

# WTDB True Wage Taskforce Final Report

December 6, 2019

## Background:

The Oregon Workforce and Talent Development Board (WTDB) works to align workforce, education, and economic development services and investments around priorities that will ensure equitable prosperity for all Oregonians. A key concern for these efforts is the focus of limited public resources on occupations that are both important to the Oregon economy and result in at least self-sufficient compensation and benefits directly or over time through a career pathway. True wage is a wage that meets or surpasses the threshold of self-sufficiency in all regions of the state and for all family types. Self-sufficiency is realized when there is no reliance on public benefits and where reasonable living expenses (e.g. housing transportation, child care, etc.) are affordable. True wage is not yet specifically defined but will be as the focus of a related WTDB Initiative as a part of the 2019-2021 WTDB Strategic Plan.

The WTDB originally began a discussion of true wage because the current definition of “high-wage jobs”, a common reference point in labor market data and reports, does not always meet the threshold of self-sufficiency especially for all regions of the state and for all family types. The True Wage Task Force reviewed how the current definition of high-wage occupations was used by workforce partners, state agencies, and compared that definition to what is used in other states. The board found that most of the states used a similar definition of high wage.

The Taskforce also explored how concepts of self-sufficiency have been measured in Oregon. These measures focus on identifying a spectrum of thresholds which describe what income level it takes for a household to be self-sufficient. Finally, the Taskforce also reviewed information about the state’s childcare market, housing market, and student loan debt from postsecondary education.

Defining a true wage is a complicated endeavor. It includes analysis of the compensation and benefits for many different occupations compared with a broad analysis of cost-of-living components in all regions of the state and for all family types. This report helps to define the problem and provide some related data and analysis. The True Wage Taskforce recommends that the work continue as outlined in the Recommendations.

## Recommendations:

An important purpose of the Workforce Innovation and Opportunity Act (WIOA) is to improve the quality and labor market relevance of workforce investment, education, and economic development efforts to provide America’s workers with the skills and credentials necessary to secure and advance in employment with family-sustaining wages and to provide America’s employers with the skilled workers that employers need to succeed in a

global economy. The outcome of economic self-sufficiency for participants is mentioned many times in WIOA. Work to define and apply true wage levels to workforce, education, and economic development investments is consistent with this purpose.

The concept of true wage and/or employment that results in self-sufficiency is important to the work of the WTDB as well. Of key importance, is the focus of limited public resources on occupations that are both important to the Oregon economy and result in at least self-sufficient compensation and benefits, directly or over time, through a career pathway. The True Wage Task Force believes that the work that has been initiated should be continued and makes the following recommendations to the full Board based on the data gathered and reviewed and the discussions in Task Force meetings:

1. **True Wage** – Continue to develop the definition of “true wage”. Explore potential investment in and the potential for enhancement of the Prosperity Planner developed by Dr. Diana Pearce of the University of Washington's School of Social Work and managed by Worksystems, Inc. This is consistent with the 2020-2021 WTDB Strategic Plan Initiative to “create a true wage calculator indexed by region.”
2. **Build Awareness** – Provide the community, workers, and employers a better understanding of the true cost of self-sufficiency for all counties in Oregon by expanding access to information through additional and/or expanded online resources and through the development of specific employer resources regarding ways they can help address current and future self-sufficiency challenges
3. **Child Care** – Develop policy and investment recommendations to the Governor and legislature focused on implementing a public-private pilot to expand access to affordable, quality child care for the workforce. One potential example is a public-private child care co-op.
4. **Housing** – Develop policy and investment recommendations to the Governor and legislature focused on workforce housing without negatively impacting affordable housing resources for low-income individuals. This is particularly important because there is no state-level, coordinating body focused on workforce housing. One potential opportunity may include partnering with and supporting the \$5M Greater Oregon Housing Accelerator which will help local governments and employers bring new housing to workers so they can live in the communities where they work.

Subject to approval by the WTDB, these recommendations will be executed by staff with accountability provided by the WTDB Executive Committee.

## Related Data:

Child Care

Housing

Student Loan Debt

Self-Sufficiency Measures

Definition of High Wage

Access to Benefits

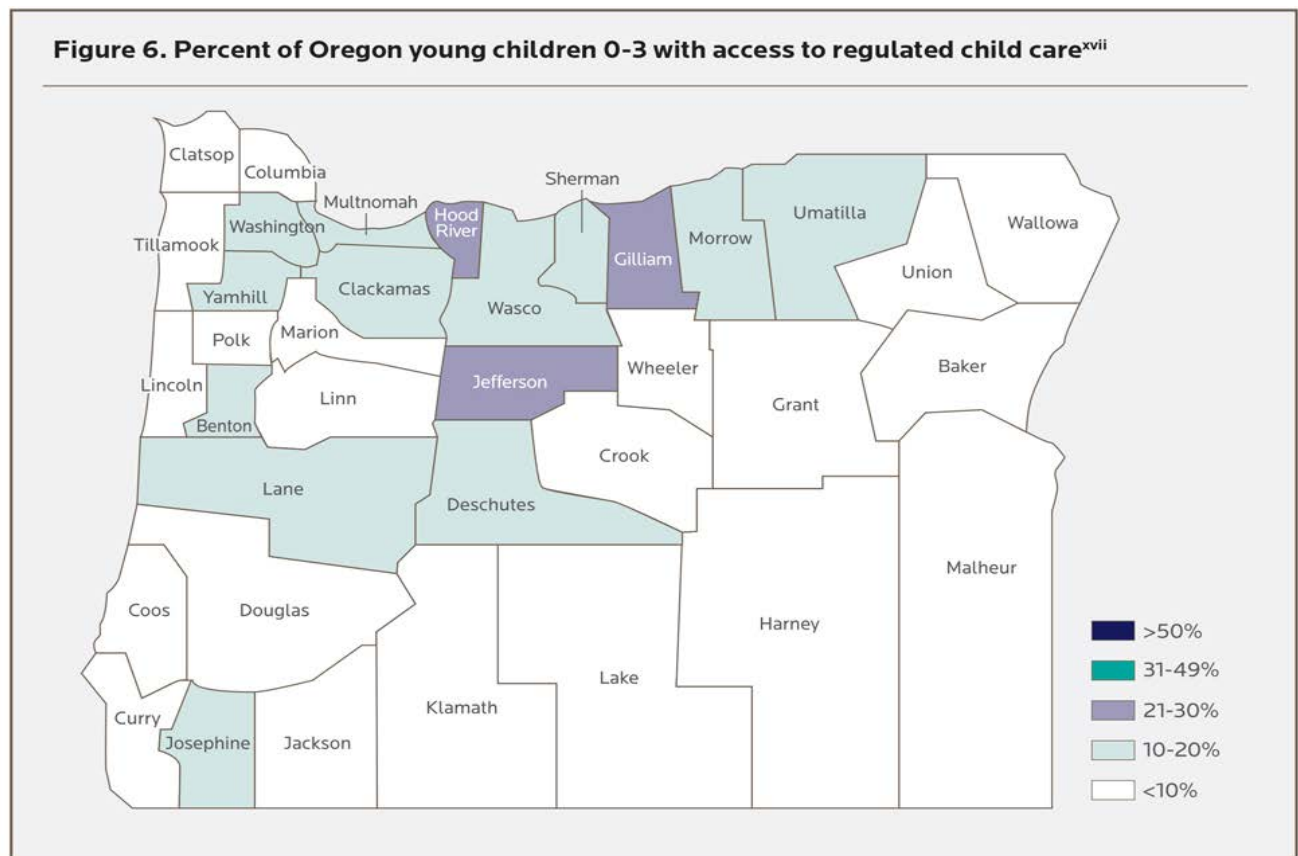
## Child Care:

Oregon is experiencing a true crisis in infant and toddler child care. The three pillars of child care:

- Affordability and Access
- Supply
- Quality

The reality of childcare in Oregon:

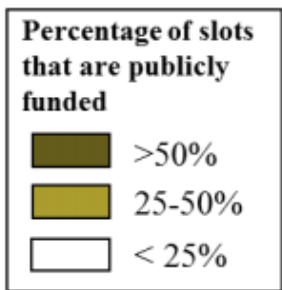
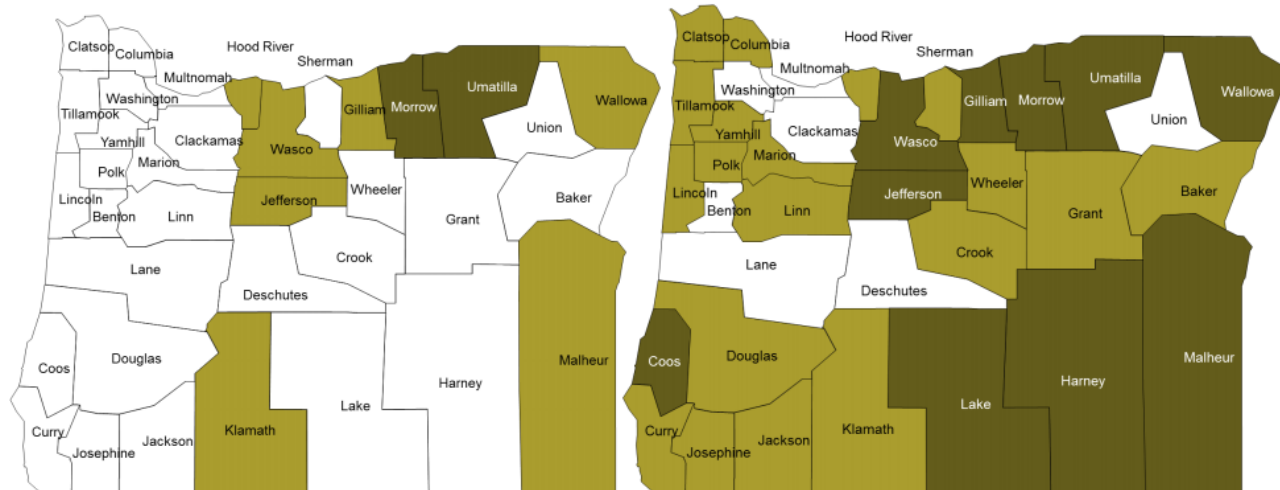
- Costs too much for parents
- Even when parents can afford it, they cannot find it
- Pay for workers is low and turnover is high
- Quality of care is often low



The crisis in supply is more extreme for infants and toddlers:

- There are 8 infants and toddlers for each child care slot
- There are 3 preschool-age children for each child care slot

Public investment impacts the supply of childcare.



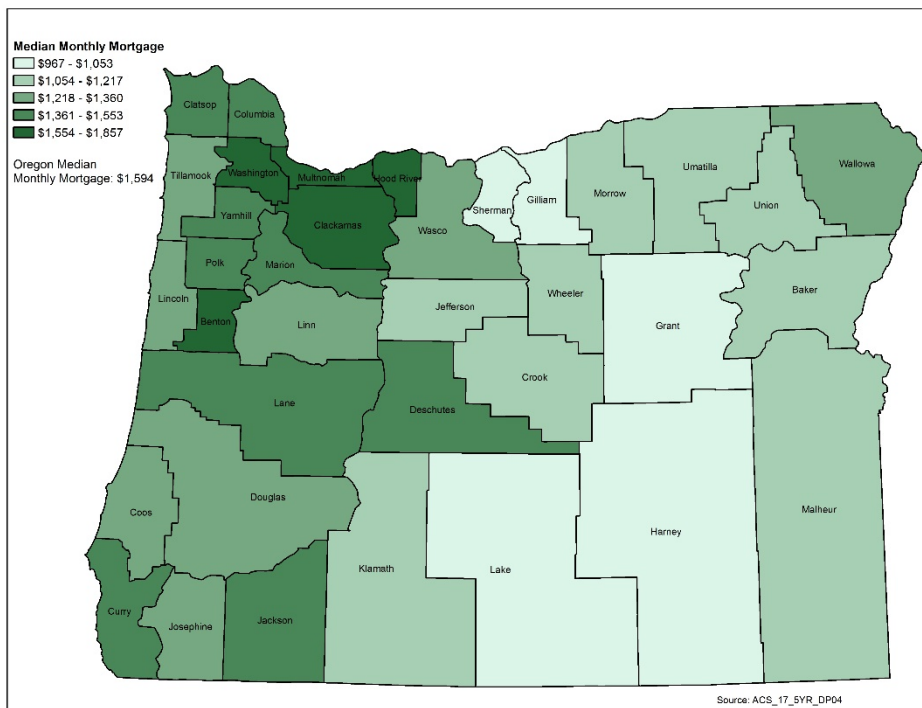
Public investment also impacts the quality of childcare.

To complement the quality strategies that exist in communities currently, to stabilize and increase quality of existing care, and to help expand family choice, the Early Learning Division is piloting a set of supply and quality building strategies. The infant-toddler quality initiative will utilize Child Care and Development Block Grant (CCDBG) funds to provide an opportunity for Oregon to launch a pilot of quality infant-toddler early education programs. This infant-toddler initiative is targeted to serve low-income families in communities struggling to find and keep high quality care for infants and toddlers. The pilot is to develop and refine strategies that build a supply of infant and toddler care.

## Housing:

You don't have to look hard to see how the cost of housing has increased significantly over the years. A Zillow search in the Salem area can show examples of housing values increasing 72 percent over the past decade, racing past the steady pace of inflation.

According to the US Census Bureau, the median home mortgage in Oregon was \$1,594 per month in 2017. The median monthly rent for Oregon was \$988 per month. A consistent income difference exists between homeowners and renters. Home owners typically have a larger income level, and a smaller percentage of that income is dedicated to housing costs. About half of all renters dedicate more than 30 percent of their family income to rent. By contrast, only twenty six percent of home owners do the same.

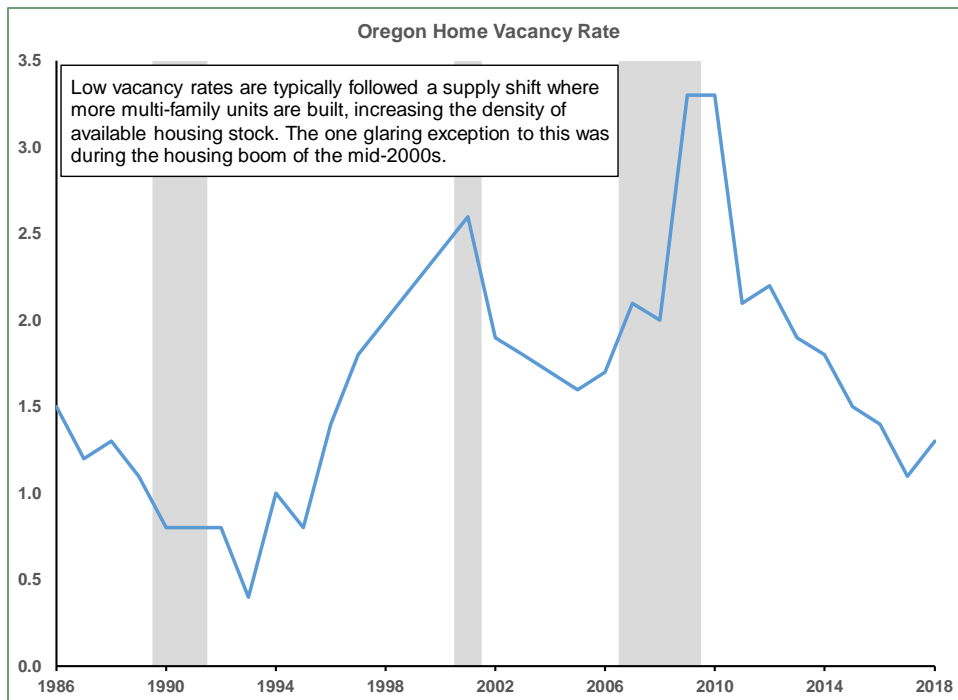


Source: US Census Bureau, American Community Survey

According to the US Census American Community Survey the median household income for a home owner is just over \$72,000 per year. The median household income for renters is just about half of that, coming in just over \$36,000 per year.

## Supply

There are two major aspects impacting the supply of housing, and the increasing prices seen in today's market; the availability of vacant houses for sale, and the rate of new houses being built in Oregon. Home vacancy rates are low compared to the last twenty five years, so supply of available housing is limited.



Source: U.S. Census Bureau, Home Vacancy Rate for Oregon [ORHVAC], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ORHVAC>, August 21, 2019.

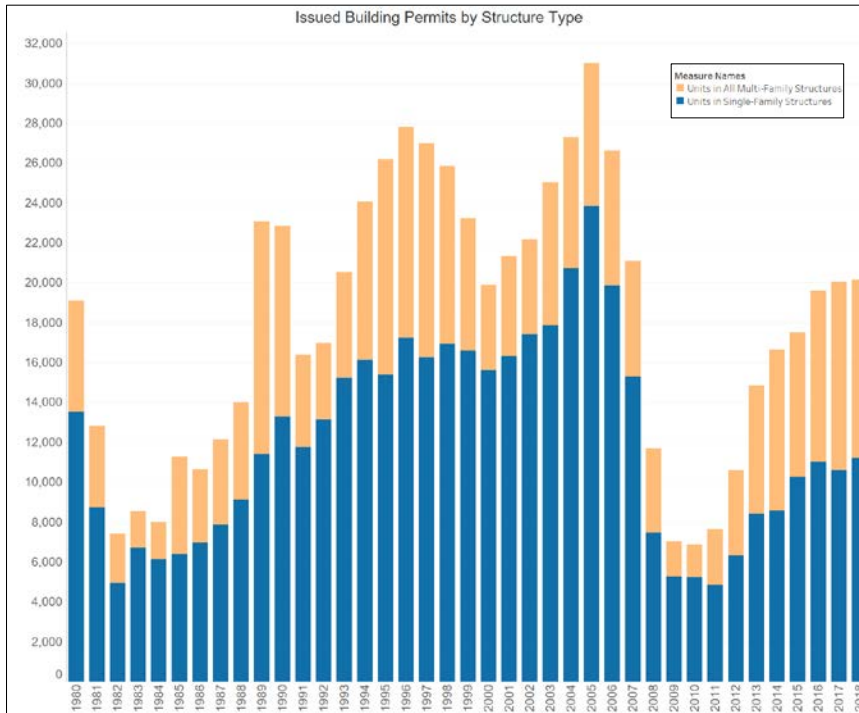
When the country has entered into a national recession home vacancy rates typically trend upwards. At the peak of the Great Recession states like Nevada had an annual vacancy rate near 5 percent. In Oregon, the vacancy rate peaked to just above 3 percent.

As the economy recovers families develop confidence in their ability to sustain or grow their income, they are willing to take on new debts and in many circumstances that means buying or changing homes.

We also see a shift in the type of residential construction that occurs during and after recessions. Since the 1980's most permits for residential construction were issued for single-family homes. During times of economic expansion the relative number of multi-family units increase, likely influenced by increase in population, as new families migrated into the state.

This relative increase in multi-family unit construction may also contribute to an observation from the Department of Housing and Urban Development that saw the home ownership rate decline since 2000 for Parts of the Portland Metro area.

According to a 2018 HUD report, the homeownership rate for Clackamas, Columbia, and Multnomah counties decreased from about 62 percent in 2000 to about 59 percent in 2017. Homeownership rates stayed about the same for Washington and Yamhill counties, while the Vancouver area had a slight decline from 67.4 percent to 66.6 percent.



Source: US Census Bureau, Building Permits Survey

### Home Ownership

Home ownership across demographic groups is also a consideration. Communities with historically lower median household incomes make up a disproportionately smaller share of home ownership in Oregon. African American and Hispanic families make up about 12 percent of the state’s population, but make up about 9 percent of home ownership.

Oregon Home Ownership Rates for Selected Demographics

Category	Number of Households	Home Ownership Rate	Median Household Income
Total Number of Households	1,571,631	62%	\$56,119
White	1,392,298	64%	\$57,026
Hispanic or Latino	129,029	41%	\$44,944
Asian	55,062	59%	\$72,402
Black or African American	25,782	32%	\$33,143
American Indian or Alaskan Native	4,018	45%	\$45,149

Source: US Census, American Community Survey 2017 5-year estimates.

Home ownership rates for disabled Oregonians is not readily available from the US Census, but it would be expected to be lower than the state average because the median wage for disable Oregonians is about 30 percent less than the statewide personal median wage estimated by the US Census Bureau.

## Student Loan Debt:

One of the aspects of self-sufficiency that the task force wanted to examine was that of student debt. The self-sufficiency reports reviewed by the task force do not include student debt as an essential cost for families.

However, it's expected that many Oregonians completing a post-secondary program would accumulate some form of student debt as they continue their education.

To look at what that debt load looks like, the task force examined nationally reported data of student debt and Pell grant use amongst the state's public community colleges and universities.

**Oregon Public College and University Net Cost and Median Debt, 2017**

Institution name	Average net price	Share of undergraduates who receive a Pell Grant	Median debt for students who have completed	Median Monthly Debt Payments (Over 10 Years)
Western Oregon University	\$16,875	44%	\$24,955	\$265
Oregon State University	\$20,493	26%	\$23,393	\$249
Oregon State University-Cascades Campus	\$15,150	51%	\$23,393	\$249
Oregon Institute of Technology	\$17,041	25%	\$22,875	\$243
Eastern Oregon University	\$14,578	45%	\$22,107	\$235
Portland State University	\$13,008	38%	\$21,969	\$234
Southern Oregon University	\$9,164	32%	\$21,313	\$227
University of Oregon	\$15,693	25%	\$20,500	\$218
Central Oregon Community College	\$9,735	37%	\$19,066	\$203
Rogue Community College	\$7,823	49%	\$18,202	\$194
Klamath Community College	\$5,441	51%	\$15,456	\$164
Portland Community College	\$9,095	36%	\$15,412	\$164
Oregon Coast Community College	\$5,935	37%	\$15,412	\$164
Chemeketa Community College	\$6,258	37%	\$14,750	\$157
Blue Mountain Community College	\$10,630	36%	\$14,679	\$156
Treasure Valley Community College	\$10,399	47%	\$13,938	\$148
Lane Community College	\$7,286	38%	\$13,504	\$144
Clackamas Community College	\$5,846	27%	\$13,101	\$139
Linn-Benton Community College	\$8,404	27%	\$13,044	\$139
Oregon Health & Science University	-	34%	\$12,557	\$133
Southwestern Oregon Community College	\$9,457	35%	\$12,000	\$128
Mt Hood Community College	\$7,793	27%	\$11,669	\$124
Columbia Gorge Community College	\$8,358	38%	\$11,650	\$124
Clatsop Community College	\$10,121	32%	\$9,334	\$99
Umpqua Community College	\$8,064	42%	\$8,543	\$91
Tillamook Bay Community College	\$5,036	64%	-s-	-

Source: U.S. Department of Education, <https://collegescorecard.ed.gov/data/>

Note: "-" denotes that data is unavailable, "-s-" denotes data is suppressed for privacy

Postsecondary institutions serve a wide range of students. Their ability to pay for their education is based on a number of different factors.

Some students may qualify for Federal and state financial aid, be awarded scholarships based on academic success, be able to work while they go to school, have family resources contribute to tuition costs. Many students take on some form of debt to make of the difference in their costs and what these other resources can provide.

The level of student debt incurred at different education institutions can vary significantly. We generally see students that participate in undergraduate and graduate level studies incur larger debt loads than those



completing a two-year program. We also see a strong, positive correlation between the average student debt load and the percentage of students qualifying for Pell Grants.

**Net Cost and Median Student Debt for Selected Private Institutions,  
Oregon 2017**

	Average net price	Share of undergraduates who receive a Pell Grant	Median debt for students who have completed	Median Monthly Debt Payments (Over 10 Years)
Pacific Northwest College of Art	\$32,541	42%	\$27,000	\$287
Pacific University	\$29,902	31%	\$27,000	\$287
New Hope Christian College-Eugene	\$19,019	63%	\$26,500	\$282
Oregon College of Art and Craft	\$26,654	52%	\$26,500	\$282
Willamette University	\$28,327	22%	\$26,371	\$280
Warner Pacific University	\$22,440	52%	\$25,922	\$276
Warner Pacific University Professional and Graduate Studies	\$19,227	37%	\$25,922	\$276
Linfield College-McMinnville Campus	\$27,254	26%	\$25,000	\$266
Linfield College-School of Nursing	-	27%	\$25,000	\$266
Corban University	\$24,491	32%	\$24,994	\$266
University of Portland	\$35,329	16%	\$24,897	\$265
Lewis & Clark College	\$34,838	18%	\$24,144	\$257
Concordia University-Portland	\$21,765	38%	\$23,054	\$245
George Fox University	\$28,366	31%	\$23,000	\$245
Northwest Christian University	\$19,277	43%	\$22,500	\$239
Multnomah University	\$24,630	56%	\$20,875	\$222
Reed College	\$31,815	16%	\$16,000	\$170
University of Phoenix-Oregon	-	41%	\$31,977	\$340
American College of Healthcare Sciences	\$21,146	39%	\$30,500	\$324
Sumner College	\$18,606	51%	\$16,500	\$175
Pioneer Pacific College	\$21,713	51%	\$16,340	\$174
Paul Mitchell the School-Portland	\$14,893	52%	\$16,167	\$172
Phagans School of Hair Design-Portland	\$8,839	76%	\$14,750	\$157
Phagans School of Hair Design	\$9,107	67%	\$14,029	\$149
Northwest College-Beaverton	\$15,393	67%	\$13,250	\$141
Northwest College-Clackamas	\$13,910	57%	\$13,250	\$141
Northwest College-Hillsboro	\$15,924	74%	\$13,250	\$141
Northwest College-Eugene	\$14,832	59%	\$13,250	\$141
Northwest College-Tualatin	\$18,453	52%	\$13,250	\$141
Northwest College-Medford	\$15,151	61%	\$13,250	\$141
Phagans Beauty College	\$8,387	76%	\$11,805	\$125
Aveda Institute-Portland	\$12,004	43%	\$10,556	\$112
College of Hair Design Careers	\$8,899	55%	\$10,511	\$112
Concorde Career College-Portland	\$22,394	51%	\$9,500	\$101
Carrington College-Portland	\$18,937	72%	\$9,500	\$101
Institute of Technology	\$26,694	63%	\$9,500	\$101

Source: U.S. Department of Education, <https://collegescorecard.ed.gov/data/>

Note: "-" denotes that data is unavailable, "-s-" denotes data is suppressed for privacy

## Self-Sufficiency Measures:

The Taskforce looked at three different self-sufficiency measures. The first was a report developed by the University of Washington on behalf of Worksystems Inc. The second was a self-sufficiency tool developed by the Massachusetts Institute of Technology (MIT). Finally, they looked at the ALICE Report, a tool developed for the United Way to estimate families who were living above the poverty rate, but were vulnerable to income shocks.

Self-sufficiency is the point where a household can support itself without the need of public support to meet the needs for food, housing, or other monthly costs. What constitutes self-sufficiency varies significantly due to who lives in the home, whether you have one or two income providers, and where you live in Oregon.

For instance, according to the University of Washington a single adult living in Multnomah County could meet their self-sufficiency threshold by holding a job paying over \$12.01 per hour. By contrast, a single parent with two children may need to have an income greater than \$31 per hour just to cover additional housing, food, and childcare costs.

### Oregon Self-Sufficiency Standard

The Taskforce wanted to find a way to understand what it cost for families to support themselves and how it compared to what is defined as the high-wage. The measures of self-sufficiency the taskforce looked at all attempted to categorize major costs we would expect families would need to cover on a regular basis.

- Can a family provider keep a roof over their family's head?
- Will there be enough food this month?
- Is there enough gas in the car to get to work?

The University of Washington published a county-based report in 2017 that attempted to outline the expected costs.

The report is similar to other self-sufficiency measures because it is based on a number of different sources of information. Much of the underlying data comes from either the US Census Bureau's American Community Survey or report data from the US Department of Housing and Urban Development.

**TABLE 1. The Self-Sufficiency Standard for Select Family Types\***  
 Multnomah County, OR 2017

	1 ADULT	1 ADULT 1 PRESCHOOLER	1 ADULT 1 PRESCHOOLER 1 SCHOOL-AGE	2 ADULTS 1 PRESCHOOLER 1 SCHOOL-AGE
<b>MONTHLY COSTS</b>				
Housing	\$1,023	\$1,206	\$1,206	\$1,206
Child Care	\$0	\$1,126	\$1,807	\$1,807
Food	\$275	\$417	\$628	\$863
Transportation	\$100	\$100	\$100	\$200
Health Care	\$129	\$350	\$372	\$433
Miscellaneous	\$153	\$320	\$411	\$451
Taxes	\$1,023	\$1,206	\$1,206	\$1,206
OR Working Families Tax Credit (-)	\$0	\$0	\$0	(\$72)
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	(\$50)	(\$100)	(\$100)
Child Tax Credit (-)	\$0	(\$83)	(\$167)	(\$167)
<b>SELF-SUFFICIENCY WAGE</b>				
Hourly**	\$12.01	\$24.86	\$31.57	\$16.75 <i>per adult</i>
Monthly	\$2,113	\$4,376	\$5,557	\$5,895
Annual	\$25,360	\$52,510	\$66,685	\$70,744
Emergency Savings Fund	\$26	\$76	\$183	\$47

\* The Standard is calculated by adding expenses and taxes and subtracting tax credits. The "Taxes" row includes payroll and sales taxes plus income taxes.

\*\* The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month). The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.

*Source: The Self-Sufficiency Standard for Oregon 2017, University of Washington*

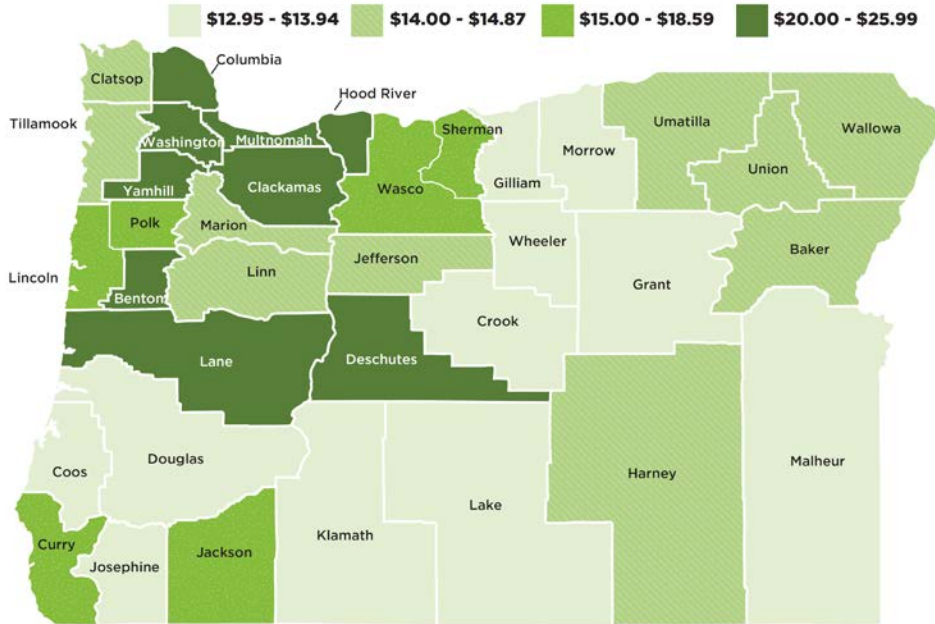
For the basis of single adult estimates the report assumed that a single adult would need a one-bedroom apartment. Other self-sufficiency measures use alternate housing standards like a studio apartment.

Households with children have a significant higher self-sufficiency threshold because of significant cost increases in housing, food, and especially child care. In order to be self-sufficient in Multnomah County, to be at the point you do not need any form of public assistance to get by, a single adult needs to make \$12.01 per hour and work full time. By contrast, a single adult with two children would have to earn \$31.57 per hour just to cover the expected costs.

The Self-Sufficiency Standard is significantly higher than the official poverty measure because includes a wider set of assumed costs. For a family of 4, the official Federal poverty measure covers about 30 percent of the costs estimated by the Oregon Self-Sufficiency Standard and other measures the task force looked at.

Self-sufficiency standards can vary greatly across the state. The Portland metro area, I-5 corridor, and Bend typically have the highest costs of living. Areas like South Central and Eastern Oregon typically have lower self-sufficiency thresholds.

## Self-Sufficiency Standard for One Adult, One Preschooler



*Source: The Self Sufficiency Standard for Oregon 2017, University of Washington*

The areas with the highest self-sufficiency thresholds are typically areas with the highest population densities. Costs like housing, child care and healthcare all tend to be higher where more families are competing for the same access to schools, child care, and other services.

Some costs in rural communities can be more than in urban areas. For instance, transportation costs in Multnomah County are estimated to be far less than Harney or Crook County because of access to a robust public transit system.

### MIT Living Wage Calculator

One national measure of the true cost of self-sufficiency was developed by the Department of Urban Studies and Planning at the Massachusetts Institute of Technology (MIT). The living wage calculator is available for all 50 states and covers all the counties in Oregon. Similar to the University of Washington's report, the living wage calculator limits its scope to essential costs. It excludes some things that would seem reasonable for most American families to have, such as pre-prepared meals and eating at restaurants.

The MIT living wage calculator makes estimates for 12 different household types, making assumptions on the number, and age of children in the household. The calculator also assumes a single adult is renting a studio apartment.

**Selected Households from the MIT Living Wage Calculator  
Multnomah County**

Hourly Wages	1 Adult	2 Adults			
		1 Adult 1 Child	1 Adult (1 Working) 2 Children	2 Adults 1 Child	2 Adults 2 Children
Living Wage	\$14.59	\$27.46	\$33.35	\$26.06	\$18.15
Poverty Wage	\$5.84	\$7.91	\$9.99	\$9.99	\$6.03
<b>Typical Monthly Expenses</b>					
Food	\$298	\$439	\$661	\$680	\$878
Child Care	\$0	\$558	\$1,048	\$0	\$1,048
Medical	\$167	\$527	\$498	\$498	\$505
Housing	\$1,026	\$1,330	\$1,330	\$1,330	\$1,330
Transportation	\$351	\$639	\$751	\$751	\$869
Other	\$248	\$413	\$448	\$448	\$522
Required monthly income after taxes	\$2,089	\$3,904	\$4,735	\$3,707	\$5,150
Monthly taxes	\$440	\$856	\$1,047	\$811	\$1,142
Required Monthly income before taxes	\$2,529	\$4,760	\$5,782	\$4,517	\$6,292

Source: MIT Wage Calculator developed by Dr. Amy Glasmeier, Department of Urban Studies and Planning  
<http://livingwage.mit.edu/counties/41051>

The MIT calculator estimates a threshold that is higher than the Oregon Self-Sufficiency standard. For instance, the MIT living wage for a single adult in Multnomah County is \$14.59 per hour, \$2.58 more than the Oregon Self-sufficiency standard had calculated. This is primarily driven by the assumption of the MIT calculator that households in the metro area would still use a car as their primary means of transportation.

While there are differences in how these two measures calculate a self-sufficiency threshold, the overall story across different geographical areas and household compositions is same.

**Selected Households from the MIT Living Wage Calculator  
Marion County**

Hourly Wages	1 Adult	2 Adults			
		1 Adult 1 Child	1 Adult (1 Working) 2 Children	2 Adults 1 Child	2 Adults 2 Children
Living Wage	\$11.75	\$24.54	\$30.44	\$23.14	\$16.69
Poverty Wage	\$5.84	\$7.91	\$9.99	\$9.99	\$6.03
<b>Typical Monthly Expenses</b>					
Food	\$298	\$439	\$661	\$680	\$878
Child Care	\$0	\$558	\$1,048	\$0	\$1,048
Medical	\$167	\$527	\$498	\$498	\$505
Housing	\$594	\$886	\$886	\$886	\$886
Transportation	\$351	\$639	\$751	\$751	\$869
Other	\$248	\$413	\$448	\$448	\$522
Required monthly income after taxes	\$1,657	\$3,460	\$4,291	\$3,263	\$4,706
Monthly taxes	\$380	\$794	\$985	\$749	\$1,080
Required Monthly income before taxes	\$2,037	\$4,254	\$5,276	\$4,011	\$5,786

Source: MIT Wage Calculator developed by Dr. Amy Glasmeier, Department of Urban Studies and Planning  
<http://livingwage.mit.edu/counties/41047>

The MIT Living wage calculator estimates that a single adult in Multnomah County would need to earn about 24 percent more than a single adult in Marion County in order to not need some form of public assistance. In a similar fashion, the University of Washington Report estimates that same individual in Multnomah County would have to earn 27 percent more than an individual in Marion County. While there is some variance in the numbers, the overall story that differences in the housing costs between Multnomah and Marion County increase the self-sufficiency threshold significantly.

**Alice Report**

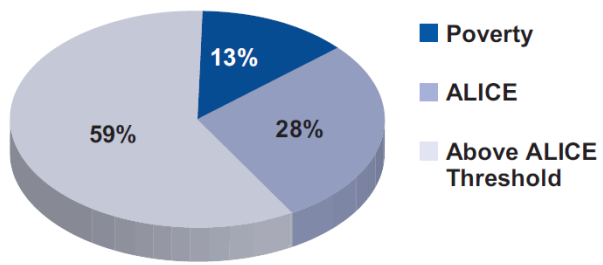
The United Way has also developed a measure of self-sufficiency and need through its ALICE report. ALICE refers to the families in Oregon that are asset limited, income constrained, and employed. The report uses similar sources of information as the Oregon Self-Sufficiency Standard and the MIT Living Wage Calculator. While the ALICE report provides a similar measure of self-sufficiency the report takes an additional step to estimate how many families live above the poverty line, but to a level where they would fit the ALICE definition.

Oregon Average – 2016		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	\$535	\$789
Child Care	\$-	\$1,142
Food	\$177	\$586
Transportation	\$338	\$676
Health Care	\$196	\$728
Technology	\$55	\$75
Miscellaneous	\$162	\$473
Taxes	\$319	\$738
Monthly Total	\$1,782	\$5,207
ANNUAL TOTAL	\$21,384	\$62,484
Hourly Wage*	\$10.69	\$31.24

\*Full-time wage required to support this budget  
Source: American Community Survey; U.S. Department of Housing and Urban Development; U.S. Department of Agriculture; Bureau of Labor Statistics; Internal Revenue Service, and Oregon Childcare Aware, 2016

*Source: United Way, 2018 Oregon ALICE Report*

According to the report, about 13 percent of Oregon families lived below the poverty line, while another 28 percent of families lived below the ALICE threshold for self-sufficiency.



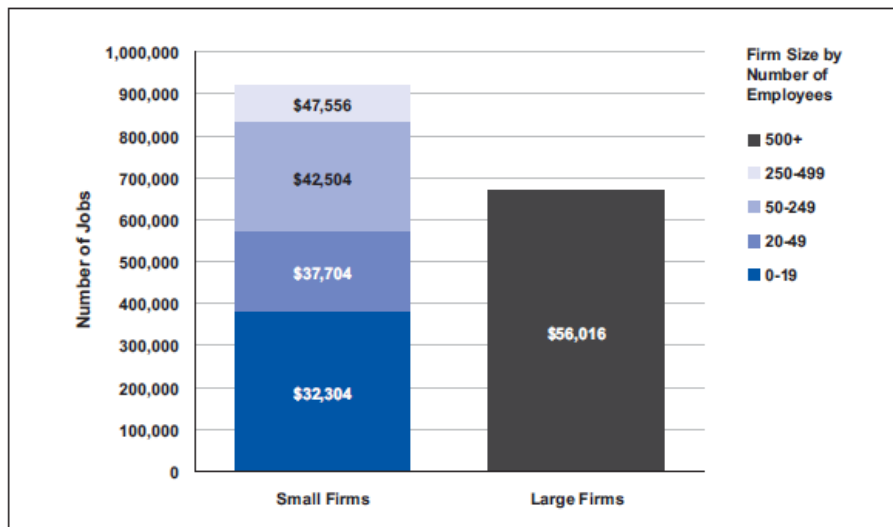
*Source: United Way, 2018 Oregon ALICE Report*

This ratio of families who meet the United Way’s definition of ALICE can vary significantly from one county to another. In Benton County, 22 percent of families meet the definition of ALICE, while in Josephine County that ratio may be closer to 38 percent.

One of the key findings of the report highlighted that the income an individual makes is tied to the size of the company they work for. This was a similar finding to the 2018 Oregon Benefits report, which showed access to paid benefits also depended on the size of the business an individual worked for.

According to the Alice Report, the average worker employed by a large firm makes 73 percent more than the average workers employed by a business that has fewer than 20 employees.

Employment by Firm Size With Average Annual Wages, Oregon, 2016



Source: U.S. Census; Quarterly Workforce Indicators, 2016

Source: United Way, 2018 ALICE Report

## Definition of High Wage:

In 2007, the Oregon Employment Department, in collaboration with the Oregon Workforce Investment Board (OWIB – now the WTDB), Oregon Department of Education, and other partners, developed definitions for high-wage, high-skill, and high-demand occupations.

The current definition of a high-wage occupation is any occupation whose median wage is greater than the median wage for all occupations in a designated area. High wage occupations are identified for the state, all workforce areas, and several sub-state regions.

Current High Wage Thresholds, by Area		
Area	2018 Hourly Median Wage	2018 Median Annual Wage
Oregon	\$19.09	\$39,707
Portland Tri County	\$21.36	\$44,429
Mid Valley	\$18.18	\$37,814
Northwest	\$17.35	\$36,088
Lane	\$17.80	\$37,024
Southwestern	\$16.53	\$34,382
Rogue Valley	\$16.43	\$34,174
East Cascades	\$17.33	\$36,046
Columbia Gorge	\$16.81	\$34,965
Central Oregon	\$17.58	\$36,566
South Central	\$16.95	\$35,256
Eastern Oregon	\$16.36	\$34,029
Columbia Basin	\$16.22	\$33,738
Eastern Six	\$16.48	\$34,278

Source: Oregon Employment Department, Occupation Employment Statistics

The current definition of a high-wage occupation depends on the regions and the typical wages paid in that area. For an area like Lane County, a high-wage occupation is one whose median wage is greater than \$17.80 per hour. In the Portland Tri-County area that threshold is much larger, where the occupation median wage has to be greater than \$21.36 in order to be considered a high-wage occupation.

Any agency requesting employment information from the Employment Department for high-wage occupations would receive information based on the current definition. There are several agencies that use the current definition of high wage in the application of programs.

### The Oregon Employment Department

The Workforce and Economic Research Division provides labor market information to Oregonians, ranging from students and jobseekers, to local governments and education administrators.



The Research Division calculates high wage occupations based on the current definition. It uses the result of that analysis to report out labor market information in products and tools found on [www.QualityInfo.org](http://www.QualityInfo.org). The result of the analysis is found in a number of products:

- Careers Explorer offers high-wage filters to narrow lists of occupational information.
- High-wage, High Demand tables are published and provided to education partners including Oregon community colleges.
- High-wage occupations are identified in the Occupation for Prioritization tool. This tool was developed for workforce and education partners to consider local area workforce and training needs.
- High-wage occupations are identified for data requests and related flags are used to parse occupational wage information and long-term projections as needed.

### The Department of Education

The Department of Education was one of the partners that adopted the high wage definition in 2007. References to high wage are commonly found in legislative statute, and the current definition has officially been written into administrative rules (ORS 581-017-0287, 581-017-0466). These rules primarily related to Career Technical Education, STEM initiatives and approval for CTE programs.

### Business Oregon

Business Oregon does use employee wages as a qualifying measure for some of its programs. However, the agency does not define high wage for this purpose. Instead, the agency uses average wage estimates based on the Quarterly Census of Employment and Wages (QCEW). QCEW summarizes employment and wage records in the state to estimate averages at the county level. Most of the related programs that use average wage are covered by ORS 285A, 285B, and 285C. There was legislation in the 2019 session, House Bill 2053, which would clarify how Business Oregon gets average wage information from the Employment Department..

### Department of Consumer & Business Services

The department does not have a definition of high wage in related rules or statutes. However, they do use an average weekly wage measure in the administration of workers compensation insurance. The average weekly wage they use is based on data from the Employment Department's Quarterly Census of Employment and Wages program.

### Bureau of Labor and Industries

The Bureau does not have a definition of high wage in statute or rule. The Bureau does use wage thresholds in the administration of minimum wage and prevailing wage law.

The state has three minimum wages, whose current and future levels are defined by statute.



The best way to see how effective the high-wage definition is would be to compare the Oregon definition with what other states define as high wage. To that end, the task force asked the Employment Department to collect information about how other states define high-wage occupations.

How do other states define high-wage occupations?

Research Director Bob Uhlenkott reached out to state labor market information providers to see how other states define high-wage occupations. Most states that had a definition of high wage used a statistical measure like median or average wage. Pennsylvania did use an alternative measure called self-sufficiency wage, which used the Federal poverty threshold as a factor to identify high priority occupations.

Alaska

They do not have an official definition. Their staff did caution against using a measure other than “higher-than average,” because the use of an alternative percentile (25<sup>th</sup>, 75<sup>th</sup>, 90<sup>th</sup>) would be artificially technical.

California

California did not have an official definition of high-wage occupations. When they provided measures of “good paying jobs” they compared wages found in specific areas because of the relative nature of pay and cost of living.

Michigan

Similar to Oregon, high-wage occupations are based on the statewide median wage in Michigan.

Nebraska

The state probably has one of the most complex ways of defining high wage. They generate a regional score for each occupation based off of its estimated wage distribution, and how it compared to the

regional wage distribution. The comparison generates a high-wage score. If that score meets the necessary threshold it is considered high-wage.

#### Nevada

They have two statutory thresholds that both use state average wages. In one case a high wage occupation is equal to or greater than the average wage, as calculated by the Quarterly Census of Employment and Wages (QCEW). A high-wage occupation may also be 110 percent of the average wage calculated by QCEW.

#### Pennsylvania

They define a “self-sustaining wage” criteria for high priority occupations. They define the wage as 200 percent above the Federal poverty rate for a one adult, one child household. In 2018 that threshold was \$34,616.

#### Vermont

They mostly use the median wage to define high wage. They did say one program in the state used \$20 dollars as high wage.

#### Strengths and challenges of using the definition

While we often see wage information reported as an average wage, or median wage, it is important to understand that workers are paid a range of wages based on experience, productivity, or the relative wages in their industry.

While the wage that identifies an occupation as high-wage may appear low, the reality is many Oregonians working in that career can earn much more. For instance, a wholesale manufacturing sales representative in Lane County has a median wage just over \$26 per hour. That qualifies it as a high-wage occupation in that area. For some families that may not be enough to support themselves. But, if you consider that nearly half of these representatives earn between \$26 and \$50 dollars an hour there are positions in that career that could support a larger family.



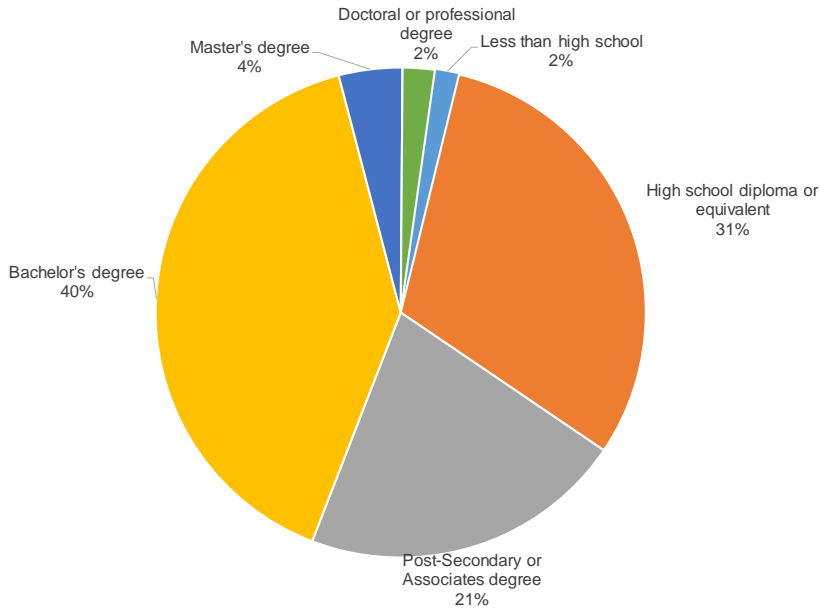
Source: Oregon Employment Department, Oregon Wage Information 2018

With hundreds of careers the workforce system could support, trying to down select from those options to meet workforce goals and resources can be daunting.

The workforce system and its partners put enormous effort in providing Oregonians a pathway to a better future. They do through training programs, postsecondary degree and credentialing efforts like National Career Readiness Certification. Because of the nature of many of the programs, there is an expectation that these training opportunities are completed in one to two years. The high wage definition helps identify the pools of careers that fit those requirements.

High-wage occupations accounted for about 46 percent of estimated employment in 2017, and about 37 percent of projected job openings between 2017 and 2027. The following chart shows the distribution of projected openings by typical entry level education. Nearly 70 percent of job openings in high-wage occupations require some type of education above a high school diploma. By contrast, 94 percent of projected job openings in occupations that were not considered to be a high-wage occupation required a high school diploma or less.

Projected High-Wage Job Openings 2017-2027,  
By Typical Entry-Level Education



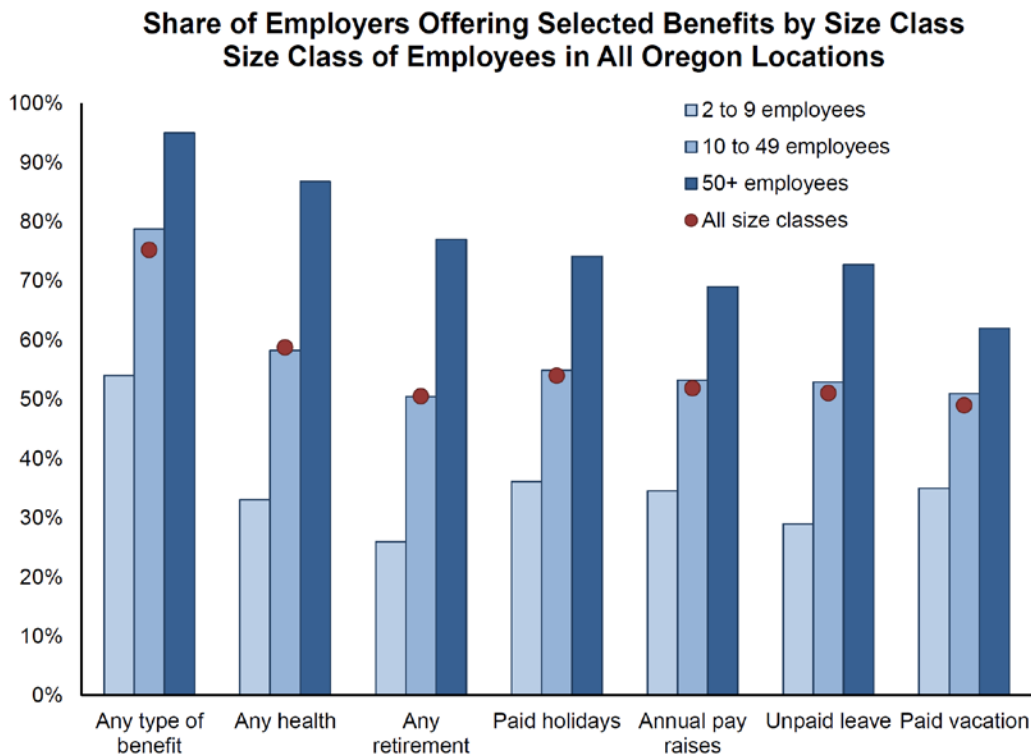
*Source: Oregon Employment Department, 2017-2027 Occupation Projections*

The definition of high-wage occupations uses one value to determine if an occupation fits the criteria. We know that the occupation may pay a high wage, but we don't know if that is a high wage to a family of four, or student graduating from college with thousands of dollars in debt. The current high wage definition provides a mechanism to the workforce system to identify careers the system is well equipped to impact and support. However, there is a clear dissonance between what we say is a high wage, and whether an Oregon family can truly support itself with those wages. Simply focusing on wages does not account for the importance of other benefits provided from employment.

## Access to Benefits:

Released in January 2019, the Oregon Benefits Survey Report sheds light on the extent that Oregonians have access to additional benefits through their employer. Wages are only a portion of a worker’s total compensation and access to benefits can vary depending on the type of work you do, where you live, and the size of business you work for.

Among firms with less than 10 payroll employees, one-third (33%) offered health benefits, while 26 percent offered retirement benefits. More than one-third offered paid holidays (36%) and annual pay raises (35%). Meanwhile, 87 percent of firms with at least 50 employees offered health benefits, and 77 percent offered retirement benefits. Paid holidays (74%) and annual pay raises (69%) were also more widespread.



Source: Oregon Employment Department, Oregon Benefits Survey 2019

Employers reported that insurance premiums averaged \$828 per month for individual plans and \$1,291 for family plans in June 2018. Their contributions accounted for the majority of the cost. On average, employers paid 88 percent of individual plan premiums, and 62 percent of family plan premiums.

The Oregon Benefits Survey also asked employers to describe the most important way health benefit costs affected their business or workforce in the past year. “High costs” accounted for two-thirds (67%) of all responses provided. An additional 5 percent of employer responses specifically cited increasing health benefit costs as taking money they would have otherwise given to employees in the form of wage increases. One response succinctly

described this tradeoff: “Increasing costs have led to higher premiums, which so far, the company has absorbed in lieu of wage increases.”

Many employers also noted positive aspects of providing health benefits. One out of 10 responses explained how offering health benefits improved the ability to hire and retain workers.

Employers that provided retirement benefits also wrote open-ended responses about the most important way offering those benefits affected their business or workforce over the past year. More than one-fifth (22%) of respondents cited worker hiring and retention advantages related to their retirement offerings. One employer elaborated on this by explaining, “Retirement benefits and the company match are another tool to attract potential workers in a tight labor

It's clear from the benefits report that total compensation is directly impacted by who you work for, where you work, and what industry you work for. Access to benefits directly impacts whether high wages truly support Oregon families, or if they are going to struggle.

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