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NORTHWEST
Job Gap
STUDY

SEARCHING FOR
WORK THAT PAYS,
2001

MONTANA

NORTHWEST POLICY CENTER,
NORTHWEST FEDERATION OF COMMUNITY ORGANIZATIONS, AND
MONTANA PEOPLE'S ACTION

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ABOUT THE NORTHWEST JOB GAP STUDY

The Northwest Job Gap Study is a joint project of the Northwest Policy Center at the University of Washington Evans School of Public Affairs and the Northwest Federation of Community Organizations.

The Northwest Policy Center is an applied policy research center that works with policy makers and practitioners to improve strategies for a vital Northwest economy, with an emphasis on the health and well-being of the region's people, communities, and environment.

The Northwest Federation of Community Organizations is a regional federation of four statewide, community-based social and economic justice organizations: Idaho Community Action Network, Montana People's Action, Oregon Action, and Washington Citizen Action. These organizations represent a broad based, grassroots constituency, including disenfranchised and low-to-moderate income residents. They engage in community organizing and coalition building, and conduct issue campaigns at the state and community level.

Guiding the Northwest Job Gap Study and its research and analysis, and education and outreach efforts are state steering committees made up of representatives of business, labor, government, and community groups.

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NORTHWEST JOB GAP STUDY: SEARCHING FOR WORK THAT PAYS MONTANA

EXECUTIVE SUMMARY

The Northwest Job Gap Study explores the gap between the number of living wage jobs being created in the Northwest and the number of people needing living wage jobs. It also seeks to raise awareness and promote public dialogue about the job gap and policy options to close it.

The Northwest Job Gap Study—which covers the states of Idaho, Montana, Oregon, and Washington—aims to provide answers to the questions:

- What is a living wage?
- Are we creating enough jobs that pay a living wage?
- Which industries provide living wage job opportunities?
- Which occupations provide living wage job opportunities?
- How are different demographic groups faring in getting and keeping living wage jobs?
- Is there an education gap in addition to the job gap?
- What are policy options for closing the gap between the number of living wage jobs and people needing these jobs?

WHAT IS A LIVING WAGE?

A living wage is a wage that allows families to meet their basic needs without resorting to public assistance and provides them some ability to deal with emergencies and plan ahead.

Living wages are calculated on the basis of family budgets, which include basic necessities; state, local, and federal taxes; and savings. In 1996, the living wage for a single adult in Montana was \$9.02 an hour; for a single adult with two children, the figure was \$14.80 an hour. In 1998 dollars, the figures were \$9.37 an hour for a single adult and \$15.38 an hour for a single adult with two children; and in 2000 dollars, the figures were \$9.90 an hour and \$16.24 an hour.

ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

The Montana economy is not creating enough living wage jobs for all those who need them, according to several indicators.

For example, 54 percent of all jobs paid less than the living wage for a single adult in 1996, and 80 percent paid less than the living wage for a single adult with two children. Of all job openings, 55 percent paid less than the living wage for a single

adult, and 82 percent paid less than the living wage for a single adult with two children.

In addition, there are more people looking for work than there are job openings that pay a living wage. For each job opening, regardless of pay, there were on average three job seekers in 1996. For job openings that pay at least the living wage for a single adult, the ratio was 6 to 1; for those that pay at least the living wage for a single adult with two children, the ratio was 16 to 1.

From 1996 to 1998, the portion of jobs and job openings that pay a living wage remained about the same. The percentage of job openings that pay less than the living wage for a single adult went from 55 to 56 percent, and the percentage that pay less than the living wage for a single adult with two children remained constant at 82 percent. Job gap ratios also remained constant.

WHICH INDUSTRIES PROVIDE LIVING WAGE JOB OPPORTUNITIES?

Services—such as educational, health, and engineering and management services—make up the largest single portion of jobs that pay at least the living wage for a single adult in Montana. Services accounted for 39 percent of all jobs that pay at least the living wage for a single adult in 1996. Manufacturing was next largest, with 11 percent.

The proportion of living wage jobs varies considerably by industry. For example, 89 percent of all mining jobs pay at least the living wage for a single adult, compared to less than a quarter of all retail jobs.

Median wages ranged from a high of \$43,689 a year in mining to a low of \$12,205 a year in retail trade.

Overall, the portion of jobs that pay at least the living wage for a single adult was 48 percent in 1998. The portion of jobs that pay at least the living wage for a single adult with two children was 24 percent.

Of the 25 industries with the largest number of jobs that pay at least the living wage for a single adult, almost half were in services and retail trade.

WHICH OCCUPATIONS PROVIDE LIVING WAGE JOB OPPORTUNITIES?

The two largest groups of occupations in Montana in terms of living wage jobs are professional, paraprofessional, and technical occupations; and production, construction, operating, maintenance, and material handling occupations. Professional, paraprofessional, and technical occupations accounted for 36 percent of all jobs that pay at least the living wage for a single adult. Production, construction, operating, maintenance, and material handling occupations accounted for another 32 percent.

Overall, 46 percent of all jobs paid at least the living wage for a single adult in 1996; 20 percent paid at least the living wage for a single adult with two children.

Between 1996 and 2006, the number of jobs that pay at least the living wage for a single adult is projected to grow by 1.8 percent a year, slightly less than the 1.9 percent projected growth rate for all jobs. For those jobs that pay at least the living wage for a single adult with two children, the projected growth rate is 1.7 percent a year. For each wage level, the largest portion of growth is projected to occur in professional,

paraprofessional, and technical occupations.

Of the 25 occupations projected to create the most job openings—due to growth and replacement— between 1996 and 2006, only nine have median wages at or above the living wage for a single adult. Nine out of the top 12—retail salespersons, waiters and waitresses, cashiers, bookkeeping, accounting, and auditing clerks, general office clerks, food preparation and service workers, secretaries, janitors and cleaners, and food preparation workers—have median wages below a living wage. Together, they account for one out of every four job openings.

Of the 25 occupations projected to grow the fastest, only eight have median wages at or above the living wage for a single adult.

Of the 25 occupations with the largest number of living wage jobs, 17 are expected to grow at or above the rate for all occupations. Almost three quarters of the 25 are either production, construction, operating, maintenance, and material handling occupations such as truck drivers, carpenters, and mechanics that require anywhere from little to moderate education and training; or professional, paraprofessional, and technical occupations such as teachers, nurses, and accountants and auditors, all of which require moderate or long term education and training.

HOW ARE DIFFERENT DEMOGRAPHIC GROUPS FARING IN GETTING AND KEEPING LIVING WAGE JOBS?

People of color and women are less likely to earn a living wage than whites and men. Thirty nine percent of people of color in Montana earn at least the living wage for a single adult, compared to 55 percent of whites. Forty two percent of women earn at least the living wage for a single adult, compared to 61 percent of men.

Single parents with children are also less likely to earn a living wage. Thirty five percent of single adults with one child and 28 percent of single adults with two children earn the living wage for their household type.

Those with less education and training are also less likely to earn a living wage. Forty six percent of those with a high school diploma or GED earn at least the living wage for a single adult, compared to 75 percent of those with a bachelor's degree or more.

People of color and women in the Northwest are more likely to be looking for work than whites and men, as are those with less education and training. In addition, job seekers of color and those without a high school diploma are more likely to be unemployed, marginally attached or discouraged workers, whereas white job seekers and those with a high school diploma or GED are more likely to be employed part time on an involuntary basis.

IS THERE AN EDUCATION GAP IN ADDITION TO THE JOB GAP?

Job seekers with limited education and training are likely to have more difficulty than others in getting living wage jobs, because most job openings that pay a living wage require moderate to long term education and training.

Fifty nine percent of job seekers have at most a high school diploma or GED,

compared to 44 percent of the total labor force. Forty nine percent of all job openings require only little education and training, but most of these job openings pay less than a living wage. Of the job openings that pay at least the living wage for a single adult, 76 percent require moderate to long term education and training. Of those that pay at least the living wage for a single adult with two children, the figure is 96 percent.

It is important to note, however, that there are still more job seekers than job openings at all education and training levels.

WHAT ARE POLICY OPTIONS FOR CLOSING THE GAP?

Findings from the Northwest Job Gap Study 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.

The strategies fall into four broad categories:

- Job and wage strategies, which focus on increasing the number of jobs that pay a living wage.
Policy options include establishing job quality standards for employers and industries that receive public economic development and business assistance resources; using living wage figures to set wage policies; pursuing high road strategies aimed at creating high wage, high skill jobs; and ensuring workers a strong voice in decisions affecting them.
- Skill development strategies, which focus on providing people the education and training required of living wage jobs.
Policy options include investing in training; promoting job ladders and wage progression; expanding equal education and employment efforts; providing people moving from welfare to work training required for living wage jobs; promoting lifelong learning; promoting apprenticeship programs; and developing publicly funded jobs programs for the hard to serve.
- Linking strategies, which focus on connecting people to living wage jobs.
Policy options include creating integrated, coordinated workforce development systems connected to the regional economy and labor market; creating labor market intermediaries; creating sectoral employment development initiatives; providing low income community residents first chance at job openings with firms getting public assistance; and organizing communities to help shape company and government decisions regarding living wage jobs and low income communities.
- Safety net and cost of living strategies, which focus on making sure people's basic needs are met until they can get and keep a living wage job, and reducing costs of living—without lowering living standards.
Policy options include using living wage figures to determine eligibility for public assistance; providing food, housing, health care, transportation, and child care assistance to those earning less than a living wage; increasing access to health care; creating new and/or expanding existing safety net programs linked to employment; and developing new institutions and/or mechanisms to provide workers stable benefits.

NORTHWEST JOB GAP STUDY: SEARCHING FOR WORK THAT PAYS MONTANA

WHAT IS A LIVING WAGE?

A living wage is a wage that allows families to meet their basic needs without resorting to public assistance and 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, as shown in the table on page 10. Family budgets include basic necessities such as food, housing and utilities, transportation, health care, child care, and household, clothing, and personal items; state, local, and federal taxes; and savings.

Living wages, in 1996 dollars, are:

- For a single adult, \$18,760 a year or \$9.02 an hour.
- For a single adult with one child, \$24,351 a year or \$11.71 an hour.
- For a single adult with two children, \$30,784 a year or \$14.80 an hour.
- For two adults, one of whom is working, with two children, \$25,559 a year or \$12.29 an hour.
- For two adults, both of whom are working, with two children, \$34,491 a year or \$16.58 an hour (which means that the combined wages of both working adults need to total this amount).

These estimates assume full time work on a year round basis.

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

	Higher Cost Areas	Lower Cost Areas
Single adult	\$9.10/hour	\$8.91/hour
Single adult with one child	\$11.88/hour	\$11.44/hour
Single adult with two children	\$14.94/hour	\$14.64/hour
Two adults (one working) with two children	\$12.47/hour	\$12.12/hour
Two adults (both working) with two children	\$16.72/hour	\$16.49/hour

The state's higher cost areas are Yellowstone, Missoula, Cascade, Flathead, Gallatin, Lewis and Clark, Silver Bow, and Ravalli counties.



MONTANA FAMILY BUDGETS (IN 1996 DOLLARS)



	Household 1	Household 2	Household 3	Household 4	Household 5
 Food	141	263	331	462	462
 Housing	357	467	467	467	467
 Transportation	386	333	378	346	405
 Health Care	64	117	132	162	162
 Child Care	0	152	482	0	482
 Household, Clothing & Personal	205	255	283	310	323
 Savings	128	159	177	194	202
 State, Local & Federal Taxes	282	283	315	190	371
Gross Monthly Income Needed	1,563	2,029	2,565	2,130	2,874
Gross Annual Income Needed	18,760	24,351	30,784	25,559	34,491
Living Wage (at 2080 hrs/yr)	\$9.02	\$11.71	\$14.80	\$12.29	\$16.58

*Total amount earned by two working adults

Household 1 is a single adult

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

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

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

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

A comparison of the living wage to the state minimum wage shows that the minimum wage is about 55 percent of the living wage for a single adult and a third of the living wage for a single adult with two children. The state's median wage is slightly greater than the living wage for a single adult (104 percent) and less than two thirds of the living wage for a single adult with two children (63 percent). The living wage is about 200 percent of the federal poverty level.

UPDATE

1998

Living wages, in 1998 dollars, are:

- \$9.37 an hour or \$19,489 a year for a single adult;
- \$12.16 an hour or \$25,298 a year for a single adult with one child;
- \$15.38 an hour or \$31,981 a year for a single adult with two children;
- \$12.77 an hour or \$26,553 a year for two adults, one of whom is working, with two children; and
- \$17.23 an hour or \$35,832 for two adults, both of whom are working, with two children.

2000

Living wages, in 2000 dollars, are:

- \$9.90 an hour or \$20,589 a year for a single adult;
- \$12.85 an hour or \$26,725 a year for a single adult with one child;
- \$16.24 an hour or \$33,786 a year for a single adult with two children;
- \$13.49 an hour or \$28,052 a year for two adults, one of whom is working, with two children; and
- \$18.20 an hour or \$37,855 a year for two adults, both of whom are working, with two children.

ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

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

In 1996, there were about 266,000 working age households in Montana, but only 173,000 jobs that could support a single adult and fewer than 74,000 jobs that could support a single adult with two children.

About 54 percent of all jobs in the economy pay less than the \$9.02 an hour living wage for a single adult and 80 percent pay less than the \$14.80 an hour living wage for a single adult with two children.

The job market that job seekers face is similarly limited. Of all job openings, over half (55 percent) pay less than the \$9.02 an hour living wage for a single adult, as shown in the chart below. Over three quarters of job openings (82 percent) pay less than the \$14.80 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.

MONTANA DISTRIBUTION OF JOB OPENINGS BY WAGE RATE, 1996



*There are few Job openings in the economy that pay more than \$25 an hour. Due to lack of space they have not been included here.

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

- For each job opening, regardless of pay, there are three job seekers on average.
- For each job opening that pays at least the \$9.02 an hour living wage for a single adult, there are six job seekers on average.
- For each job opening that pays at least the \$14.80 an hour living wage for a single adult with two children, there are 16 job seekers on average.

For those job openings that pay a living wage and require at most some combination of a high school diploma, on-the-job training, work experience, and/or post-high school vocational training, the competition may be even stronger. Sixty one percent of all job openings that pay at least the \$9.02 an hour living wage for a single adult require that amount of education and training. For those job openings that pay at least the \$14.80 an hour living wage for a single adult with two children, the proportion is 24 percent.

MONTANA JOB GAP RATIO, 1996



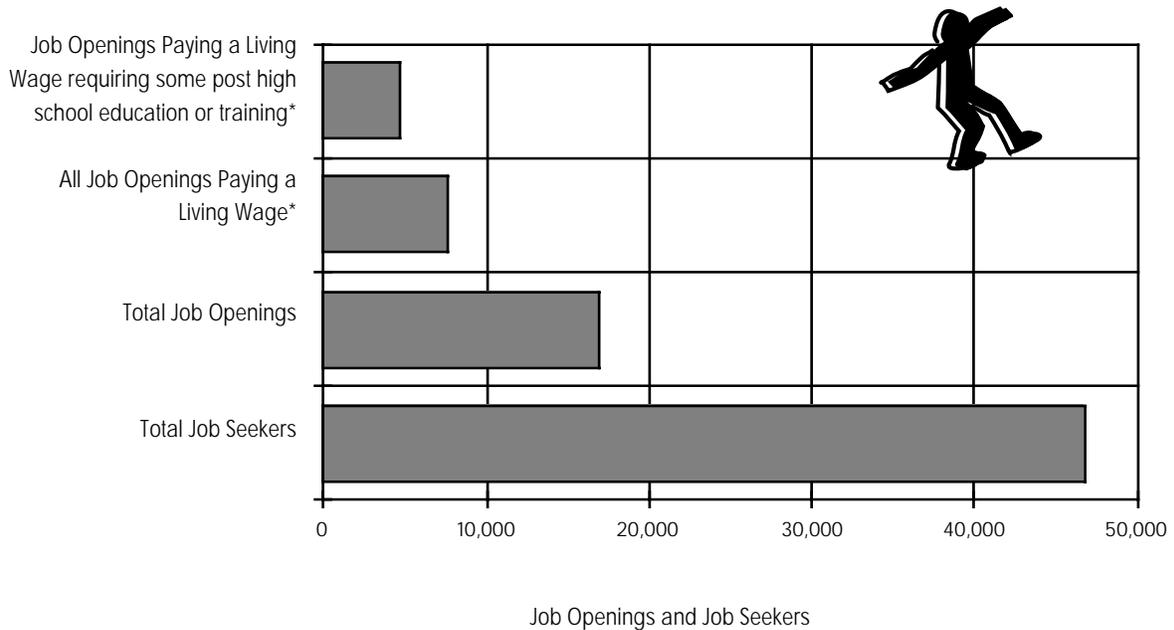
	Single Adult Living Wage \$9.02	Single Adult with Two Children Living Wage \$14.80	All Job Openings
Job Seekers	46,704	46,704	46,704
Job Openings	7,626	2,992	17,000
Job Seekers per Job Opening	6 to 1	16 to 1	3 to 1
Percent of all Job Openings paying less than a living wage	55%	82%	

Job gap ratios are calculated by dividing the number of people who were looking for work at some point during 1996 by the number of job openings that year. The ratios indicate that, for example, there are six times as many job seekers as there are job openings that pay at least the \$9.02 an hour living wage for a single adult, not necessarily that there are six people competing for each job of that type. The ratios do not take into account characteristics of job seekers such as their household size, their skills, or education and training.

Job seekers total 46,704, which equals about 11 percent of total employment in the state. Job seekers include:

- The unemployed—people who are not employed, but 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. About 58 percent of job seekers are unemployed.

FINDINGS FOR MONTANA, 1996



*Living Wage refers to a single adult household

- Involuntary part-time workers—people who work less than full time, but want to work full time. About 31 percent of job seekers are involuntary part-time workers.
- Discouraged and marginally attached workers—people who are not employed and not currently looking for work, but have looked within the past year. In the case of discouraged workers, they are not seeking work because they believe there are no jobs available or none for which they are qualified. And in the case of marginally attached workers, it is because of personal or financial reasons. About 11 percent of job seekers are discouraged or marginally attached workers.

It is important to note that the unemployment rate reflects only the unemployed and, therefore, misses about 40 percent of all job seekers.

The 46,704 figure is 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 figure used in this study understates 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 171,000 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 total 17,000 and include:

- Job openings due to growth—the result of new jobs being created by new or existing firms. About 41 percent of all job openings are due to growth.
- Job openings due to net 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. About 59 percent of job openings are due to net replacement.

Not included are job openings due to people changing employers, but remaining in the same occupation because these are largely invisible to the average job seeker. Also not included, for the same reason, are job openings for unpaid family workers and self-employment.

Job openings are broken down by occupation, wages paid, and education and training required. Wage and education and training data were collected and analyzed for over 800 occupations. In determining which job openings paid a living wage, the state median wage for an occupation was used, where available; this means that half the people in the occupation earn less and half more than that amount. Not everyone will start at the median wage, but many should progress to that wage over time.

As shown in the chart on page 14, 7,626 of the 17,000 job openings pay at least the \$9.02 an hour living wage for a single adult. And 4,683 of these job openings pay at least the \$9.02 an hour living wage for a single adult and require at most some combination of a high school diploma, on the job training, work experience, and/or post-high school vocational training.

UPDATE

1998

From 1996 to 1998, the portion of jobs and job openings that pay a living wage remained about the same. The percentage of job openings that pay less than the living wage for a single adult went from 55 to 56 percent, and the percentage of job openings that pay less than the living wage for a single adult with two children remained constant at 82 percent.

Job gap ratios also remained constant between 1996 and 1998. As shown in the table on page 16, job gap ratios for 1998 are:

- For each job opening, regardless of pay, there are three job seekers on average, the same as in 1996.
- For each job opening that pays at least the \$9.37 an hour living wage for a single adult, there are six job seekers on average, the same as in 1996.
- For each job opening that pays at least the \$15.38 an hour living wage for a single adult with two children, there are 16 job seekers on average, the same as in 1996.

MONTANA JOB GAP RATIO, 1998

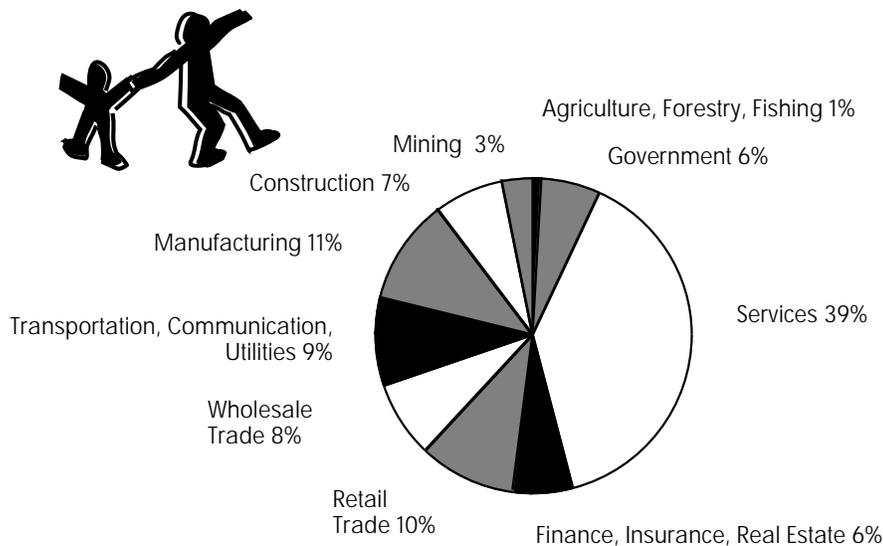


	Single Adult Living Wage \$9.37	Single Adult with Two Children Living Wage 15.38	All Job Openings
Job Seekers	46,954	46,954	46,954
Job Openings	7,505	3,016	17,000
Job Seekers per Job Opening	6 to 1	16 to 1	3 to 1
Percent of all Job Openings paying less than a living wage	56%	82%	

WHICH INDUSTRIES PROVIDE LIVING WAGE JOB OPPORTUNITIES?

Services—such as educational, health, and engineering and management services—make up the largest single portion of jobs that pay at least the living wage for a single adult in Montana. Services accounted for 41 percent of all jobs in the state in 1998 and 39 percent of all jobs that pay at least the living wage for a single adult, as shown in the chart below and table on page 19. The difference between the two figures is due to only about half of all service industry jobs paying a living wage. Manufacturing accounted for another eight percent of all jobs, but 11 percent of all jobs that pay at least the living wage for a single adult because over two thirds of all manufacturing jobs pay a living wage. Retail trade accounted for 22 percent of all jobs, but only 10 percent of all jobs that pay at least the living wage for a single adult because less than a quarter of all retail jobs pay a living wage.

MONTANA LIVING WAGE JOBS BY INDUSTRY, 1998*



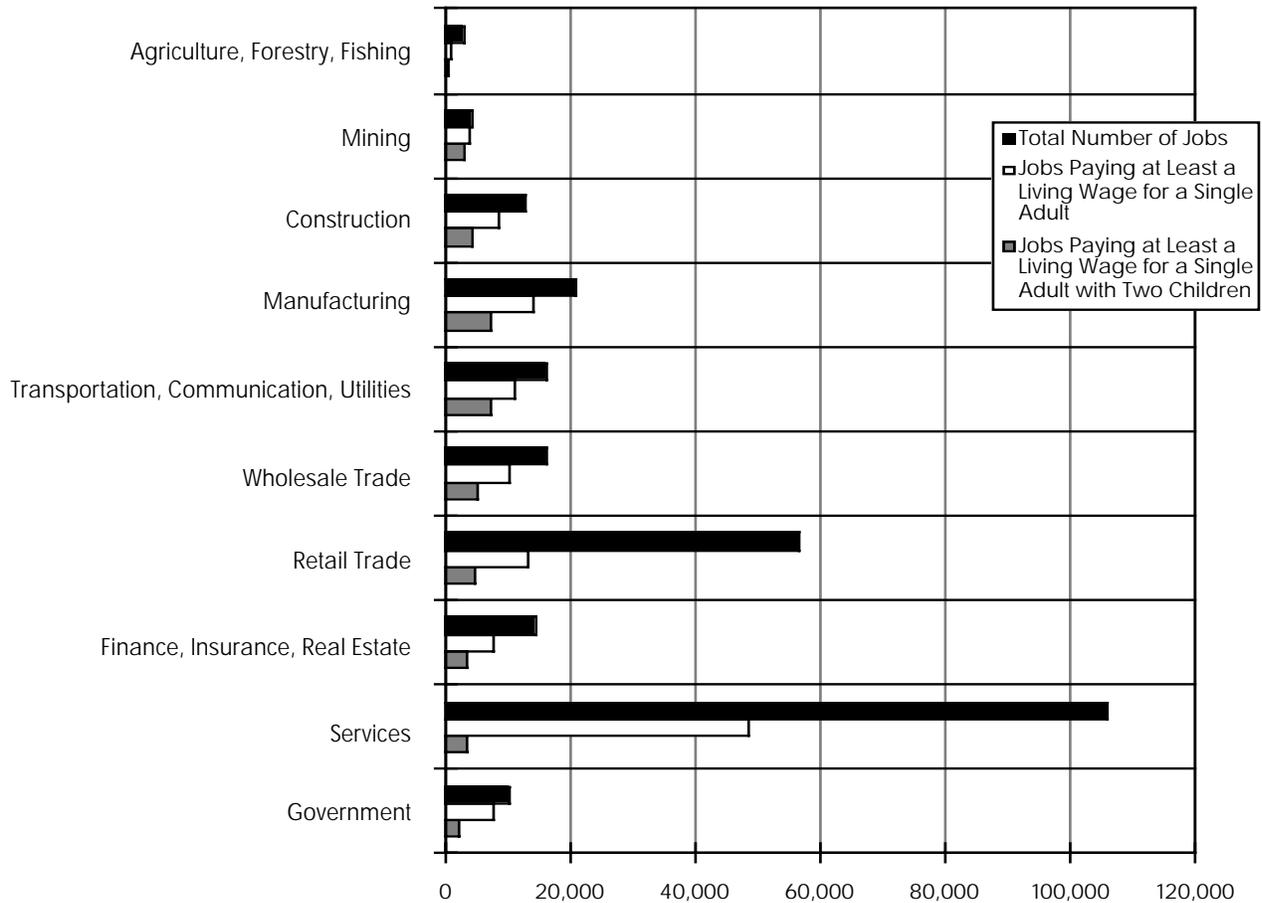
*Living wage refers to a single adult household

Transportation, communication, and utilities accounted for nine percent of all jobs that pay at least the living wage for a single adult, followed by wholesale trade, eight percent; construction, seven percent; finance, insurance, and real estate, six percent; government, six percent; mining, three percent; and agriculture, forestry, and fishing, one percent.

The industry distribution of jobs that pay at least the living wage for a single adult with two children is roughly the same.

The proportion of living wage jobs varies by industry, as shown in the chart below and table on page 19. Mining had the highest portion of jobs that pay at least the living wage for a single adult, 89 percent; retail trade had the lowest, 23 percent. Mining also had the highest portion of jobs that pay at least the living wage for a single adult with two children, 70 percent; retail trade had the lowest, eight percent.

MONTANA LIVING WAGE JOBS BY INDUSTRY, 1998



In 1998, median wages ranged from a high of \$43,689 a year in mining to a low of \$12,205 a year in retail trade. The living wage for a single adult in 1998 was \$19,489 a year; for a single adult with two children, the figure was \$31,981 a year.

The overall portion of jobs that pay at least the living wage for a single adult was 48 percent in 1998. The portion of jobs that pay at least the living wage for a single adult with two children was 24 percent.

MONTANA LIVING WAGE JOBS BY INDUSTRY,* 1998



	Total Number of Jobs During 2nd Qtr.	Percent of Total Jobs	Median Wage	Percent of Jobs Above Living Wage	Percent of Total Living Wage Jobs
Agriculture, Forestry, Fishing	3,075	1%	\$16,255	34%	1%
Mining	4,106	2%	\$43,689	89%	3%
Construction	12,970	5%	\$25,944	67%	7%
Manufacturing	20,766	8%	\$27,599	68%	11%
Transportation, Communication, Utilities	16,343	6%	\$30,163	68%	9%
Wholesale Trade	16,346	6%	\$23,699	63%	8%
Retail Trade	56,556	22%	\$12,205	23%	10%
Finance, Insurance, Real Estate	14,461	6%	\$20,250	52%	6%
Services	106,163	41%	\$19,436	46%	39%
Government	10,361	4%	\$25,139	74%	6%
Total	261,147	100%	\$24,438	48%	100%

* Living wage refers to a single adult household

A more detailed look at industries shows that services and retail trade dominated the 25 industries with the largest number of jobs that pay at least the living wage for a single adult in 1998, as shown in the table on page 21. Of the 25, six were in services—educational services, health services, engineering and management services, business services, membership organizations, and social services. Five were in retail trade—auto dealers and service stations, food stores, building material and garden supplies, miscellaneous retail, and eating and drinking places.

Also among the 25 industries with the largest number of jobs that pay at least the living wage for a single adult were three in construction; three in transportation, communication, and utilities; two in manufacturing; two in wholesale trade; two in government; one in finance, insurance, and real estate, and one in mining.

Overall, 16 of the 25 had median wages at or above the living wage for a single adult. None of the retail trade industries and only two of the service industries had median wages at or above the living wage for a single adult (educational services and engineering and management services).

The proportion of living wage jobs varies by industry. Metal mining had the highest portion of jobs that pay at least the living wage for a single adult, 96 percent; eating and drinking places had the lowest, seven percent.

Most of the 25 industries with the largest number of jobs that pay a living wage for a single adult with two children were the same as those with the largest number of jobs that pay a living wage for a single adult. However, there were a couple more manufacturing, mining, and finance, insurance, and real estate industries; and a couple less service and retail trade industries.



MONTANA INDUSTRIES WITH LARGEST NUMBER OF LIVING WAGE JOBS, 1998*

	Total Number of Jobs	Number of Living Wage Jobs	Percent of Jobs Above Living Wage Single Adult	Percent of Jobs Above Living Wage Single Adult with Two Children	Annual Wage
Educational Services	28,419	17,955	63%	45%	\$27,456
Health Services	28,475	14,012	49%	24%	\$19,204
Wholesale Trade - Durable Goods	8,264	5,623	68%	32%	\$24,672
Lumber and Wood Products	6,248	4,820	77%	36%	\$28,000
Wholesale Trade - Nondurable Goods	8,082	4,706	58%	29%	\$22,704
Special Trade Contractors	6,779	4,416	65%	32%	\$25,020
Engineering and Management Services	5,975	4,017	67%	40%	\$27,140
Electric, Gas and Sanitary Services	4,320	3,864	89%	77%	\$45,608
Automotive Dealers and Services Stations	9,029	3,827	42%	18%	\$17,000
Trucking and Warehousing	5,256	3,460	66%	36%	\$26,016
Admin of Human Resource Programs (public)	4,315	2,954	68%	17%	\$26,016
Depository Institutions	5,585	2,875	51%	22%	\$19,788
Business Services	8,125	2,595	32%	13%	\$13,300
Communication	3,260	2,318	71%	48%	\$30,512
Membership Organizations	6,726	2,312	34%	12%	\$14,296
General Building Contractors	3,514	2,154	61%	23%	\$23,448
Social Services	8,798	2,134	24%	6%	\$13,000
Food Stores	7,946	2,108	27%	7%	\$12,660
Heavy Construction, Except Buildings	2,677	2,106	79%	49%	\$31,560
Admin of Economic Programs	2,417	2,086	86%	23%	\$27,184
Building Material and Garden Supplies	3,620	1,721	48%	15%	\$18,872
Metal Mining	1,629	1,571	96%	77%	\$41,508
Miscellaneous Retail	6,067	1,459	24%	9%	\$12,000
Eating and Drinking Places	19,778	1,429	7%	2%	\$8,052
Food and Kindred Products	2,041	1,383	68%	30%	\$25,588
Total All Industries	261,147	125,794	48%	24%	

* Living wage refers to a single adult household

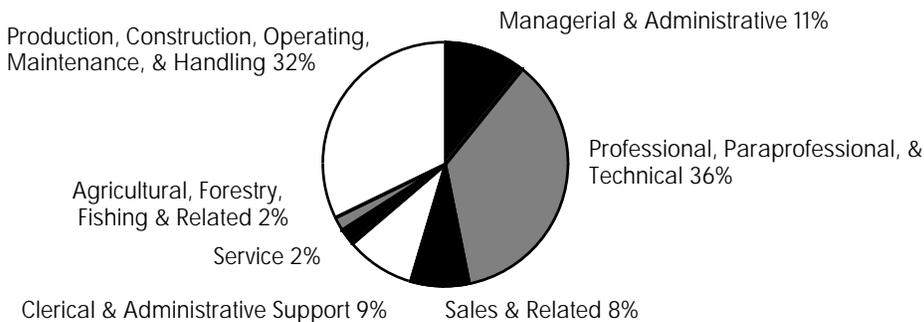
WHICH OCCUPATIONS PROVIDE LIVING WAGE JOB OPPORTUNITIES?

Professional, paraprofessional, and technical occupations and production, construction, operating, maintenance, and material handling occupations are the two largest groups of occupations in Montana in terms of living wage jobs.

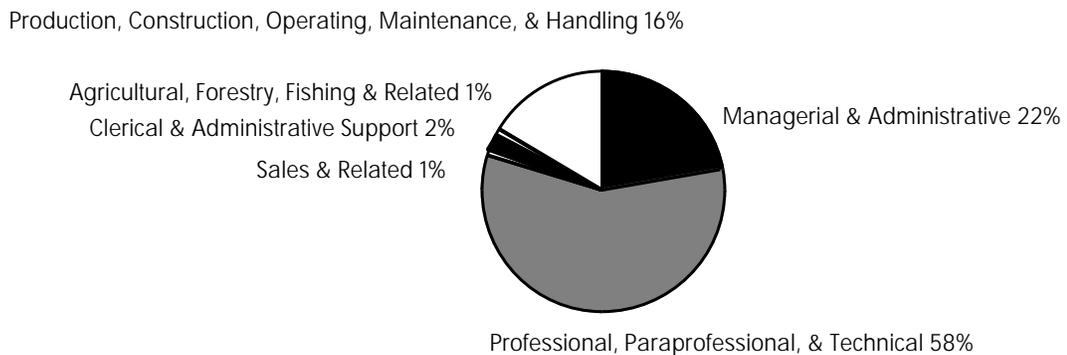
Professional, paraprofessional, and technical occupations accounted for almost 73,000 jobs in 1996, equal to 19 percent of all jobs and 36 percent of jobs that pay at least the living wage for a single adult, as show in the chart below and table on page 25. The difference between the two figures is due to over 87 percent of all professional, paraprofessional, and technical occupations paying a living wage. Production, construction, operating, maintenance, and material handling occupations

MONTANA LIVING WAGE JOBS BY OCCUPATION, 1996

SINGLE ADULT LIVING WAGE JOBS



SINGLE ADULT WITH TWO CHILDREN LIVING WAGE JOBS



accounted for over 78,000 jobs, equal to 21 percent of all jobs and 32 percent of jobs that pay at least the living wage for a single adult. The difference is due to 72 percent of all production, construction, operating, maintenance, and material handling jobs paying a living wage.

By contrast, service occupations—which include protective service, food service, health assisting service, cleaning and building service, and personal service occupations—accounted for about 74,000 jobs or 20 percent of all jobs. But because only five percent of service occupations pay a living wage, they made up only two percent of all living wage jobs.

Managerial and administrative occupations accounted for another 11 percent of jobs that pay at least the living wage for a single adult, followed by clerical and administrative support occupations, nine percent; sales and related occupations, eight percent; and agriculture, forestry, fishing, and related occupations, two percent.

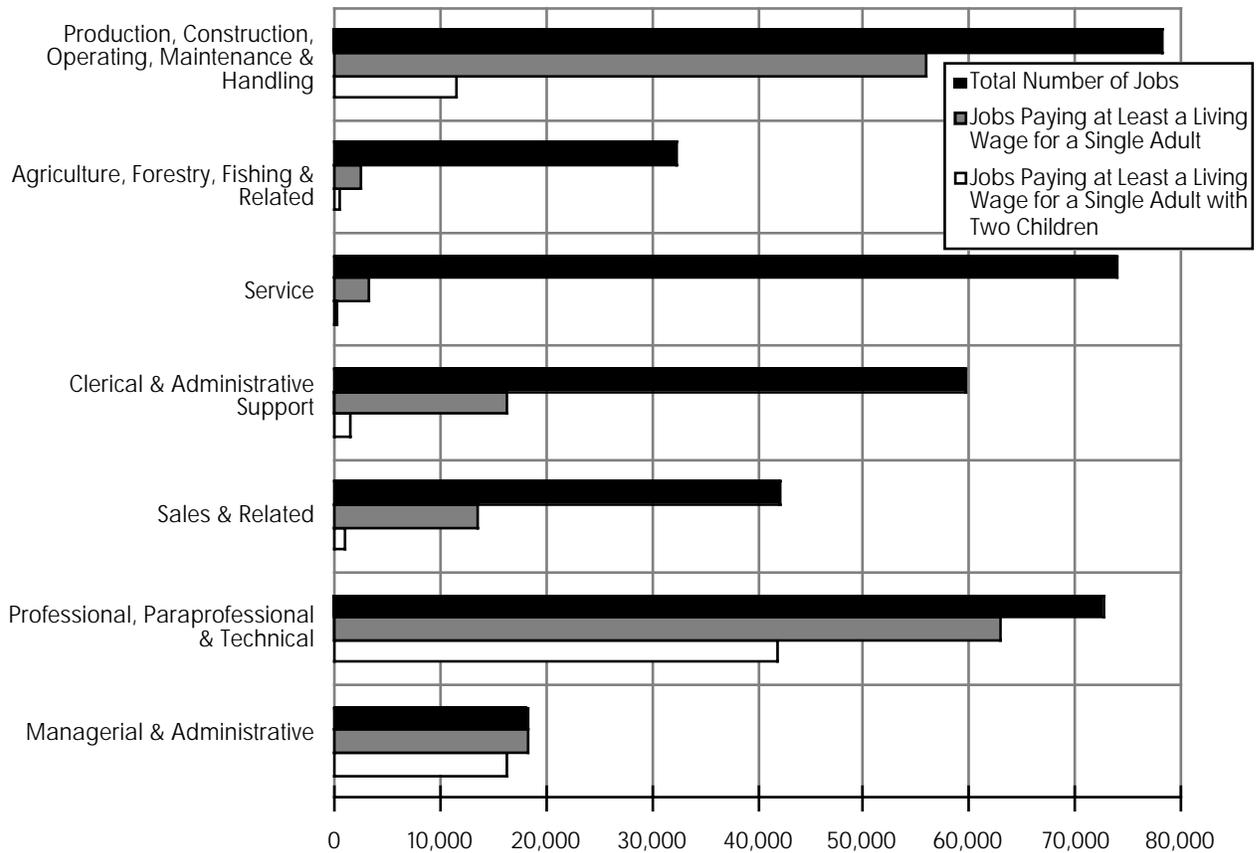
The occupational distribution of jobs that pay at least the living wage for a single adult with two children shifts toward professional, paraprofessional, and technical occupations, and managerial and administrative occupations. These two groups accounted for about 80 percent of jobs that pay at least the living wage for a single adult with two children, as shown in the chart on page 22. Production, construction, operating, maintenance, and material handling occupations accounted for another 16 percent, followed by clerical and administrative support occupations, two percent; sales and related occupations, one percent; agriculture, forestry, fishing, and related occupations, one percent; and service occupations, less than one percent.

The proportion of living wage jobs varies by occupational group, as shown in the chart on page 24 and table on page 25. Managerial and administrative occupations had the highest portion of jobs that pay at least the living wage for a single adult, close to 100 percent; service occupations had the lowest, five percent. Managerial and administrative occupations also had the highest portion of jobs that pay the living wage for a single adult with two children, 90 percent; service occupations had the lowest, less than one percent.

Median wages ranged from a high of \$21.26 an hour for managerial and administrative occupations to \$6.40 an hour for service occupations.

Overall, 46 percent of all jobs paid at least the living wage for a single adult in 1996; 20 percent paid at least the living wage for a single adult with two children.

MONTANA LIVING WAGE JOBS BY OCCUPATION, 1996



Between 1996 and 2006, the number of jobs that pay at least the living wage for a single adult is projected to grow by 1.8 percent a year, slightly less than the 1.9 percent projected growth rate for all jobs. Professional, paraprofessional, and technical occupations are projected to account for the largest portion of the growth in jobs that pay at least the living wage for a single adult, 36 percent. This is followed by production, construction, operating, maintenance, and material handling occupations, 30 percent; managerial and administrative occupations, 12 percent; sales and related occupations, 11 percent; clerical and administrative support occupations, eight percent; service occupations, two percent; and agriculture, forestry, fishing, and related occupations, less than one percent.

During the same time period, the number of jobs that pay at least the living wage for a single adult with two children is projected to grow by 1.7 percent a year. Well over half of this growth is projected to take place in professional, paraprofessional, and technical occupations.



MONTANA LIVING WAGE JOBS BY OCCUPATION, 1996

	Total Number of Jobs	Percent of Total Jobs	Median Wage (1996)	Percent of Jobs Above Living Wage	Percent of Total Living Wage Jobs
Managerial & Administrative	18,304	5%	\$21.26	100%	11%
Professional, Paraprofessional, & Technical	72,569	19%	\$14.40	87%	36%
Sales & Related	42,202	11%	\$7.89	32%	8%
Clerical & Administrative Support	59,594	16%	\$8.76	27%	9%
Service	73,929	20%	\$6.40	5%	2%
Agriculture, Forestry, Fishing, & Related	32,319	9%	\$8.73	8%	2%
Production, Construction, Operating, Maintenance, & Handling	78,178	21%	\$11.46	72%	32%
Total	377,095	100%		46%	100%

A more detailed look at occupations shows that only nine of the 25 occupations projected to have the most job openings (due to both growth and replacement needs) between 1996 and 2006 have median wages at or above the living wage for a single adult, as shown in the table on page 27. Nine out of the top 12 occupations have median wages below the living wage for a single adult. Together, the nine—retail salespersons, waiters and waitresses, cashiers, bookkeeping, accounting, and auditing clerks, general office clerks, food preparation and service workers, secretaries, janitors and cleaners, and food preparation workers—account for almost 4,200 job openings a year or one out of every four job openings.

Among the nine occupations with median wages at or above the living wage for a single adult are four production, construction, operating, maintenance, and material handling occupations; three professional, paraprofessional, and technical occupations; one sales and related occupation; and one managerial and administrative occupation.

The nine require varying amounts of education and training, ranging from little to long term. Specific education and training categories are:

- Little—less than a month of on the job training.
- Short term—up to a year of on the job, employer provided, and/or community college training.
- Moderate—anywhere from more than a year to less than four years of education and training, including on the job, employer provided, college, and apprenticeship training.
- Long term—a four year bachelor's degree or more.

By contrast, almost all of the 16 occupations with the most job openings that have median wages below a living wage require little education and training. Among the 16 are nine service occupations; three sales and related occupations; three clerical and administrative support occupations; and one production, construction, operating, maintenance, and material handling occupation.

Only four of the 25 occupations projected to have the most job openings between 1996 and 2006 have median wages at or above the living wage for a single adult with two children. All are either professional, paraprofessional, and technical occupations and managerial and administrative occupations. All require either moderate or long term education and training.



MONTANA JOB OPENINGS BY OCCUPATION, 1996 - 2006

	Annual Job Openings	Median Wage (1996)	Education & Training
Salespersons, Retail	969	\$6.66	Little
Waiters and Waitresses	715	\$5.44	Little
Cashiers	573	\$5.63	Little
First-Line Supervisors and Managers/Supervisors - Sales and Related Workers	390	\$11.95	Moderate
Carpenters	383	\$12.04	Moderate
Bookkeeping, Accounting, and Auditing Clerks	356	\$8.87	Short Term
General Office Clerks	334	\$7.87	Little
General Managers and Top Executives	328	\$21.69	Long Term
Combined Food Preparation and Service Workers	327	\$5.47	Little
Secretaries, Except Legal and Medical	311	\$8.27	Moderate
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	306	\$6.95	Little
Food Preparation Workers	296	\$5.73	Little
Registered Nurses	251	\$15.66	Moderate
Truck Drivers, Heavy or Tractor-Trailer	223	\$12.46	Little
Cooks, Restaurant	214	\$7.04	Moderate
Automotive Mechanics	213	\$11.43	Moderate
Teachers, Secondary School	212	\$16.46	Long Term
Truck Drivers, Light, Include Delivery and Route Workers	201	\$7.40	Little
Bartenders	199	\$6.05	Little
Maids and Housekeeping Cleaners	183	\$5.65	Little
Nursing Aides, Orderlies, and Attendants	177	\$7.00	Little
Maintenance Repairers, General Utility	176	\$9.04	Little
Teachers, Elementary School	165	\$15.61	Long Term
Stock Clerks, Sales Floor	165	\$6.43	Little
Cooks, Fast Food	164	\$5.40	Little

Only about a third of the fastest growing occupations—eight of 25—have median wages at or above the living wage for a single adult, as shown in the table on page 29. Among the eight are three production, construction, operating, maintenance, and material handling occupations; two sales and related occupations; one professional, paraprofessional, and technical occupation, one service occupation; and one managerial and administrative occupation. In terms of education and training, four of the eight require moderate education and training. Two require long term, one requires short term, and another requires little education and training.

Among the 16 fastest growing occupations with median wages below the living wage for a single adult are 10 service occupations; three production, construction, operating, maintenance, and material handling occupations; two professional, paraprofessional, and technical occupations; and one sales and related occupation. In terms of education and training, 12 require little education and training. Two require short term, one requires moderate, and another requires long term education and training.

Only two of the fastest growing occupations have median wages at or above the living wage for a single adult with two children. One is a professional, paraprofessional, and technical occupation; the other is a managerial and administrative occupation. Both require long term education and training.



FASTEST GROWING OCCUPATIONS IN MONTANA, 1996-2006

	Number of Jobs 1996	Number of Jobs 2006	Annual Growth Rate	Median Wage	Education & Training
Home Health Aides	1,870	2,810	5%	\$6.81	Little
Travel Agents	431	640	5%	\$9.60	Moderate
Amusement & Recreation Attendants	1,370	1,991	5%	\$5.46	Little
Correction Officers & Jailers	642	934	5%	\$10.44	Moderate
Cooks, Restaurant	2,894	4,126	4%	\$7.04	Moderate
Teachers, Special Education	1,158	1,651	4%	\$15.70	Long Term
Child Care Workers	1,423	2,022	4%	\$5.60	Little
Residential Counselors	952	1,356	4%	\$7.66	Long Term
Helpers, Carpenters & Related Workers	763	1,056	4%	\$9.37	Little
Personal & Home Care Aides	1,638	2,274	4%	\$5.74	Little
Gardners & Groundskeepers, except Farm	1,234	1,698	4%		Little
Guards and Watch Guards	1,485	2,028	4%	\$6.61	Little
Cooks, Fast Food	2,640	3,575	4%	\$5.40	Little
Human Services Workers	743	1,002	3%	\$7.49	Short Term
Telemarketers & Door-To-Door Sales Workers	693	934	3%	\$6.85	Short Term
Hosts and Hostesses, Restaurant, Lounge, or Coffee Shop	695	932	3%	\$5.49	Little
Carpenters	3,428	4,604	3%	\$12.04	Moderate
Assemblers & Fabricators, Except Machine, Electrical, Electronic, & Precision	1,428	1,917	3%	\$7.27	Little
Tire Repairers and Changers	583	790	3%	\$7.75	Little
Marketing, Advertising, & Public Relations Managers	675	898	3%	\$20.16	Long Term
Waiters and Waitresses	8,841	11,850	3%	\$5.44	Little
Cooks, Short Order	1,382	1,847	3%	\$5.99	Little
Automotive Bod & Related Repairers	798	1,064	3%	\$10.71	Moderate
Vehicle Washers & Equipment Cleaners	920	1,227	3%	\$5.62	Little
Sales Agents, Advertising	749	987	3%	\$10.23	Short Term
All Occupations	377,095	447,289	2%		

*Excludes those occupations that account for less than 0.25% of all job openings

Almost three quarters of the 25 occupations with the largest number of living wage jobs are production, construction, operating, maintenance, and material handling occupations and professional, paraprofessional, and technical occupations, as shown in the table on page 31.

Ten of the 25 are production, construction, operating, maintenance, and material handling occupations—truck drivers, maintenance repairers, carpenters, auto mechanics, school bus drivers, supervisors of trades and extractive workers, operating engineers, electricians, supervisors of mechanics, installers, and repairers, and bus and truck mechanics. Six of the 10 are projected to grow at or above the rate for all occupations. All require anywhere from little to moderate education and training.

Eight of the 25 are professional, paraprofessional, and technical occupations—elementary school teachers, registered nurses, secondary school teachers, licensed practical nurses, accountants and auditors, lawyers, other professional, paraprofessional, and technical workers, and special education teachers. Five of the eight are projected to grow at or above the rate for all occupations. All require moderate or long term education and training.

Overall, over two thirds of the 25 occupations with the largest number of living wage jobs are expected to grow at or above the rate for all occupations. About half are expected to have 41 percent or more of job openings result from growth, equal to or exceeding the average for all occupations. Almost three quarters require moderate to long term education and training.

Eleven of the 25 occupations with the largest number of living wage jobs also have median wages at or above the living wage for a single adult with two children. All are professional, paraprofessional, and technical occupations; production, construction, operating, maintenance, and material handling occupations; and managerial and administrative occupations. All require either moderate or long term education and training.



OCCUPATIONS WITH LARGEST NUMBER OF LIVING WAGE JOBS IN MONTANA, 1996

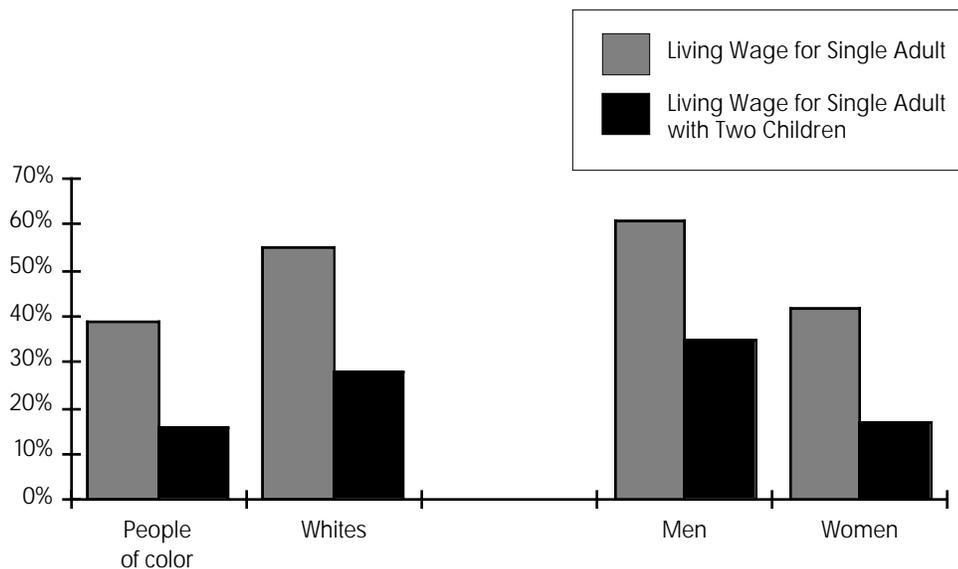
	Number of Jobs	Number of Annual Job Openings	Percent of Job Openings due to Growth/Replacement	Median Wage	Education & Training
General Managers & Top Executives	8,654	328	60/40	\$21.69	Long Term
Teachers, Elementary School	7,058	165	28/72	\$15.61	Long Term
Registered Nurses	6,696	251	63/37	\$15.66	Moderate
Truck Drivers, Heavy or Tractor-Trailer	5,972	223	39/61	\$12.46	Little
Teachers, Secondary School	5,421	212	44/56	\$16.46	Long Term
First-Line Supervisors & Managers/Supervisors —Sales & Related Workers	5,021	390	35/65	\$11.95	Moderate
Maintenance Repairers, General Utility	4,191	176	58/42	\$9.04	Little
Carpenters	3,428	383	31/69	\$12.04	Moderate
First Line Supervisors, Clerical & Administrative	3,322	138	46/54	\$12.28	Moderate
Sales Representatives, Except Retail & Scientific & Related Products & Services	3,031	133	35/65	\$12.85	Short Term
Licensed Practical Nurses	2,717	107	63/37	\$10.43	Moderate
Accountants & Auditors	2,266	98	54/46	\$14.80	Long Term
Automotive Mechanics	2,242	213	33/67	\$11.43	Moderate
Shipping, Receiving, & Traffic Clerks	1,988	63	60/40	\$10.43	Little
Bus Drivers, School	1,880	57	60/40	\$9.40	Little
First Line Supervisors, Trades & Extractive	1,621	149	21/79	\$17.00	Moderate
Salespersons, Parts	1,546	90	44/56	\$9.79	Short Term
Financial Managers	1,479	51	57/43	\$21.25	Long Term
Lawyers	1,310	78	35/65	\$20.07	Long Term
Operating Engineers	1,289	22	0/100	\$13.43	Short Term
Electricians	1,256	59	39/61	\$17.54	Moderate
First-Line Supervisors & Managers/Supervisors - Mechanics, Installers, & Repairers	1,218	59	39/61	\$16.46	Moderate
All Other Professional, Paraprofessional, & Technical Workers	1,217	41	46/54	\$14.24	Long Term
Teachers, Special Education	1,158	61	80/20	\$15.70	Long Term
Bus & Truck Mechanics and Diesel Engine Specialists	1,147	60	40/60	\$12.89	Moderate
All Occupations	337,095	17,000	41/59		

HOW ARE DIFFERENT DEMOGRAPHIC GROUPS FARING IN GETTING AND KEEPING LIVING WAGE JOBS?

People of color and women are less likely to earn a living wage than whites and men. Thirty nine percent of people of color in Montana earn at least the living wage for a single adult, compared to 55 percent of whites, as shown in the chart below. Only 16 percent of people of color earn at least the living wage for a single adult with two children, compared to 28 percent of whites.

Forty two percent of women earn at least the living wage for a single adult, compared to 61 percent of men. Only 17 percent of women earn at least the living wage for a single adult with two children, compared to 35 percent of men.

MONTANANS EARNING LIVING WAGE BY RACE/ETHNICITY & GENDER



Single adults with children are also less likely to earn a living wage. Thirty five percent of single adults with one child and 28 percent of single adults with two children earn the living wage for their household type. This compares to 42 percent of single adults and 79 percent of two adults with two children.

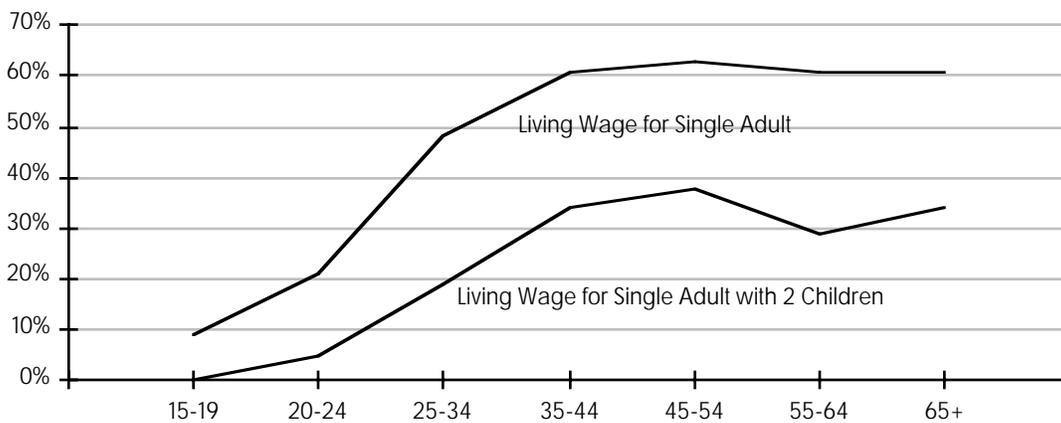
Those with less education and training are also less likely to earn a living wage. Forty six percent of those with a high school diploma or GED earn at least the living wage for a single adult, as shown in the table on page 33. By contrast, 75 percent of those with a bachelor's degree or more earn at least the living wage for a single adult. Nineteen percent of those with a high school diploma or GED earn at least the living wage for a single adult with two children, compared to 47 percent of those with a bachelor's degree or more.

MONTANANS EARNING LIVING WAGE BY EDUCATION & TRAINING

	Percent Earning At or Above Living Wage for Single Adult	Percent Earning at or Above Living Wage for Single Adult with Two Children
No high School Diploma	20%	6%
High School Diploma/GED	46%	19%
Some College & Associate Degree	51%	23%
Bachelors Degree or More	75%	47%
Overall	53%	27%

Earning a living wage also appears related to age and years in the labor force. Only 21 percent of 20 to 24 year olds earn at least the living wage for a single adult, as shown in the chart below. This figure rises to 48 percent of 25 to 34 year olds, 61 percent of 35 to 44 year olds, and peaks at 63 percent of 45 to 54 year olds. It then falls to 61 percent of 55 to 64 year olds and those 65 and older. The portion of those earning at least the living wage for a single adult with two children peaks at 38 percent of 45 to 54 year olds.

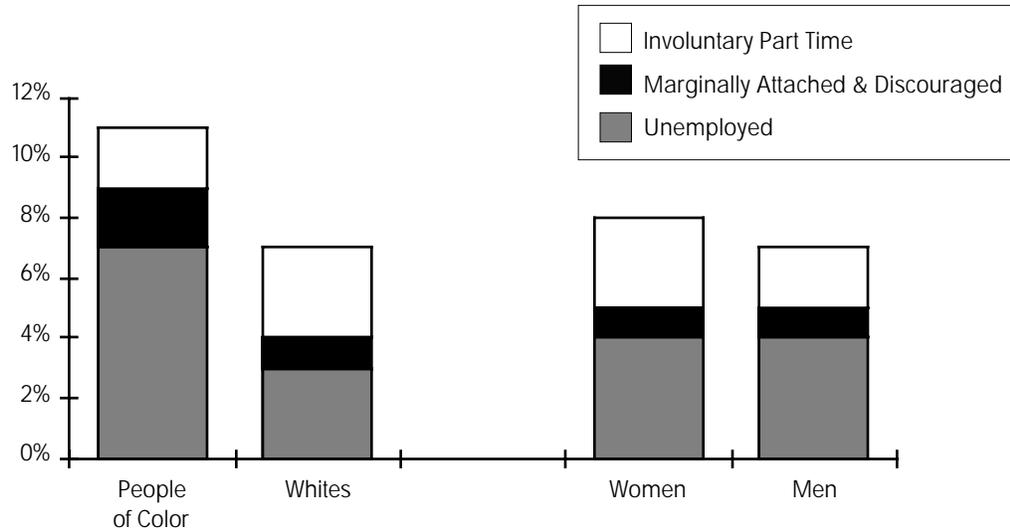
MONTANANS EARNING LIVING WAGE BY AGE



People of color and women are also more likely to be looking for work than whites and men. Eleven percent of people of color in the Northwest are looking for work, compared to seven percent of whites. Counted among job seekers are the unemployed, marginally attached and discouraged workers, and those who are

working part time on an involuntary basis. As shown in the chart below, people of color who are job seekers are more likely to be unemployed and marginally attached and discouraged workers, while whites are more likely to be employed part time on an involuntary basis.

NORTHWEST JOB SEEKER STATUS BY RACE/ETHNICITY & GENDER



Results are reported for the Northwest because the number of job seekers by status and race/ethnicity and gender for the state was too small to analyze.

Eight percent of women are looking for work, compared to seven percent of men. Women are more likely to be employed part time on an involuntary basis, while men are somewhat more likely to be unemployed.

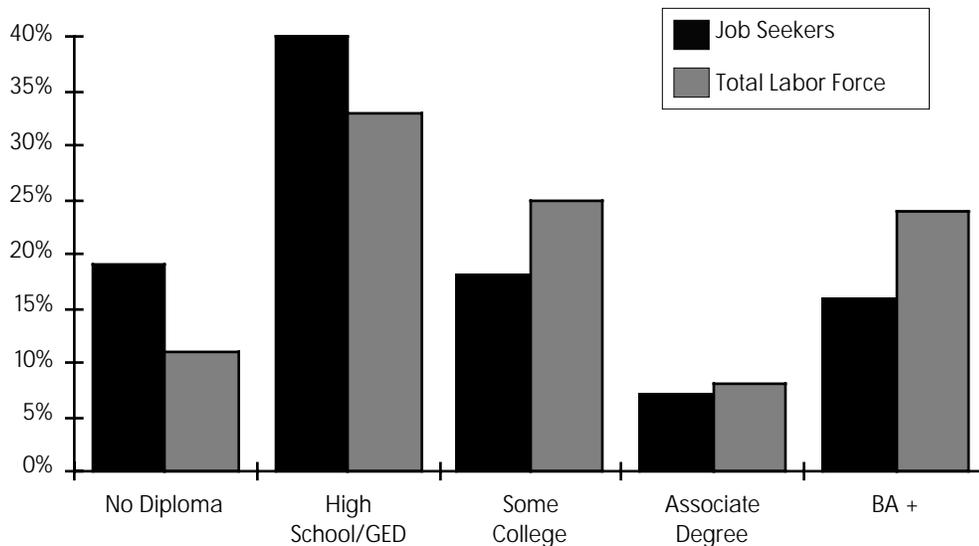
Those with less education and training are also more likely to be looking for work. For example, those with a high school diploma or GED are twice as likely to be a job seeker than those with a bachelor's degree or more. In addition, job seeker status varies by education and training. Those with no high school diploma are more likely to be marginally attached and discouraged workers or unemployed. Those with a high school diploma or GED are more likely to be employed part time on an involuntary basis.

IS THERE AN EDUCATION GAP IN ADDITION TO THE JOB GAP?

Job seekers with limited education and training are likely to have more difficulty than others in getting living wage jobs, because most job openings that pay a living wage require moderate to long term education and training.

On the job seeker side, those with less education and training are more likely to be looking for work. As shown in the chart below, 59 percent of job seekers have at most a high school diploma or GED, compared to 44 percent of the total labor force.

MONTANA LABOR FORCE BY EDUCATION AND TRAINING



MONTANA JOB OPENINGS BY EDUCATION & TRAINING REQUIRED & WAGES PAID, 1996 - 2006



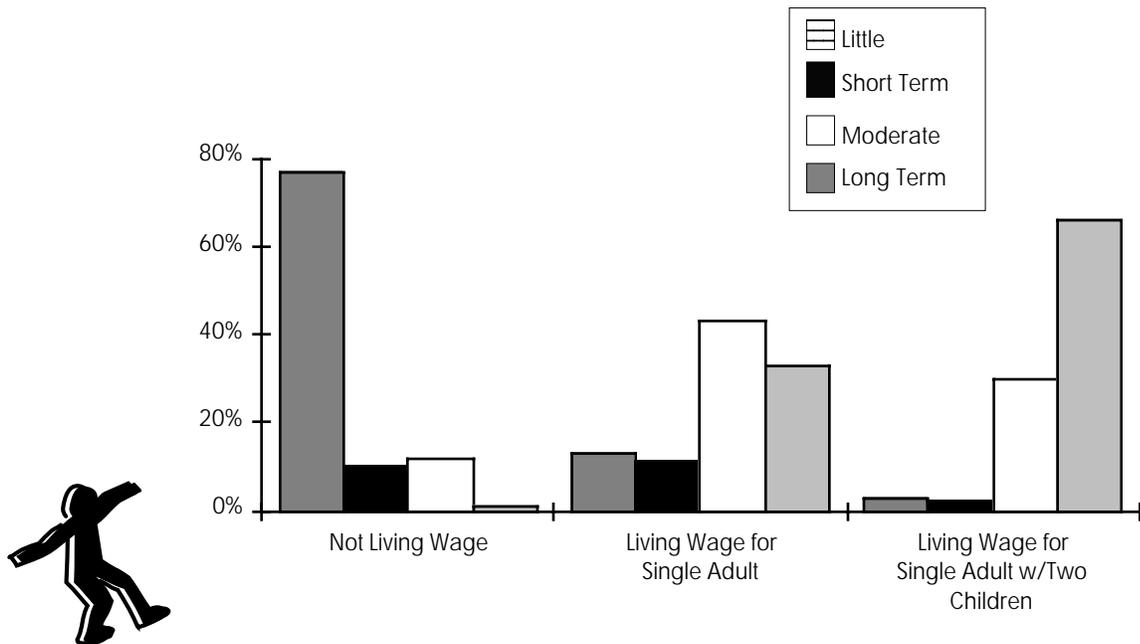
	Annual Job Openings		Not Living Wage		Living Wage for Single Adult		Living Wage for Single Adult with Two Children	
	Number	% Dist	Number	% Dist	Number	% Dist	Number	% Dist
Long Term	2,609	15%	108	1%	2,508	33%	1,983	66%
Moderate	4,379	26%	1,099	12%	3,280	43%	887	30%
Short Term	1,757	10%	912	10%	845	11%	51	2%
Little	8,264	49%	7,029	77%	1,002	13%	75	3%
Total	17,009	100%	9,148	100%	7,635	100%	2,996	100%

On the job opening side, 49 percent of all openings require only little education and training, as shown in the table on page 35. However, most of these job openings pay less than a living wage. Of job openings that pay at least the living wage for a single adult, 76 percent require moderate to long term education and training. Of those that pay at least the living wage for a single adult with two children, 96 percent require moderate to long term education and training.

The figures for all jobs are similar. However, the portion of all jobs that pay less than a living wage was slightly lower, 54 percent compared to 55 percent of all job openings. Little change is projected from 1996 to 2006.

The chart below illustrates the connection between education and training and job openings that pay a living wage.

MONTANA JOB OPENINGS BY EDUCATION & TRAINING REQUIRED & WAGES PAID



It is important to note that there are still more job seekers than job openings at all education and training levels. There are about 28,000 job seekers with at most a high school diploma or GED, compared to 10,000 job openings that require up to a year of education and training (only about 1,800 of which pay a living wage). And there are about 7,300 job seekers with a bachelor's degree or more, compared to 2,600 job openings that require a bachelor's degree or more.

WHAT ARE POLICY OPTIONS FOR CLOSING THE GAP?

Findings from the Northwest Job Gap Study 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. The strategies fall into four broad categories:

- Job and wage strategies, which focus on increasing the number of jobs that pay a living wage.
- Skill development strategies, which focus on providing people the education and training required of living wage jobs.
- Linking strategies, which focus on connecting people to living wage jobs.
- Safety net and cost of living strategies, which focus on making sure people's basic needs are met until they can get and keep a living wage job, and reducing costs of living—without lowering living standards.

JOB & WAGE STRATEGIES

One approach to closing the job gap is to increase the number of jobs that pay a living wage. As found by the job gap study, the regional economy is not creating enough living wage jobs. There are far more working age households than there are living wage jobs. Around half of all jobs and job openings pay less than the living wage for a single adult. And there are more people looking for work than there are job openings that pay a living wage. For each job opening that pays at least the living wage for a single adult, there are four to six job seekers on average.

Policy options include:

- *Establish job quality standards for employers and industries that receive public economic development and business assistance resources.*

States and communities can target their economic development and business assistance resources to those employers and industries that meet job quality standards. This includes working with groups of firms in targeted sectors to improve their competitiveness and ability to create living wage jobs.

In targeting economic development and business assistance efforts, one factor to take into account is the amount of education and training required of living wage jobs in an industry, if one goal is to increase the availability of living wage jobs to those who are unemployed and underemployed. For example, about three quarters of living wage jobs in manufacturing require at most moderate education and training.

- *Use living wage figures to establish wage policies.*

Business, labor, and government can use living wage figures in setting wage policies. Companies can analyze their wages in light of living wage figures and for those workers earning less than a living wage, they can develop wage progression strategies, so workers earn a living wage within a set time period. Unions can negotiate wages based on living wage figures. And government can ensure public funds support living wage jobs. In addition, communities can use living wage figures to set community standards.

- *Use living wage figures to set targets for job creation policies and programs and evaluate their impact.*
- *Pursue “high road” strategies aimed at creating high wage, high skill jobs.*
Companies can adopt high performance work organization systems that place priority on worker participation and skills. Government can support these companies with training and infrastructure development.
- *Promote job ladders and wage progression.*
With changes in the economy, internal job ladders have broken down. Companies can structure jobs and connections between jobs to create career pathways that make it possible for workers, with a combination of training and work experience, to move up job ladders and achieve wage progression. And government, labor market intermediaries, and other organizations can encourage and support these efforts by providing training and technical assistance.
- *Ensure workers a strong voice in decisions affecting them.*
In the workplace, this includes addressing barriers to workers’ right to organize and bargain collectively, establishing labor management partnerships, and promoting worker participation. And in the community, this includes ensuring participation in local economic and workforce development policy making.
- *Report living wage job creation and job gap figures on a regular basis.*
Government and/or other groups can regularly report living wage job creation and job gap figures, along with other economic indicators.

SKILL DEVELOPMENT STRATEGIES

Along with increasing the number of living wage jobs, people need access to the education and training required of these jobs. As found by the job gap study, most jobs that pay a living wage require moderate to long term education and training. Over 70 percent of job openings that pay the living wage for a single adult require anywhere from a year or more of education and training—including on the job, employer provided, college, and apprenticeship training—to a four year bachelor’s degree or more. For those that pay the living wage for a single adult with two children, the figure is over 90 percent.

In addition, people with less education and training are less likely to earn a living wage and more likely to be looking for work.

Policy options include:

- *Invest in education and training.*
Most living wage jobs require moderate to long term education and training. Both the private and public sector can invest in education and training.
- *Provide job seekers and low wage workers with the training required for living wage occupations, along with the income support and support services—such as child care and transportation assistance—needed to participate in training.*
Key features of effective training include targeting training to living wage occupations in demand in the regional economy; developing training that

provides skills required by employers; replicating the work environment; integrating basic skills and soft skills training with job skills training; structuring training in a way that is flexible, competency based, and open entry, open exit, so that it is easy to access; combining classroom instruction with work based learning; and focusing on living wage employment as the outcome. Business and labor participation is critical.

- *Promote job ladders and wage progression, to make it possible for those currently working in jobs that pay less than a living wage to move into living wage jobs.*

Job ladders are one way for those working in jobs that pay less than a living wage to move into living wage jobs, with a combination of training and work experience. This includes community career ladders that focus on cross firm and cross industry skill progressions.

Companies can structure jobs and connections between jobs to create job ladders and promote wage progression. And government, labor market intermediaries, and other organizations can encourage and support these efforts by providing training and technical assistance.

- *Expand equal education and employment efforts.*

People of color and women are less likely to earn a living wage than whites and men, and more likely to be looking for work than whites and men.

In addition to increasing access to education and training and providing income support and support services, government, training providers, employers, and unions can expand their equal education and employment efforts. This includes promoting living wage employment and training among people of color and women, enforcing equal opportunity and affirmative action laws, and creating mechanisms to help link people of color and women to living wage jobs (see below).

- *Promote a smooth transition from school to work.*

Schools can help young people make the school to work transition by providing them exposure to the world of work at an early age; career counseling; information on living wage jobs that are in demand, along with their education and training requirements; and work based learning opportunities.

- *Provide people moving from welfare to work the training required for living wage jobs, along with support services such as child care and transportation assistance needed to participate in training and get and keep a living wage job.*

People moving from welfare to work need access to training in order to get and keep living wage jobs, most of which require at least moderate education and training.

- *Promote lifelong learning.*

Increasingly, incumbent workers need to update their skills on a regular basis. Government, companies, and training providers can promote lifelong learning by providing incumbent workers financial support and easy access to targeted training.

- *Promote apprenticeship programs.*

Apprenticeship programs can be expanded to cover a wider range of occupations. In the U.S., apprenticeship programs focus primarily on the building and construction trades. However, in European countries such as Denmark and Germany, there are apprenticeships for most occupations. Key

features of the apprenticeship model include labor and management participation, industry skill standards and certification, a combination of work based learning and classroom instruction, the ability to earn while you learn, wage progression, career advancement, and funds for training.

- *Develop publicly funded jobs programs for the hard to serve, to help them develop skills and gain work experience.*

Some people who are unemployed lack the skills and work experience required in the labor market. States and communities can develop publicly funded jobs programs to help the hard to serve acquire these skills and experiences and, at the same time, address unmet community needs.

- *Use living wage figures to set targets for employment and training policies and programs, including welfare to work, and evaluate their impact.*

LINKING STRATEGIES

Beyond increasing the number of living wage jobs and providing people the education and training required of these jobs, there is the need to help connect job seekers to job openings that pay a living wage. This is particularly true for job seekers from low income communities in urban and rural areas, which are characterized by social, economic, and geographic isolation.

Policy options include:

- *Create an integrated, coordinated workforce development system that is connected to the regional economy and labor market.*

State and local workforce development agencies can build integrated, coordinated workforce development systems focused on helping job seekers and workers get and keep living wage jobs, and employers get the skilled workers they need. This includes providing labor exchange and job matching services, as well as access to training and support services. Business, labor, and community participation in developing these systems and services is critical.

- *Create labor market intermediaries to help connect low income community residents to living wage jobs.*

Labor market intermediaries can help connect low income community residents to living wage jobs by actively working with networks of community based organizations, industry brokers, employers, unions, and training providers. Together, they provide the combination of training, access to jobs, human services, and follow up support required to make the connection.

- *Create sectoral employment development initiatives that help link low income community residents to living wage jobs in targeted sectors.*

Sectoral employment development initiatives target a particular occupation or cluster of occupations within an industry that can provide low income community residents living wage job opportunities; intervene by developing value added, market based relationships with key actors in the industry that benefit both low income community residents and the industry; exist primarily to help low income community residents obtain living wage jobs; and increase low income community residents' access to living wage jobs by creating systemic change within the targeted occupation's labor market.

- *Provide low income community residents first chance at job openings with firms getting some kind of public assistance such as loans, bonds, and infrastructure improvements.*
State and local governments can require those firms that get public assistance provide low income community residents first chance at job openings.
- *Improve labor market information.*
With better labor market information (e.g., skills and training required of living wage jobs in demand in the regional economy, career pathways, etc.)—and job counseling—job seekers and workers can make more informed employment and training decisions. Such information can also help training providers develop programs to address the needs of job seekers, workers, employers, and targeted sectors.
- *Organize communities to help shape company and government decisions regarding living wage jobs and low income communities.*
Community based organizations can analyze the regional economy and its impact on the community; assess community needs and resources; secure company and government commitments to jobs and training; reach out and recruit community residents to take advantage of these commitments, and provide them support; and build a sense of community among participants.

SAFETY NET & COST OF LIVING STRATEGIES

There is also the need to make sure a safety net is in place so that people's basic needs are met until they are able to get and keep a living wage job. Another approach is to reduce costs of living such as housing, child care, and transportation costs—without lowering living standards.

Policy options include:

- *Use living wage figures to determine eligibility for public assistance (e.g., food stamps, medical care, child care, transportation assistance, etc.).*
Using living wage figures sets eligibility for public assistance at up to 200 percent of the federal poverty level.
- *Provide food, housing, health care, transportation, and child care assistance to those earning less than a living wage.*
- *Increase access to health care.*
People earning less than a living wage are far less likely to have employer provided health insurance. About 60 percent of those earning less than the living wage for a single adult do not have employer provided health insurance, according to the job gap study. This compares to almost 20 percent of those earning a living wage.
- *Create new and/or expand existing safety net programs linked to employment.*
Governments can create new and/or expand existing safety net programs linked to employment. This includes expanding Unemployment Insurance and Earned Income Tax Credits.
- *Develop new institutions and/or mechanisms to provide workers stability in health care, retirement, and other benefits.*

In today's flexible economy, people increasingly move from one job to another. Oftentimes, these moves are accompanied by a break in benefits.

One way to address this form of economic insecurity is to develop new institutions and/or mechanisms to provide workers stability in health care, retirement, and other benefits.

- *Improve access to safety net programs.*

State and local governments and community based organizations can promote increased awareness of and access to safety net programs.

- *Promote asset building.*

State and local governments, community based organizations, and other public and private institutions can help promote asset building—for example, home ownership—among low wage workers through individual development accounts. IDA's are dedicated savings accounts in which the deposits of low wage workers are matched by public and private sources.



TECHNICAL NOTES

LIVING WAGE ANALYSIS

A living wage is a wage that allows families to meet their basic needs without resorting to public assistance, and provides them some ability to deal with emergencies and plan ahead. It is not a poverty wage. A modified market basket approach was used to calculate family budgets, upon which living wage figures are based. Family budget items—along with their data sources—include:

- Food—U.S. Department of Agriculture’s “Low Cost Food Plan.”
- Housing & Utilities—U.S. Department of Housing and Urban Development’s Fair Market Rents (at the 40th percentile), and information provided by US West.
- Transportation—1995 U.S. National Personal Transportation Study from the U.S. Department of Transportation, the U.S. Department of Labor’s Consumer Expenditure Survey (CES), and Internal Revenue Service reimbursement rates for automobile travel (private and public transportation costs are included).
- Health Care—Updates from the 1987 National Health Care Expenditure Survey, data from the Families USA Foundation, and the CES (employer provided health care is assumed; out of pocket costs and individual contributions for health insurance coverage are included).
- Child Care—State welfare agencies’ market rate surveys (up to the 75th percentile).
- Household, Clothing, & Personal—the CES (calculated as a fixed percentage of total household spending, minus child care and taxes).
- Savings—Expert recommendations (set at 10 percent of total household spending, minus child care and taxes).
- State, Local, & Federal Taxes—Employment taxes (FICA), federal taxes (including child care credits and the Earned Income Tax Credit), and state and local sales and income taxes, as appropriate.

The most current data available was used and then inflation adjusted, using the CPI-U published by the Bureau of Labor Statistics. Because the CPI includes all of the budget items in its basket, it is appropriate to use for a short term update. To the extent that inflation has been significantly different from the national average, living wage budgets will vary in accuracy. Because of changes in the CPI sector by sector, this method is not recommended for updating budget items for the job gap study beyond 1999. However, living wage estimates (the bottom line) for each household type can be updated with relative confidence through 2005 using the CPI.

(More detailed information on family budget data sources and calculations can be found in the 1999 edition of the job gap study, posted on NPC’s website at <http://depts.washington.edu/npc>.)

JOB GAP ANALYSIS

Job gap figures are calculated by dividing the number of job seekers by the number of job openings that pay a living wage. Job gap figures and wages were updated to published and imputed 1998 values.

Job seeker numbers are based on published and unpublished data from the U.S. Department of Labor's Bureau of Labor Statistics and its Local Area Unemployment Statistics division. For purposes of the job gap study, job seekers are defined to include the unemployed, involuntary part time workers, and marginally attached and discouraged workers.

Job openings include annual openings due to growth and net replacement. Job opening estimates are produced by state employment departments at least every two years. Occupational projections for 1998-2008 were used for Oregon and Washington. At the time of the job gap analysis, Idaho and Montana had not yet released their 1998-2008 projections.

Data on wages associated with job openings come primarily from the Occupational Employment Statistics (OES) wage survey of employers conducted by state employment departments. State median wages were estimated using a regression for those occupations that were blank.

(More detailed information on job seeker and job opening data sources and calculations can be found in the 1999 edition of the job gap study, posted on NPC's website at <http://depts.washington.edu/npc/>.)

INDUSTRY ANALYSIS

Data on the number of people who earn a living wage by industry come from Unemployment Insurance (UI) wage data from state employment departments. States provided a summary table of the number of workers, median wage, and number of people earning a living wage by industry (at the two digit Standard Industrial Classification (SIC) code level). The table was based on UI wage data in 1996 and 1998 in Oregon and Washington and on 1998 data in Montana. Idaho declined to provide UI wage data.

The analysis focused on second quarter (April to June) earnings in the target year. To ensure that a person worked the entire quarter, only those records in the second quarter that also had corresponding records in the first and third quarters were used. Earnings were grouped into inflation adjusted living wage categories to facilitate the analysis.

OCCUPATION ANALYSIS

Data on occupations, their education and training requirements, number of job openings, and median wages come from the OES survey and Industry-Occupation matrices published by state employment departments.

Analysis of the fastest growing occupations was limited to only those occupations that comprised at least one quarter of one percent (0.25%) of all job openings. This

eliminated tiny occupations that, for example, might be forecast to grow 50% from two to three people statewide.

DEMOGRAPHIC ANALYSIS

All demographic data come from the Current Population Survey (CPS) conducted by the Bureau of Labor Statistics. Results from the 1996, 1997, and 1998 "March Supplement" surveys were combined for each of the four states. Using inflation adjusted living wage figures, households were identified as meeting various living wage thresholds. The data were also used to identify job seekers and examine the effects of race/ethnicity, gender, education and training, and age on earnings and labor force status.

EDUCATION GAP ANALYSIS

Data on the education and training of job seekers and the labor force come from the CPS. Data on the education and training required of jobs and job openings come from the OES survey and Industry-Occupation Matrices.