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Percentage of Workers Earning Low-Wages Remains Stable

Introduction

Oregon's Workforce System provides services to individuals with diverse backgrounds, skills, and work history. Some individuals receiving services may have no work history and are preparing to enter the workforce for the first time. Others have been in the workforce several years and are highly skilled. Yet others, perhaps due to a disability or being a dislocated worker, require retraining before they can go back to work.

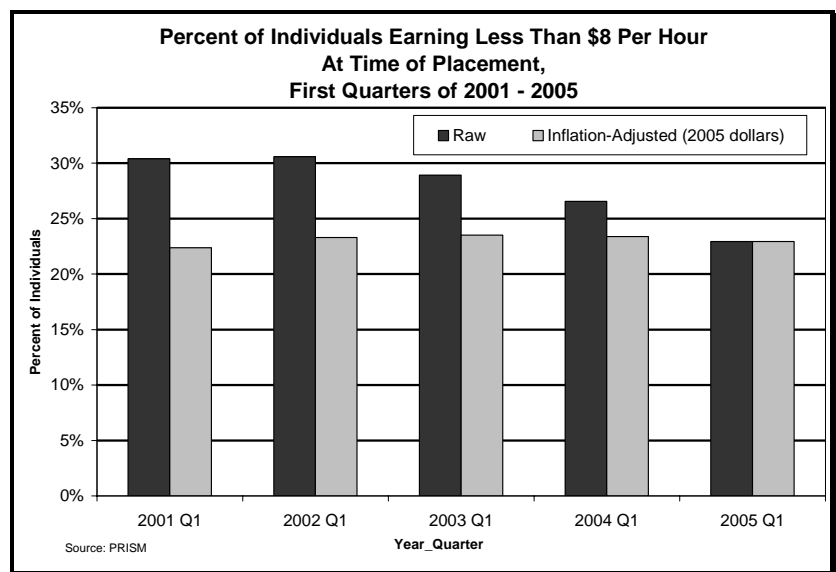
This report takes a closer look at those individuals who, after receiving services from the workforce system, enter the workforce earning at-or-just-above minimum wage.

Percentage earning less than \$8 declines

Graph 1 shows the fraction of those served by the workforce system who find jobs paying less than \$8 per hour, in both raw and inflation-adjusted terms.

In actual dollars, the percentage of individuals earning less than \$8 per hour declined from over 30 percent in the first quarter of 2001 to about 23 percent during the first quarter of 2005.

But after adjusting for inflation, we find that the percentage of individuals placed in low-wage (less than \$8 per hour) jobs remains fairly stable, right around 23 percent.



Graph 1

Most low-wage workers are found in one of three industries

As Table 2 shows, 9,123 individuals started working in jobs paying less than \$8.00 per hour in the first quarter of 2005. Of those, two-thirds (6,158) worked in accommodation and food services, administrative and support and waste management, or retail trade industries. Each of these three industries offer large numbers of entry level jobs in which workers are required to have little or no work history. Administrative and support and waste management is the broad industry which includes temporary help agencies.

Wage distributions varied widely within industries. As shown in Table 2, more than half of the individuals working in the accommodation and food services industry earned less than \$8.00 and over 80 percent earned less than \$10 per hour in the first quarter of 2005. The picture for retail trade is not much different. Of the individuals served by the workforce system and working in the retail trade industry, almost 43 percent earned less than \$8 per hour and over 70 percent under \$10 per hour.

High paying industries likely to attract highly skilled labor

On the other end of the wage range, a few industries tend to pay higher wages. However, these industries usually require highly skilled workers. Table 2 shows that three industries pay at least one-third of the workers placed after receiving services \$20 per hour or more. These industries include construction (30.5 percent), management of companies and enterprises (32.8 percent), and utilities (71.9 percent).

Summary

After adjusting for inflation, the percentage of individuals working after receiving services and earning below \$8 per hours remains stable over time.

Technical Note

To be included in this analysis, a customer had to be employed during the calendar quarter when they finished receiving services from the workforce system or during the immediate-following quarter and they had to be working in the fifth quarter after receiving services. The Consumer Price Index for All Urban Consumers (CPI-U) for Portland-Salem was used for the inflation adjustment.

Additional information

For more information visit the PRISM web site at www.oregon.gov/PRISM/.



Table 1 -- Number of Placements* by Hourly Wage Level and Industry
January 1, 2005 through March 31, 2005

Industry	Hourly Wage								Total
	Under \$8.00	\$8.00 - \$9.99	\$10.00 - \$14.99	\$15.00 - \$19.99	\$20.00 - \$29.99	\$30.00 - \$39.99	\$40.00 - \$49.99	\$50.00 or more	
Accommodation and Food Services	2,285	1,090	631	134	41	7		7	4,195
Administrative and Support and Waste Management	1,456	2,626	1,833	374	147	48	22	21	6,527
Agriculture, Forestry, Fishing and Hunting	311	263	350	162	57	14		3	1,160
Arts, Entertainment, and Recreation	159	174	133	35	26				527
Construction	88	323	1,018	624	704	165	22	12	2,956
Educational Services	110	257	408	184	87	34	8	13	1,101
Finance and Insurance	49	228	349	140	80	25	15	28	914
Health Care and Social Assistance	744	1,418	1,340	318	191	39	18	21	4,089
Information	65	95	180	84	60	41	12	13	550
Management of Companies and Enterprises	4		22	17	13	4	4		64
Manufacturing	457	1,153	2,032	899	490	123	45	34	5,233
Mining		5	37	20	3				65
Other Services (except Public Administration)	276	348	292	84	69	12	6	6	1,093
Professional, Scientific, and Technical Services	137	170	294	158	123	57	35	16	990
Public Administration	53	130	519	278	221	55	12	5	1,273
Real Estate and Rental and Leasing	126	175	202	67	26	7			603
Retail Trade	2,417	1,600	1,139	325	136	29	9	20	5,675
Transportation and Warehousing	95	184	476	202	89	19	8	15	1,088
Unknown/Nonclassifiable	126	30	14						170
Utilities		9	25	11	24	35	48	8	160
Wholesale Trade	165	305	545	188	90	34	13	18	1,358
Total	9,123	10,583	11,839	4,304	2,677	748	277	240	39,791

* Counts include those individuals that got a job and worked for one year
Average hourly wage at placement for the reporting period = \$12.43
Cells with two or fewer records are not published due to confidentiality restrictions.



Table 2 -- Percentage of Placements* by Hourly Wage Level and Industry

January 1, 2005 through March 31, 2005

Industry	Hourly Wage								Total
	Under \$8.00	\$8.00 - \$9.99	\$10.00 - \$14.99	\$15.00 - \$19.99	\$20.00 - \$29.99	\$30.00 - \$39.99	\$40.00 - \$49.99	\$50.00 or more	
Accommodation and Food Services	54.47%	25.98%	15.04%	3.19%	0.98%	0.17%		0.17%	100.00%
Administrative and Support and Waste Management	22.31%	40.23%	28.08%	5.73%	2.25%	0.74%	0.34%	0.32%	100.00%
Agriculture, Forestry, Fishing and Hunting	26.81%	22.67%	30.17%	13.97%	4.91%	1.21%		0.26%	100.00%
Arts, Entertainment, and Recreation	30.17%	33.02%	25.24%	6.64%	4.93%				100.00%
Construction	2.98%	10.93%	34.44%	21.11%	23.82%	5.58%	0.74%	0.41%	100.00%
Educational Services	9.99%	23.34%	37.06%	16.71%	7.90%	3.09%	0.73%	1.18%	100.00%
Finance and Insurance	5.36%	24.95%	38.18%	15.32%	8.75%	2.74%	1.64%	3.06%	100.00%
Health Care and Social Assistance	18.20%	34.68%	32.77%	7.78%	4.67%	0.95%	0.44%	0.51%	100.00%
Information	11.82%	17.27%	32.73%	15.27%	10.91%	7.45%	2.18%	2.36%	100.00%
Management of Companies and Enterprises	6.25%		34.38%	26.56%	20.31%	6.25%	6.25%		100.00%
Manufacturing	8.73%	22.03%	38.83%	17.18%	9.36%	2.35%	0.86%	0.65%	100.00%
Mining		7.69%	56.92%	30.77%	4.62%				100.00%
Other Services (except Public Administration)	25.25%	31.84%	26.72%	7.69%	6.31%	1.10%	0.55%	0.55%	100.00%
Professional, Scientific, and Technical Services	13.84%	17.17%	29.70%	15.96%	12.42%	5.76%	3.54%	1.62%	100.00%
Public Administration	4.16%	10.21%	40.77%	21.84%	17.36%	4.32%	0.94%	0.39%	100.00%
Real Estate and Rental and Leasing	20.90%	29.02%	33.50%	11.11%	4.31%	1.16%			100.00%
Retail Trade	42.59%	28.19%	20.07%	5.73%	2.40%	0.51%	0.16%	0.35%	100.00%
Transportation and Warehousing	8.73%	16.91%	43.75%	18.57%	8.18%	1.75%	0.74%	1.38%	100.00%
Unknown/Nonclassifiable	74.12%	17.65%	8.24%						100.00%
Utilities		5.63%	15.63%	6.88%	15.00%	21.88%	30.00%	5.00%	100.00%
Wholesale Trade	12.15%	22.46%	40.13%	13.84%	6.63%	2.50%	0.96%	1.33%	100.00%
Total	22.93%	26.60%	29.75%	10.82%	6.73%	1.89%	0.70%	0.60%	100.00%

* Percentages include those individuals that got a job and worked for one year

Average hourly wage at placement for the reporting period = \$12.43