Measuring livable wage job openings:
A look at Maine data for 1993-94

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No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. --*Franklin Delano Roosevelt*

He that hath a trade hath an estate; he that hath a calling hath an office of profit and honor.
--*Benjamin Franklin*

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Introduction

Although interest in the concept of "livable wage" jobs has grown only recently, Roosevelt and Franklin recognized long ago the value of a good-paying job and the training needed to obtain such a job. All jobs are important, but those that pay a living wage are essential to achieving some quality of life. While job creation is an indicator of economic growth, livable-wage jobs are linked directly to economic development. Successful economic development is measured, in part, by the degree to which the standard of living improves through increasing job opportunities, changing the composition of jobs, and enriching human capital.

This article focuses on the quality (or livable-wage aspect) of the jobs being developed. By presenting aggregate estimates of the number of livable-wage job openings in Maine, as well as some highlights of the relationship between job training and job pay, this presentation seeks to give policy makers and economic developers a sense of how Maine's economy supports the quality of working lives.

Determining "What is a livable wage?" is essential to measuring the number of livable-wage jobs. In a descriptive sense, a livable wage is an income level that enables a household to meet its basic needs without public assistance. The benchmark for the livable wage is based on a basic-needs budget defined in 1995 by economist Stephanie Seguino, formerly of the Margaret Chase Smith Center for Public Policy at the University of Maine. Seguino's definition was based on adequacy standards for the expenditure categories of food, housing, transportation, health care, child care, clothing, and personal care. Seguino calculated three monthly basic-needs budget scenarios for a single-parent, three-person Maine family in 1993: a single parent with two children under age 6; a single parent with two children, one under 6; and a single parent with two children older than 6. A livable wage was considered to be the average hourly pay needed to satisfy these budgets, or $11.55 for 1993.

Another effort that indicates the importance of livable wages is taken from the Maine Economic Growth Council's Measures of Growth--Second Report of the Maine Economic Growth Council released in early 1996 by the Maine Development Foundation. The council formulated the goal that "Maine workers will have ever-increasing opportunities for employment that provide more jobs above livable wages." The goal was accompanied by the following description that articulates the framework for this study:

If people are not earning a high enough wage to support themselves and their non-income earning dependents (such as children, spouses, or elders), they are forced to live without some basic necessities, perhaps such as housing, or they must depend on some type of public assistance. Each has a negative effect on the economy.

We must ensure that there are an adequate number of jobs for Maine workers, and that the jobs available pay wages that do not force people to supplement with public assistance. Jobs that pay below a livable wage, on balance, are not likely contributing to economic growth. In fact, they ultimately result in higher taxes for Maine businesses and citizens.

Much of the methodology for determining the number of livable-wage jobs was based on The Job Gap Study ("Phase One First Report of Findings, January 1995") prepared by the Minnesota JOBS NOW Coalition. Basically, the study consisted of estimating the number of job openings, determining how many paid a livable wage, identifying the training requirements, and estimating the number of job seekers.

Livable-wage job openings-findings in brief

The following results are based on data for 1993 and 1994 for Maine and, where applicable, the nation.

- From 1993 to 1994, the number of net job openings filled totaled 24,000.[1]
- Of the net job openings filled, 27 percent paid a livable wage of $11.55 or more. Of these, 63 percent required more than two years of training or experience.[2]
- Excluding workers laid off temporarily and those looking for part-time work, there were 65,000 unemployed job seekers during 1994.[3]
- There were 2.7 job seekers for every net opening filled.
- There were 3.7 job seekers for every net opening filled that does not pay a livable wage.

Conclusions

Based on this research, Maine's economy has not generated enough livable-wage jobs recently: Seventy-three percent of the job openings for 1993 and 1994 paid wages below what is needed to sustain a three-person family. This is consistent with the large proportion of jobs found in relatively low-wage occupations in the trade and services industries, and is accentuated by the loss of higher-paying jobs in some manufacturing industries and government. As a result, the lack of livable-wage jobs creates a potential burden for state welfare and public funds. To address this situation, Maine citizens must have access to training or education to qualify for livable-wage jobs, and the state needs to attract industries that produce higher-paying jobs to attain the vision of a high-quality life for all Maine citizens.

Endnotes:

[1] Average wage data were available for 24,000 of the 26,000 net job openings reported in the Employment, Wages, and Contributions report (ES-202) covered by the Maine Employment Security Law. Only those openings that had wage data available were reflected in the study.

[2] The length of training or experience was determined using the Specific Vocational Preparation as published in the Dictionary of Occupational Titles--a U.S. Department of Labor manual used in the labor exchange system nationwide.

[3] The number of people unemployed at any time during the year exceeds the average number of unemployed for the year. At the national level, the number of people unemployed at any time during 1994 was 2.4 times the average number of unemployed for 1994. When the factor of 2.4 is applied to the average of 27,000 (estimated number of unemployed

Maine residents seeking livable-wage jobs) unemployed in Maine, the number of unemployed at any time during 1994 for the purposes of this study is 65,000.

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Table 1. Ratio of new job seekers to net openings filled, 1993-94

	1993-94
New job seekers	65,000
Net job openings filled	24,000
Ratio of new job seekers to net job openings filled	2.7 to 1

Table 2. Ratio of new job seekers to net openings filled that pay a liveable wage, 1993-94

	1993-94
New job seekers	65,000
Net job openings filled that **pay a liveable wage**	6,500
Ratio of new job seekers to:	
Net job openings filled that **pay a liveable wage**;	10 to 1
And require training of:	
• One year or less	134.3 to 1
• Between one-two years	33.6 to 1
• Two years or more	15.8 to 1

Table 3. Ratio of new job seekers to net openings filled that do not pay a liveable wage, 1993-94

	1993-94
New job seekers	65,000
Net job openings filled that **do not pay a liveable wage**	17,400
Ratio of new job seekers to:	
Net job openings filled that **do not pay a liveable wage**;	3.7 to 1
And require training of:	
• One year or less	4.9 to 1
• Between one-two years	17.1 to 1
• Two years or more	216.7 to 1

Net job openings filled in selected occupations that offer a liveable wage, Maine		
Occupational title	Job openings 1993-94	Average hourly wage 1993
Occupations requiring training of two years or less:		
Computer Programmers	63	$19.38
Plumbers, Pipefitters, and Steamfitters	95	13.85
Clerical Supervisors	294	12.55
Food Service and Lodging Managers	88	11.73
Occupations requiring training of more than two years:		
General Managers and Top Executives	820	21.72
Financial Managers	122	20.18
Accountants and Auditors	82	16.54
Registered Nurses	421	16.22
Teachers, Secondary School	230	14.76
Teachers, Elementary School	409	14.01
Industrial Machinery Mechanics	31	11.82

Net job openings filled in selected occupations that offer less than a liveable wage, Maine		
Occupational title	Job openings 1993-94	Average hourly wage, 1993
Occupations requiring training of two years or less:	364	$10.79
Truck Drivers, Heavy	266	10.64
Automotive Mechanics	200	10.59
Licensed Practical Nurses	230	9.62
Truck Drivers, Light	223	9.51
Maintenance Repairers, General Utility	443	9.03
Secretaries, except Medical and Legal	135	8.93
Order Clerks, Materials and Services	552	8.06
General Office Clerks	624	7.78
Janitors and Cleaners	201	7.28
Cooks, Restaurant	623	7.24
Nursing Aides and Orderlies	539	6.93
Home Health Aides	1,135	6.89
Salespersons, Retail	1,286	5.93
Cashiers		
Occupations requiring training of more than two years:		
Broadcast Technicians	15	10.89
Paste-up Workers	5	10.12
Dietetic Technicians	6	8.86
Lawn Service Managers	5	8.60