For two adults, both of whom are working, with two children, the living wage ranges from \$27.84 an hour, or \$57,899 a year, in Montana to \$31.68 an hour, or \$65,896 a year, in Washington. This means that the combined wages of both working adults need to total this amount.

## The Living Wage and Other Income Benchmarks

Federal poverty thresholds<sup>3</sup> are the original version of the federal poverty measure, which is calculated by multiplying the cost of a minimum food budget by three.<sup>4</sup> 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.<sup>5</sup> Many families with incomes above the federal poverty threshold still lack sufficient resources to meet their basic needs.<sup>6</sup>

The federal minimum wage is a wage floor of \$5.85 an hour and represents an attempt to provide a basic standard of living for workers.<sup>7</sup> 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 was increased to \$5.85 an hour from \$5.15 an hour on July 24, 2007, and it will reach \$7.25 an hour in 2009. Prior to this increase, the minimum wage had not been changed since 1997.

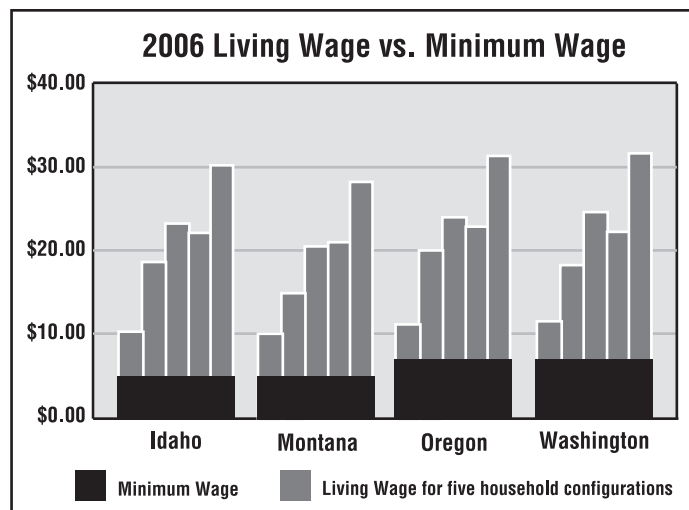


Figure 1

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.<sup>8</sup> 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, even with the recent increase. Washington became the first state to index the state minimum wage to inflation when a statewide initiative passed in 1998.<sup>9</sup> Similarly, a successful ballot initiative in Oregon raised that state's minimum wage in 1998, and indexed its minimum wage to inflation.<sup>10</sup>

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.

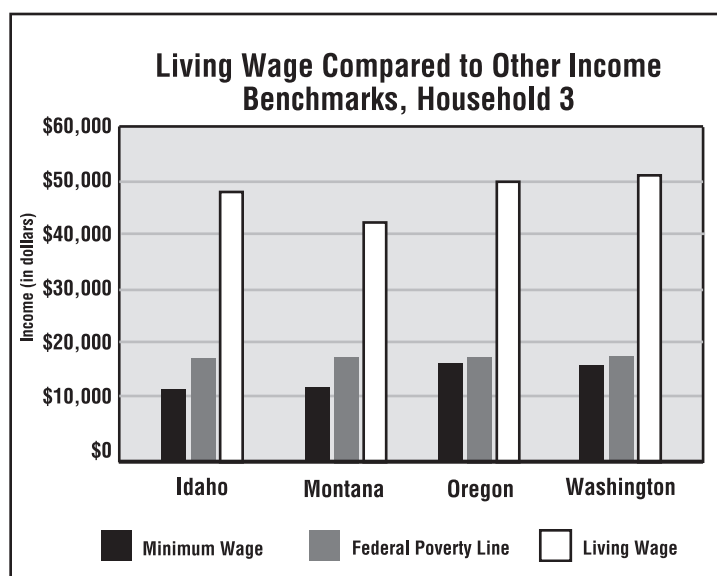


Figure 2

# The Rising Cost of Living

The living wage is the wage that will afford a family a basic standard of living. Therefore, it is, in effect, also a measure of the cost of living. A comparison of past living wage calculations and wage growth reveals that the cost of living is increasing faster than actual wages.

The cost of living has grown almost twice as fast as actual wages across the Northwest. Wages are simply not keeping up with the increasing costs of basic necessities.

State by state figures are:

- Oregon has seen actual wage growth of a bit over 8 percent. Health care costs, however, are growing almost five times as fast.
- Washington’s health care costs for families have increased by over 60 percent, while real wages only grew by about 9 percent.
- Montana’s workers have seen the cost of living increase by 20 percent. This is almost twice as fast as the increase in actual wages of 9 percent.

- Idaho’s wages have grown the fastest in the Northwest, at 11.87 percent. However, the cost of living and health care costs have risen close to two and three times that amount.

Costs for health care have been the primary driver of this increase in the cost of living. For example, a single adult in Washington will have seen her health care costs increase by almost 70 percent since 2002. This is an increase of \$360 per year. In contrast, state median wages in Washington increased less than 12 percent during this same time period. So a worker who receives average raises on a wage that met a basic standard of living in 2002 would come up short this year.

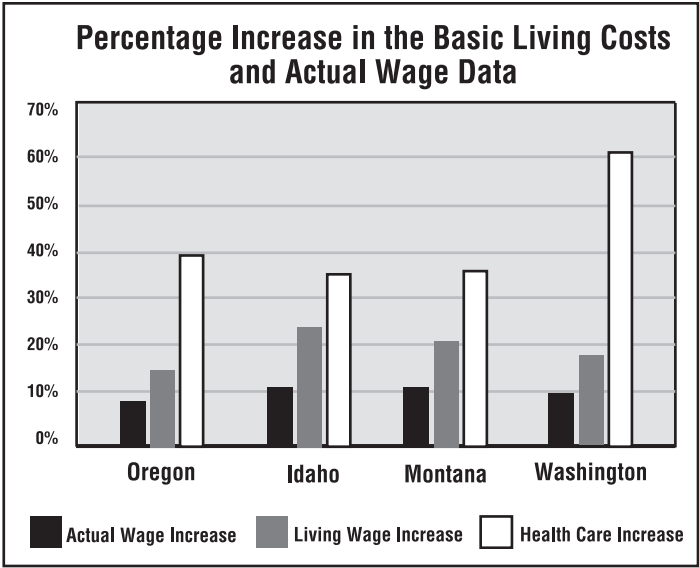


Figure 3

Percent Change, 2002 - 2006	Actual Wages <sup>11</sup>	Cost of Living <sup>12</sup>	Health Care Costs
Oregon	8.67%	14.65%	39.22%
Idaho	11.97%	23.45%	35.74%
Montana	11.17%	20.81%	36.81%
Washington	9.80%	17.03%	61.60%

Table 4

## The Northwest Job Gap

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

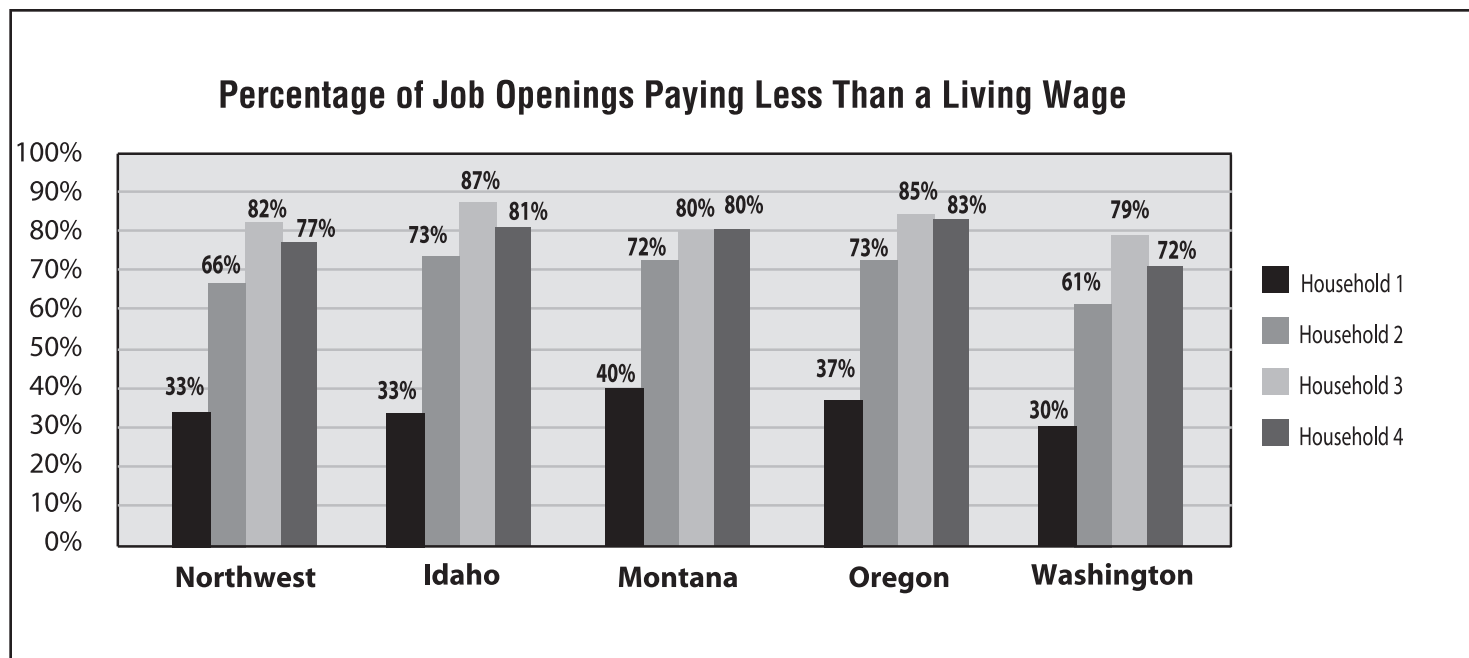
### Percent of job openings that pay less than a living wage

For a person searching for a living wage job, this study finds that the market is limited. Of all Northwest job openings, 33 percent pay less than a living wage for a single adult and 82 percent pay less than a living wage for a single adult with two children, as shown in the graph below. It is important to note the distinction between jobs and job openings. Not all jobs come open during the course of a year, but some jobs may open repeatedly during a year due to turnover or season-

ality of the work. Job openings are of particular interest because they provide employment opportunities for people looking for work.

State-by-state figures are as follows:

- In Idaho, 33 percent of job openings pay less than the \$10.93 an hour living wage for a single adult and 87 percent pay less than the \$23.44 an hour living wage for a single adult with two children.
- In Montana, 40 percent of job openings pay less than the \$10.32 an hour living wage for a single adult and 80 percent pay less than the \$20.97 an hour living wage for a single adult with two children.
- In Oregon, 37 percent of job openings pay less than the \$11.67 an hour living wage for a single adult and 85 percent pay less than the \$24.48 an hour living wage for a single adult with two children.



**Figure 4**

- In Washington, 30 percent of job openings pay less than the \$11.51 an hour living wage for a single adult and 79 percent pay less than the \$25.18 an hour living wage for a single adult with two children.

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

### The Ratio of Job Seekers<sup>13</sup> to Living Wage Job Openings

Another indicator of the job gap is the number of job seekers compared to the number of job openings that pay a living wage. Overall, there are more people looking for work than there are job openings that pay a living wage.

As shown in the table, for each job opening that pays at least the living wage for a single adult, there are two to four job seekers, depending on the state. For each job opening that pays at least the living wage for a single adult with two children, there are eight to 16 job seekers, depending on the state.

Job gap ratios are calculated by dividing the number of people who were looking for work at some point during 2006 by the number of job openings that year. The ratios indicate that, for example, there are two to four times as many job seekers as there are job openings that pay at least the living wage for a single adult, not necessarily that there are two to four people competing for each job of that type. The ratios do not take into account characteristics of job seekers such as their household size, skills, or education and training.

<b>JOB GAP Ratios</b> Job Seekers per Job Opening	IDAHO	MONTANA	OREGON	WASHINGTON
All job openings, including jobs that do not pay a living wage	2 to 1	2 to 1	3 to 1	2 to 1
<b>Living Wage Job Openings</b>				
Single adult	2 to 1	4 to 1	4 to 1	2 to 1
Single adult with one child	5 to 1	8 to 1	9 to 1	4 to 1
Single adult with two children	12 to 1	11 to 1	16 to 1	8 to 1
Two adults (one working) with two children	8 to 1	12 to 1	15 to 1	6 to 1

**Table 5**

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

State-by-state figures are:

- In Idaho, for each job opening that pays at least the \$10.93 an hour living wage for a single adult, there are two job seekers on average. For each job opening that pays at least the \$23.44 an hour living wage for a single adult with two children, there are 12 job seekers on average.
- In Montana, for each job opening that pays at least the \$10.32 an hour living wage for a single adult, there are four job seekers on average. For each job opening that pays at least the \$20.97 an hour living wage for a single adult with two children, there are 11 job seekers on average.
- In Oregon, for each job opening that pays at least the \$11.67 an hour living wage for a single adult, there are four job seekers on average. For each job opening that pays at least the \$24.48 an hour living wage for a single adult with two children, there are 16 job seekers on average.
- In Washington, for each job opening that pays at least the \$11.51 an hour living wage for a single adult, there are two job seekers on average. For each job opening that pays at least the \$25.18 an hour living wage for a single adult with two children, there are eight job seekers on average.

A job gap ratio of four to one, for example, does not necessarily imply there are four people competing for each job opening at that wage level. It simply indicates that over the course of a year there were four times as many job seekers as there were living wage jobs at or above that wage level.

Available data do not provide details on what sorts of jobs workers from households of different sizes actually pursue, so no precise conclusions can be reached about the applicant pool for jobs at different wage levels.

The applicant pool also depends on the skills and education and training of job seekers, as well as other factors. Large ratios suggest greater competition among job seekers for available job openings.

## **What happens to families that do not make a living wage?**

When families are unable to find work that pays living wages, many are forced to make difficult choices between adequate health care, balanced nutrition, paying bills, and saving for emergencies.

The personal stories in this report illustrate some of the complex issues and choices confronted by households below the living wage.

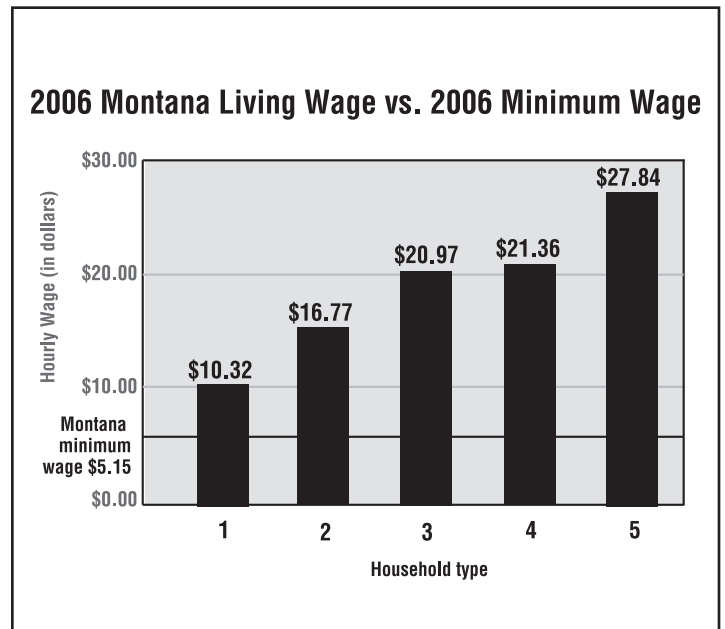
## STATE FINDINGS

# MONTANA

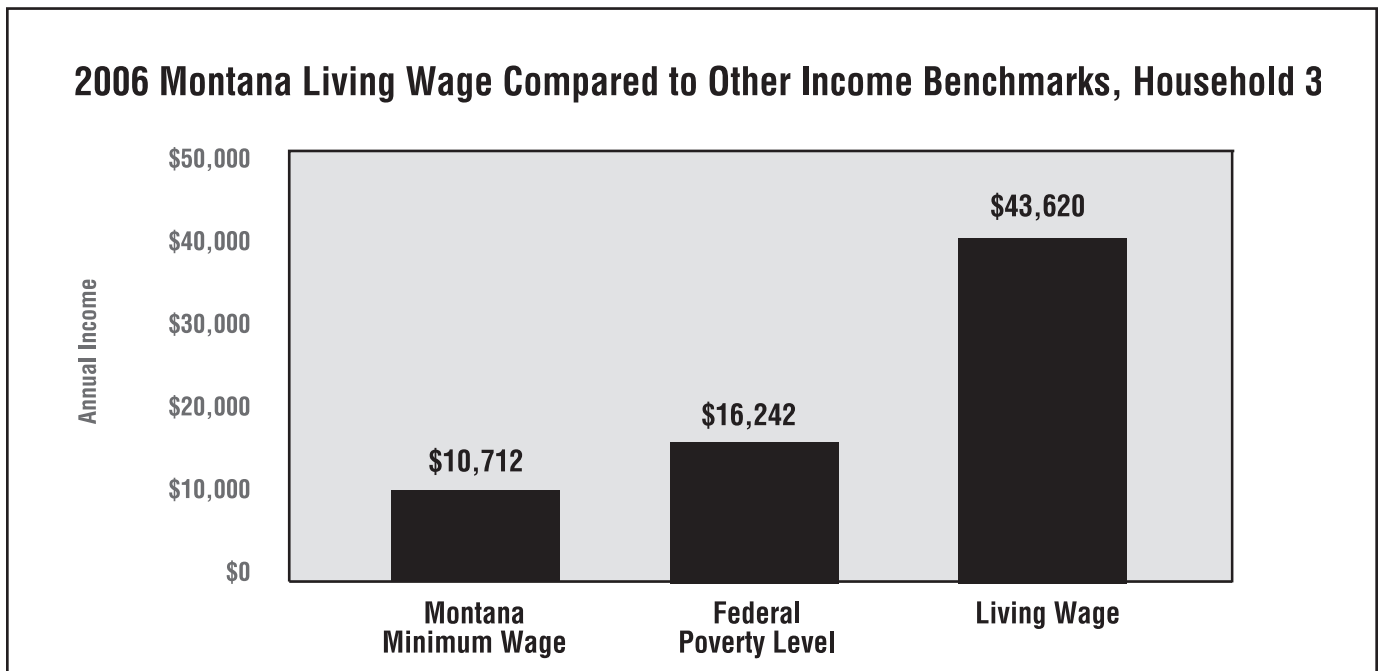
### *Key findings for Montana*

Key findings for Montana are:

- The living wage for a single adult is \$10.32 an hour. This is based on what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$20.97 an hour.
- Costs for employer-sponsored insurance for a single adult have increased by 45 percent over five years. Wages in Montana on average have increased by only 11 percent during the same time period.
- Forty percent of all job openings pay less than the \$10.32 an hour living wage for a single adult. Over three quarters, 80 percent, pay less than the \$20.97 an hour living wage for a single adult with two children.



**Figure 5**



**Figure 6**

- For each job opening that pays at least the \$10.32 an hour living wage for a single adult, there are four job seekers on average. For each job opening that pays at least the \$20.97 an hour living wage for a single adult with two children, there are eleven job seekers on average.

## Montana's Living Wage

Living wages for Montana are:

- For a single adult household, \$21,473 a year or \$10.32 an hour.
- For a single adult with one child, \$34,889 a year or \$16.77 an hour.
- For a single adult with two children, \$43,620 a year or \$20.97 an hour.

- For two adults, one of whom is working, with two children, \$44,435 a year or \$21.36 an hour.

- For two adults, both of whom are working, with two children, \$57,899 a year or \$27.84 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.

For example, the living wage for a family with a single adult with two children in Gallatin County is \$47,611 a year or \$22.89 an

Montana Family Budgets 2006	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 2 Adults, 1 Working with a toddler and a school-age child	Household 5 2 Adults, both Working with a toddler and a school-age child
Food	\$166	\$310	\$409	\$599	\$599
Housing & Utilities	\$466	\$586	\$586	\$586	\$586
Transportation	\$372	\$575	\$575	\$906	\$1080
Healthcare	\$106	\$220	\$273	\$328	\$328
Household, clothing and personal items	\$277	\$423	\$461	\$605	\$648
Savings	\$154	\$235	\$256	\$336	\$360
Childcare	\$0	\$220	\$703	\$0	\$703
State and Federal Taxes	\$2,977	\$4,072	\$4,479	\$4,113	\$6,255
Gross monthly income needed	\$1,789	\$2,907	\$3,635	\$3,703	\$4,825*
Gross annual income needed	\$21,473	\$34,889	\$43,620	\$44,435	\$57,889*
<b>Living Wage (at 2080 hours per year)</b>	<b>\$10.32</b>	<b>\$16.77</b>	<b>\$20.97</b>	<b>\$21.36</b>	<b>\$27.84*</b>

**Table 6**

\*Total amount earned by two working adults

hour while in Silver Bow County the living wage for that same family is \$41,454 a year or \$19.93 an hour. This study includes detailed living wage analyses for all Montana counties (see appendix).

### The Montana Job Gap

Of all job openings, 40 percent pay less than the \$10.32 an hour living wage for a single adult, as shown in the chart below. Four out of five job openings, 80 percent, pay less than the \$20.97 an hour living wage for a single adult with two children. It is important to note the distinction between jobs and job openings. Not all jobs come open during a year. Job openings are of particular interest because they provide employment opportunities to people looking for work.

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

- For each job opening, regardless of pay, there are two job seekers on average.
- For each job opening that pays at least \$10.32 an hour, the living wage for a single adult, there are four job seekers on average.
- For each job opening that pays at least \$20.97 an hour, the living wage for a single adult with two children, there are eleven job seekers on average.

MONTANA JOB GAP	Total Job Seekers		Total Job Openings	
	52,776		23,404	
	Household 1 Single Adult	Household 2 Single Adult with 1 Child	Household 3 Single Adult with 2 Children	Household 4 2 Adults, 1 Working with 2 Children
Living Wage Job Openings	13,965	6,443	4,658	4,553
Job Seekers Per Living Wage Job Openings	4:1	8:1	11:1	12:1
Percent of All Job Openings Paying Less Than a Living Wage	40%	72%	80%	81%

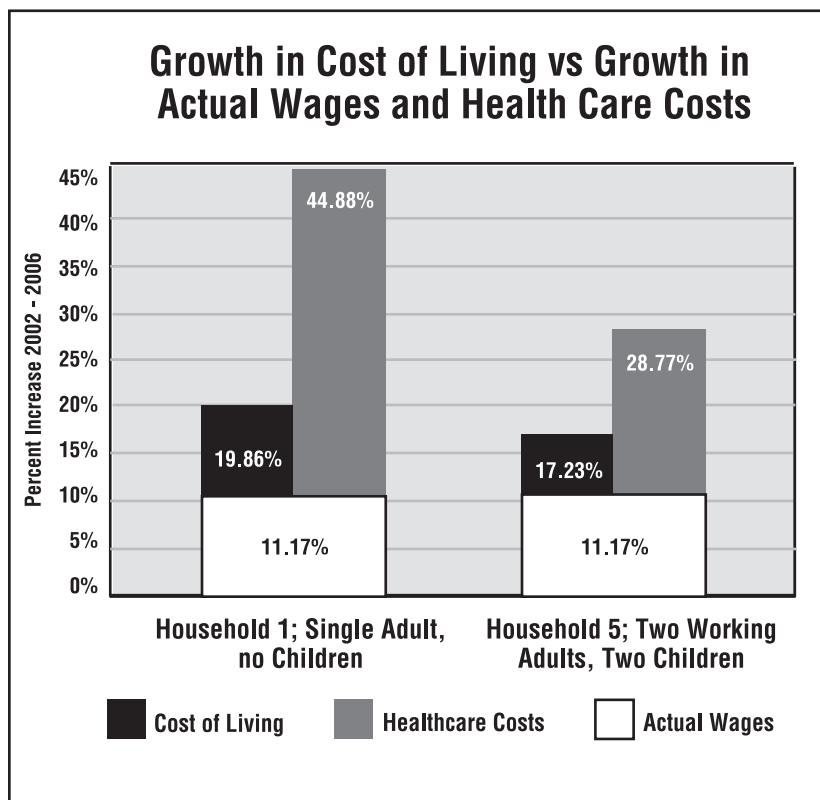
Table 7

## Montana's Rising Cost of Living

Montana's living wage is the wage that will afford a family a basic standard of living. It is, therefore, a measure of the cost of living for Montana.

A comparison of the increase in the cost of living and the increase in actual wages since 2002 reveals two important findings: the cost of living is increasing faster than actual wages in Montana, and health care costs are driving the increase in the cost of living.

From 2002 – 2006, median wages in Montana have risen 11.17 percent. By contrast, the cost of living for individuals and families has risen close to as fast. Health care costs have risen almost three to four times as fast. What this means for working people is that wages are increasingly insufficient to afford a basic standard of living.



**Figure 7**

Montana's Cost of Living Out-Pacing Wages and Health Care Costs		2002	2003	2004	2005	2006	Five year increase
Montana's Median Wages		\$11.10	\$11.43	\$11.73	\$11.86	\$12.34	<b>11.17%</b>
HH1 Single Adult with no children	Health Care Costs	\$72.92	\$80.08	\$83.61	\$89.09	\$105.63	<b>44.88%</b>
	Cost of Living	\$8.61	\$8.81	\$9.07	\$9.83	\$10.32	<b>19.86%</b>
HH5 Two Adults, Both Working, Two Children	Health Care Costs	\$255.00	\$274.12	\$286.19	\$334.97	\$328.37	<b>28.77%</b>
	Cost of Living	\$23.74	\$24.03	\$24.86	\$26.96	\$27.84	<b>17.23%</b>

**Table 8**

# Trade-offs and Tough Times

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, this indicates that our economy is failing many families. Since the living wage is a county-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 five years. This section of the report explores these trends, and reveals the difficult tradeoffs that households confront when they do not earn a living wage.

# The Rise of the Living Wage

The living wage is a measure of the cost of living. Based on data collected by the Job Gap series since 2002, the cost of living continues to rise faster than inflation<sup>14</sup> and actual wages in every state in the Northwest. What this means is that for people making a living wage, over time that wage won’t keep up with costs. Even with annual cost of living pay raises, workers will not find next year’s salary enough to afford a basic living. For example, imagine a mother of two children in Idaho found a job in 2002 that paid that year’s living wage of \$18.82 per hour. Even with cost of living increases in her salary based on inflation, today she would be making almost \$2.50 an hour less than this year’s living wage. Even if she was getting raises closer to actual wage growth, today she would be unable to afford a basic standard of living.

Living Wage Trends by State: 2002 to 2006					
	2002	2003	2004	2005	2006
Household 1: Single Adult, no children					
Washington	\$10.07	\$10.43	\$10.77	\$11.16	\$11.51
Montana	\$8.61	\$8.81	\$9.07	\$9.81	\$10.32
Oregon	\$10.17	\$10.41	\$10.77	\$11.38	\$11.67
Idaho	\$8.68	\$9.20	\$9.30	\$10.41	\$10.93

Living Wage Trends by State: 2002 to 2006					
	2002	2003	2004	2005	2006
Household 3: Single Parent, two children					
Washington	\$20.97	\$21.83	\$22.35	\$23.39	\$25.18
Montana	\$17.07	\$17.85	\$18.46	\$19.98	\$20.97
Oregon	\$21.44	\$22.18	\$22.37	\$23.40	\$24.48
Idaho	\$18.82	\$19.52	\$20.28	\$22.23	\$23.44

Table 9

The primary causes for the increase in the living wage relative to inflation are the rising costs of health care, housing, utilities, and transportation.

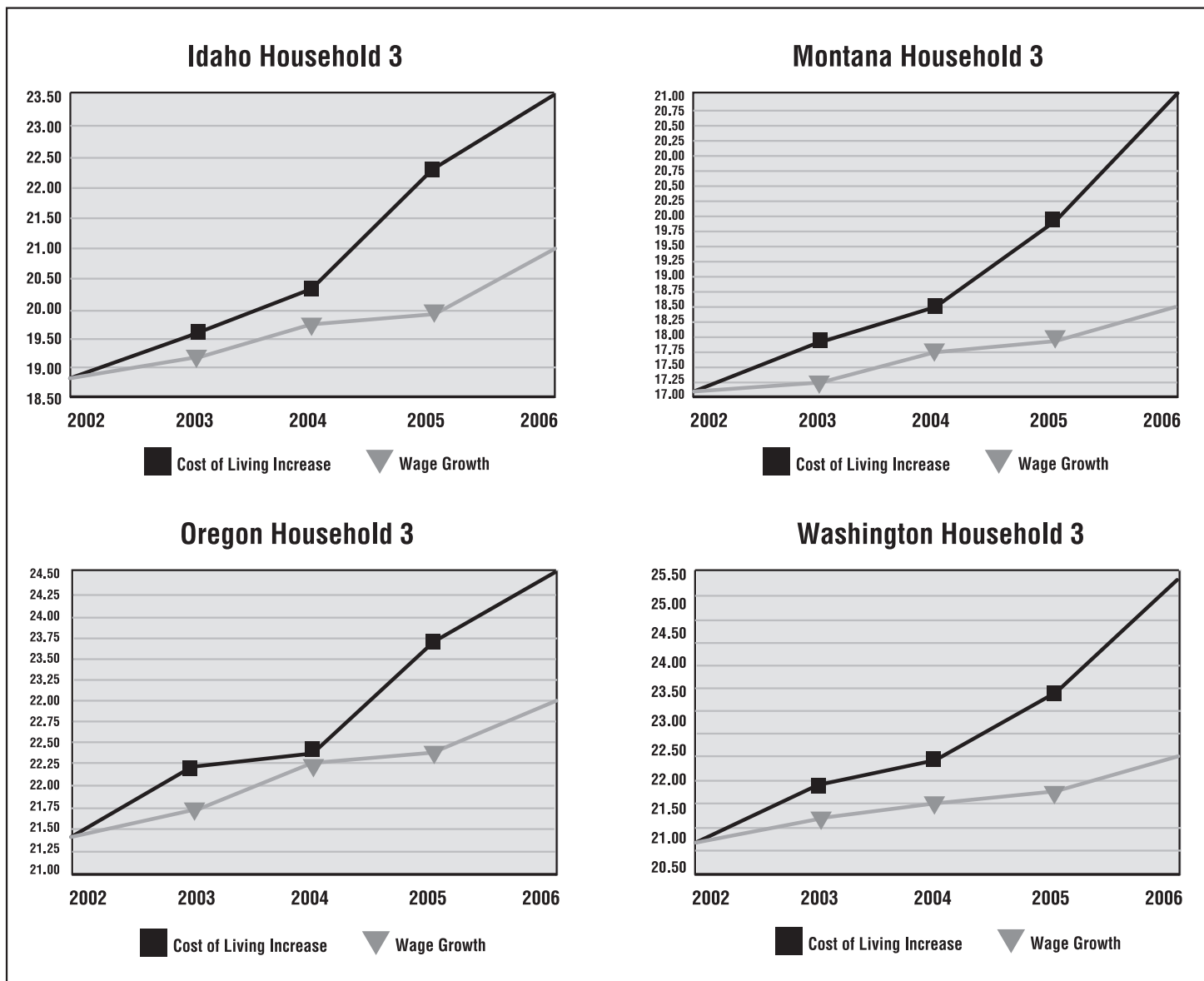
## Health Care

Health care is the most volatile variable in the family budget calculation, and the primary reason for the rise in the living wage. This rise in out-of-pocket health care costs over the past several years has been paired with a decrease in benefits, which leaves many families at risk of financial ruin in case of medical emergencies.

For people who have access to employer-based health insurance, 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 over time.

## Employer-based Health Care Costs Driving the Living Wage Increases

In the past six years, the Northwest has seen an average annual increase in health care costs of up to six times the rate of inflation. Families of three in Washington with one adult in the house have seen



**Figure 8**

their health care costs rise 74 percent since 2002. In all states, health care costs have increased more than other components of the living wage, making them the primary drivers of living wages.

The figures in the Northwest parallel national trends in health insurance costs. From 2005 to 2006, health insurance premiums increased by 7.7 percent. This is the seventh year in a row that health insurance premiums have increased at least twice as fast as both inflation and workers' earnings.<sup>16</sup> In 2006, the average annual premium that a health insurer charged an employer for a health plan covering a family of four averaged \$11,480. This is an increase of 87 percent since 2000, com-

pared with cumulative wage growth of only 20 percent in the same time period.<sup>17</sup>

### Increased Costs Push Workers in Medical and Financial Peril

This study assumes that everyone has access to employer-based health coverage. Looking at the trend in health care costs nationally, even people who are offered employer-based insurance struggle to afford health care.

As health costs have risen over the past decade, employers have shifted these costs to employees. The average employee contribution to company-

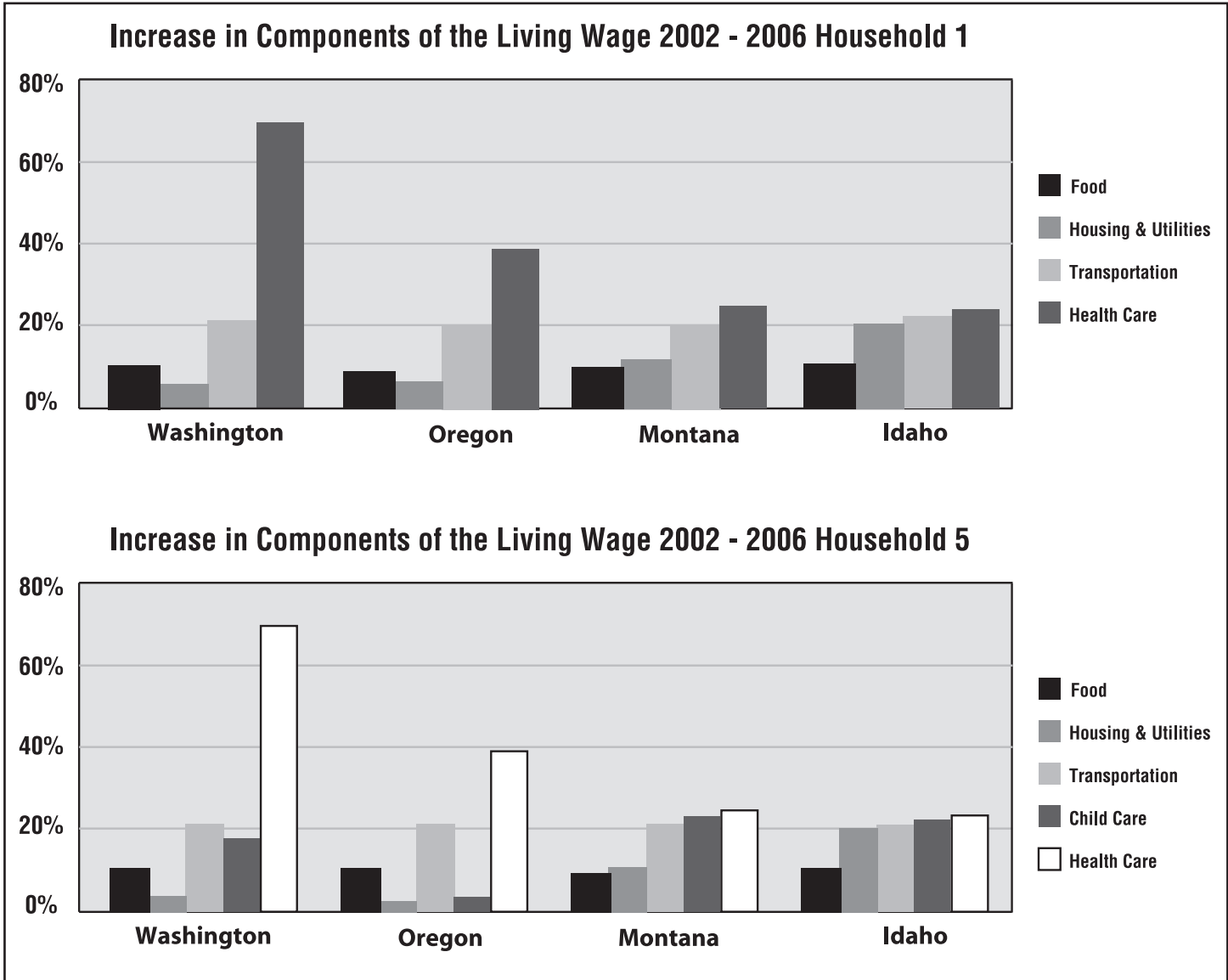


Figure 9

provided health insurance increased by more than 143 percent from 2000 to 2004. Average out-of-pocket costs for deductibles, co-payments, and co-insurance rose 115 percent during the same time period.<sup>18</sup> Researchers project that over \$250 billion will be spent in 2007 on out-of-pocket expenses on top of insurance premiums.<sup>19</sup>

A recent survey found that six out of ten working-age people worry about being able to afford the cost of their health insurance over the coming years. Twenty-five percent of Americans say their family had problems paying for care in the past year, a seven percent increase from the previous year. For low-income families making under \$35,000 per year, this increases to 42 percent.<sup>20</sup>

Indeed, the increased costs of health care overall are playing an increased role in financial problems of both the insured and uninsured. Nearly two in five adults have difficulty paying medical bills, have accrued medical debt, or both.<sup>21</sup> Medical bills and debt have become the leading cause of bankruptcies, accounting for a majority of all personal bankruptcies.<sup>22</sup>

Even for those not forced into bankruptcy, medical debt itself becomes a barrier to health care. Insured people with medical debt are four times more likely to skip treatment because of cost than those who are insured without these financial problems.<sup>23</sup> In general, the care-seeking patterns among those with private insurance who have medical debt resemble the patterns of people with no insurance coverage.<sup>24</sup>

## **Households Without Employer-based Insurance Have Limited Affordable Options**

This study assumes that people are trying to afford employer-based insurance. However, not everyone is offered insurance through their employer. The rate of employer-based coverage for working-age adults fell from 63.6 percent in 2000 to 59.7 per-

cent in 2006.<sup>25</sup> Low-wage workers are less likely to be working in jobs that offer health insurance.<sup>26</sup> These workers and their families have the option of purchasing health care on the individual 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.

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 annual for family coverage<sup>27</sup> – this reflects the relatively younger age of purchasers and less generous coverage. Individual market coverage that was comparable to group coverage of 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 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.<sup>28</sup>

Private, individual health insurance is characterized substantial patient cost-sharing requirements, inferior benefits, and variability of average premiums. For most private insurance, older, less healthy enrollees pay higher premiums.<sup>29</sup>

The number of uninsured in the U.S. is rising. As costs continue to rise, so does the number of uninsured. National surveys have shown that cost is the primary reason for why people are uninsured, and economists have shown that increases in health costs cause drops in health insurance coverage.<sup>30</sup> The number of people in the U.S. without health insurance rose from 44.8 million in 2005, to almost

47 million in 2006.<sup>31</sup> The percent of full-time working adults who lack health insurance rose to 17.9 percent in 2006, up from 17.2 percent.<sup>32</sup> The number of full-time working adults who are uninsured climbed by 1.2 million, to 22.0 million.<sup>33</sup>

Lack of insurance is much more common among those with low incomes. A quarter of people with incomes below \$25,000 are uninsured, almost triple the rate of people with incomes over \$75,000 (8.5 percent).<sup>34</sup>

People of color are also much more likely to be uninsured than non-Hispanic whites. African Americans are twice as likely (20.2 percent) and Hispanics are over three times more likely (34 percent) to be uninsured than non-Hispanic whites (12.4 percent).<sup>35</sup> Compared to non-Hispanic whites, African Americans, and Latinos are less likely have employer sponsored insurance.<sup>36</sup> Even at higher income levels (above 200 percent of federal poverty level), people of color are more likely to be uninsured than non-Hispanic whites.<sup>37</sup>

Many people in the Northwest cannot afford adequate health care, and are underinsured or uninsured entirely. While healthy uninsured families may get by without coverage for years, when serious health problems arise any small savings quickly vanish to cover health care costs. Even insured families may find that the insurance they have been paying for doesn't cover all costs. All workers 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 2005 and 2006. 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.<sup>38</sup> 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.<sup>39</sup> Fuel costs have stretched family budgets across the Northwest.

## Housing and Utilities

Housing and utilities costs in the Northwest account for a growing portion of the living wage. 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.<sup>40</sup>

One-third (33 percent) of extremely-low-income renter households with children have earnings consistent with full-time work.<sup>41</sup> In 2004, more than two million employees nationwide were paid an hourly wage at or below the then 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 at 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.<sup>42</sup>

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.<sup>43</sup> These costs particularly affect those who cannot afford to insulate or weatherize their homes or seek alternative heating methods such as wood-burning stoves.

## **Conclusions**

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

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

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

## **Policy Options for Closing the Gap**

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

Gap 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, and expanding public programs that work;
- 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 2006 data. Where 2006 data were 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 U.S Department of Agriculture’s (USDA) monthly report “Cost of Food at Home; U.S. Average at Four Cost Levels.”<sup>44</sup> The 2002 living wage calculation used the March 2002 Low Cost Food Plan. Monthly food costs for the living wage calculation for 2003 to 2007 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.<sup>45</sup>

## 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.<sup>46</sup> 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.<sup>47</sup> 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 Transportation<sup>48</sup> and 2006 Internal Revenue Service (IRS) “Standard Mileage Rates” as an approximate cost for automobile travel.<sup>49</sup>

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.<sup>50</sup> 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 (48.5 cents per mile in 2006), which accounts for vehicle cost, insurance, gasoline, repairs, depreciation, and vehicle registration fees.<sup>51</sup>

## 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.<sup>52</sup> 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.<sup>53</sup> Additionally, low-wage workers are much less likely than higher-wage earners to work in companies that offer health insurance to their employees.<sup>54</sup> In 2005 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.<sup>55</sup>

### Employer-Sponsored Insurance:

Average employee contributions to employer-sponsored insurance premiums were obtained for each state from the Insurance Component Tables of the 2004 Medical Expenditure Panel Survey (MEPS).<sup>56</sup> 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.<sup>57</sup> 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 2004 MEPS House-

hold Medical Expenditure Tables, which can be modified to produce specific out-of-pocket data by age and geographic region.<sup>58</sup> 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.<sup>59</sup>

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.<sup>60</sup> 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 eHealth-

Insurance 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.<sup>61</sup>

## 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.<sup>62</sup> 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.<sup>63</sup> 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.<sup>64</sup> 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.<sup>65</sup>

## **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.<sup>66</sup>

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.<sup>67</sup> 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 from 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 areas. 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.

### **Job seekers include:**

- The unemployed—people who are not employed but are looking for work. Included are those who have been laid off, quit their jobs, are entering the workforce for the first time, or are re-entering it. Not included are those who are unemployed due to temporary layoff or those looking only for part-time work.
- Involuntary part-time workers—people who work less than full-time, but want to work full-time.
- Discouraged workers and marginally attached workers—people who are not employed and not currently looking for work, but have looked for work within the past year. In the case of discouraged workers, they are not seeking work because they believe there are no jobs available or there are none for which they qualify.
- Marginally attached workers are not seeking work due to personal or financial reasons.
- Not included are people who prefer part-time work

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

The job seeker figures used are likely an underestimate of the actual number of job seekers. Ideally, the count of job seekers would capture everyone, working or not, who needs a living wage job.

The figures understate the number of job seekers in that it does not count those who are working full-time at less than a living wage job but want a living wage job, because data on this group do not exist. It overstates the number in that all the unemployed are counted, even though some may not be looking for a living wage job. Also, people who left the labor market and then re-entered the same occupation are counted among the job seekers, whereas those who moved directly from one job to another in the same occupation are not. However, assuming even a fraction of the people working at less than a living wage job for a single adult want a living wage job, the count is, on balance, an underestimate.

### **Job openings include:**

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

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

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

## Appendix: County level living wage figures

<b>MONTANA County Living Wages</b>	<b>Household 1</b> Single Adult <b>Living Wage</b> (at 2080 hr/yr) <b>Ranking</b>		<b>Household 2</b> Single adult with a school- age child (age 6-8yrs) <b>Living Wage</b> (at 2080 hr/yr) <b>Ranking</b>		<b>Household 3</b> Single adult with a toddler (12-24months) and a school age child <b>Living Wage</b> (at 2080 hr/yr) <b>Ranking</b>		<b>Household 4</b> Two adults (one of whom is working) with a toddler and a school age child <b>Living Wage</b> (at 2080 hr/yr) <b>Ranking</b>		<b>Household 5</b> Two adults (both working) with a toddler and a school age child <b>Living Wage</b> (at 2080 hr/yr) <b>Ranking</b>	
	<b>Counties</b>									
Beaverhead	\$10.68	4	\$17.49	5	\$21.32	6	\$22.06	3	\$28.16	6
Big Horn	\$9.72	54	\$15.98	29	\$20.36	17	\$20.68	31	\$27.22	17
Blaine	\$9.83	45	\$16.03	22	\$19.97	36	\$20.73	22	\$26.83	36
Broadwater	\$10.07	17	\$16.28	20	\$20.26	23	\$21.05	15	\$27.13	23
Carbon	\$10.30	12	\$16.85	10	\$21.17	8	\$21.46	10	\$28.00	8
Carter	\$10.07	17	\$15.84	51	\$19.72	41	\$20.68	31	\$26.59	41
Cascade	\$9.97	43	\$16.29	19	\$20.38	16	\$20.97	21	\$27.24	16
Chouteau	\$9.83	45	\$16.02	24	\$20.14	25	\$20.73	22	\$27.00	25
Custer	\$10.38	11	\$15.84	51	\$19.72	41	\$20.68	31	\$26.59	41
Daniels	\$10.07	17	\$15.93	35	\$19.72	47	\$20.68	31	\$26.59	47
Dawson	\$10.07	17	\$15.86	46	\$19.64	52	\$20.68	31	\$26.51	52
Deer Lodge	\$10.07	17	\$16.34	16	\$20.29	20	\$21.05	15	\$27.15	20
Fallon	\$10.07	17	\$15.84	51	\$19.72	41	\$20.68	31	\$26.59	41
Fergus	\$9.64	56	\$15.90	41	\$20.00	31	\$20.68	31	\$26.87	31
Flathead	\$10.44	7	\$16.95	9	\$21.09	10	\$21.47	9	\$27.92	11
Gallatin	\$10.90	2	\$18.01	1	\$22.89	1	\$22.28	1	\$29.69	1
Garfield	\$10.07	17	\$15.86	46	\$19.64	52	\$20.68	31	\$26.51	52
Glacier	\$9.83	45	\$16.02	24	\$20.14	25	\$20.73	22	\$27.00	25
Golden Valley	\$10.07	17	\$15.90	41	\$20.00	31	\$20.68	31	\$26.87	31
Granite	\$10.07	17	\$16.34	16	\$20.29	20	\$21.05	15	\$27.15	20
Hill	\$9.85	44	\$15.98	32	\$19.91	40	\$20.68	31	\$26.78	40
Jefferson	\$10.07	17	\$16.28	20	\$20.26	23	\$21.05	15	\$27.13	23
Judith Basin	\$9.83	45	\$15.96	33	\$20.05	30	\$20.73	22	\$26.92	30
Lake	\$10.26	14	\$16.45	15	\$20.62	14	\$21.03	20	\$27.49	14
Lewis and Clark	\$10.40	10	\$16.65	12	\$20.59	15	\$21.38	12	\$27.46	15
Liberty	\$9.83	45	\$16.03	22	\$19.97	36	\$20.73	22	\$26.83	36
Lincoln	\$10.25	15	\$16.62	13	\$20.78	12	\$21.19	13	\$27.64	12
Madison	\$10.07	17	\$15.92	40	\$19.91	39	\$20.68	31	\$26.78	39
McCone	\$10.68	4	\$17.42	7	\$21.05	11	\$22.06	3	\$27.94	10
Meagher	\$10.68	4	\$17.79	2	\$22.67	2	\$22.06	3	\$29.48	2
Mineral	\$10.88	3	\$17.57	4	\$21.72	5	\$22.01	6	\$28.55	5
Missoula	\$10.96	1	\$17.72	3	\$21.86	4	\$22.14	2	\$28.70	4
Musselshell	\$10.07	28	\$15.90	41	\$20.00	31	\$20.68	31	\$26.87	31
Park	\$10.44	8	\$17.47	6	\$22.36	3	\$21.75	7	\$29.17	3
Petroleum	\$10.07	28	\$15.90	41	\$20.00	31	\$20.68	31	\$26.87	31
Phillips	\$10.07	28	\$15.93	35	\$19.72	47	\$20.68	31	\$26.59	47
Pondera	\$9.83	50	\$16.02	24	\$20.14	25	\$20.73	22	\$27.00	25
Powder River	\$10.07	28	\$15.84	51	\$19.72	41	\$20.68	31	\$26.59	41
Powell	\$10.07	28	\$16.34	16	\$20.29	20	\$21.05	15	\$27.15	20
Prairie	\$10.07	28	\$15.86	46	\$19.64	52	\$20.68	31	\$26.51	52
Ravalli	\$10.43	9	\$17.09	8	\$21.29	7	\$21.58	8	\$28.13	7
Richland	\$10.07	28	\$15.86	46	\$19.64	52	\$20.68	31	\$26.51	52
Roosevelt	\$10.07	28	\$15.93	35	\$19.72	47	\$20.68	31	\$26.59	47
Rosebud	\$9.70	55	\$15.84	51	\$19.72	41	\$20.68	31	\$26.59	41
Sanders	\$10.25	16	\$16.62	13	\$20.78	12	\$21.19	13	\$27.64	12
Sheridan	\$10.07	28	\$15.93	35	\$19.72	47	\$20.68	31	\$26.59	47
Silver Bow	\$9.74	53	\$15.93	34	\$19.93	38	\$20.69	30	\$26.79	38
Stillwater	\$10.07	28	\$15.98	29	\$20.36	17	\$20.68	31	\$27.22	17
Sweet Grass	\$10.07	28	\$15.98	29	\$20.36	17	\$20.68	31	\$27.22	17

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## **2007 MONTANA JOB GAP STUDY**

# **Living in the RED**

## **Montana Family Budgets Falling Behind**

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Northwest Federation of Community Organizations (NWFCO) is a regional federation of three statewide, community-based social and economic justice organizations located in the states of Idaho, Oregon and Washington: Idaho Community Action Network (ICAN), Oregon Action (OA), and Washington Community Action Network (WashingtonCAN). Collectively, these organizations engage in community organizing and coalition building in both rural and metropolitan areas, including Seattle, Boise and Portland. 1265 South Main Street Suite #304, Seattle, WA 98144, Voice: (206) 568-5400, Fax: (206) 568-5444, Web: [www.nwfco.org](http://www.nwfco.org)