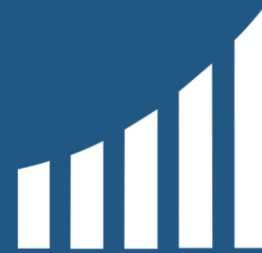

WEST VIRGINIA'S LOW-WAGE FUTURE: FINDING POLICIES TO POWER PROSPERITY

PRESENTED BY

TED BOETTNER, *EXECUTIVE DIRECTOR*
@WVCBP - WVPOLICY.ORG

WV Workforce Development Board
Charleston, WV
January 16, 2019– 1:00-1:30pm

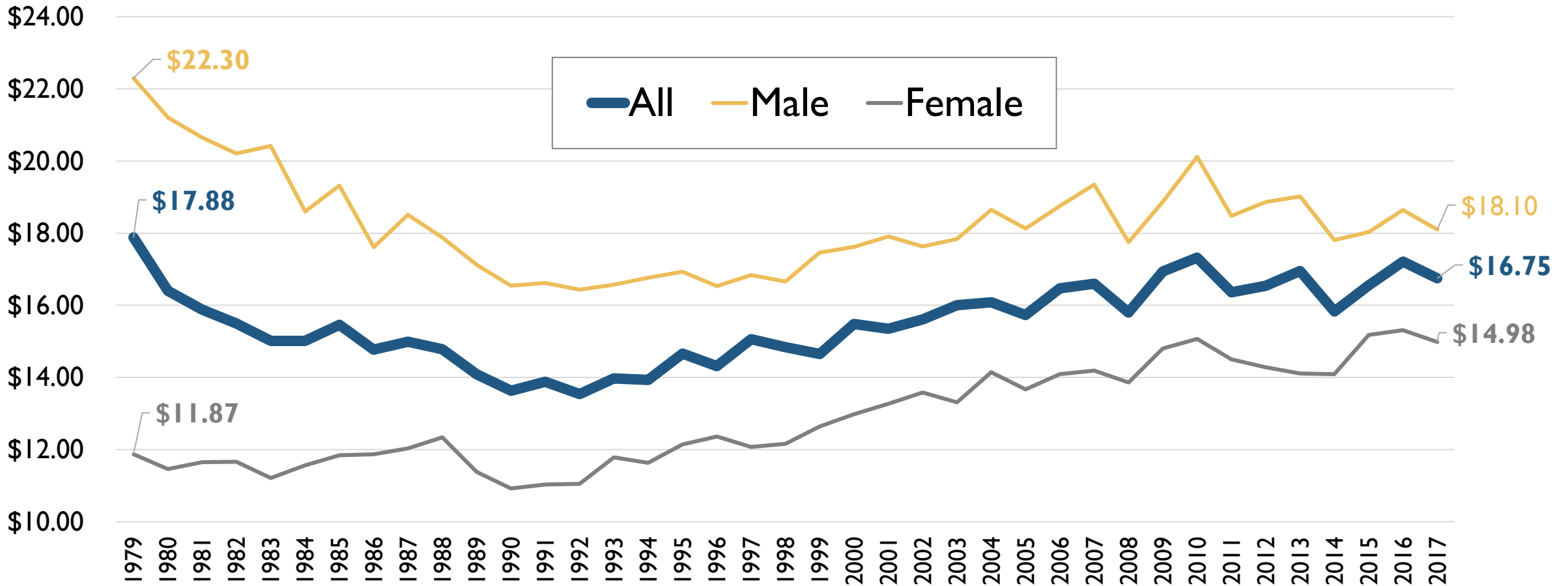


WEST VIRGINIA CENTER ON
BUDGET & POLICY

Data-driven policies. Shared prosperity.

MEDIAN HOURLY WAGES IN WEST VIRGINIA, 1979-2017

(IN 2017 DOLLARS)

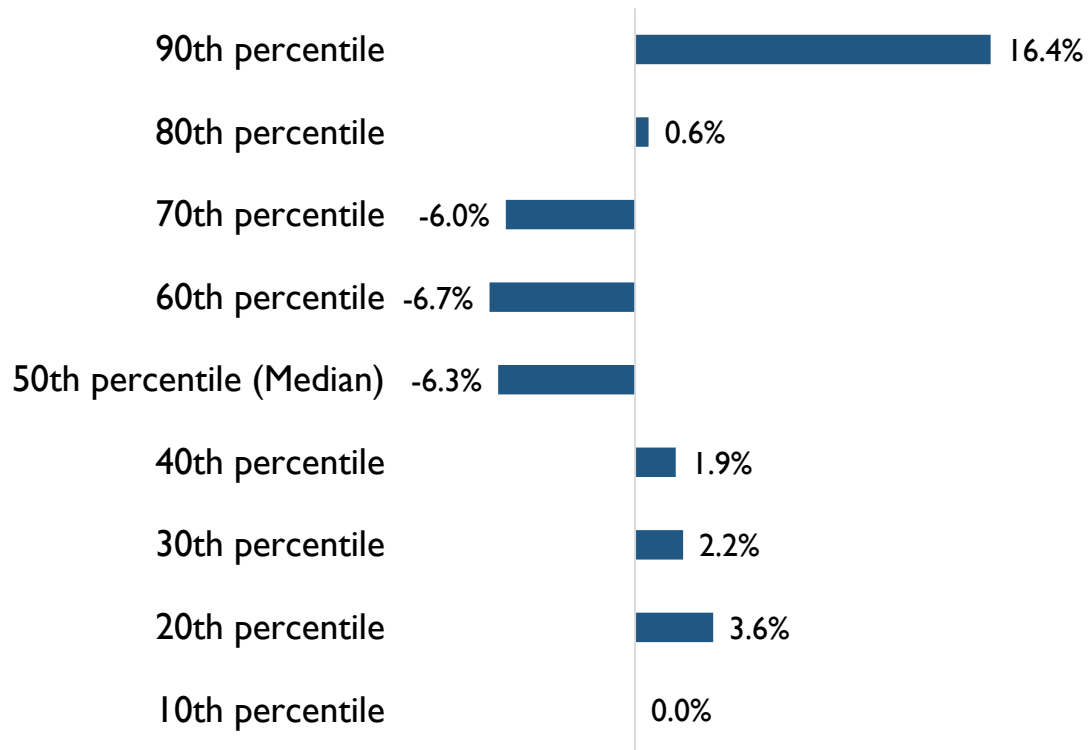


Source: Economic Policy Institute analysis of Current Population Survey data

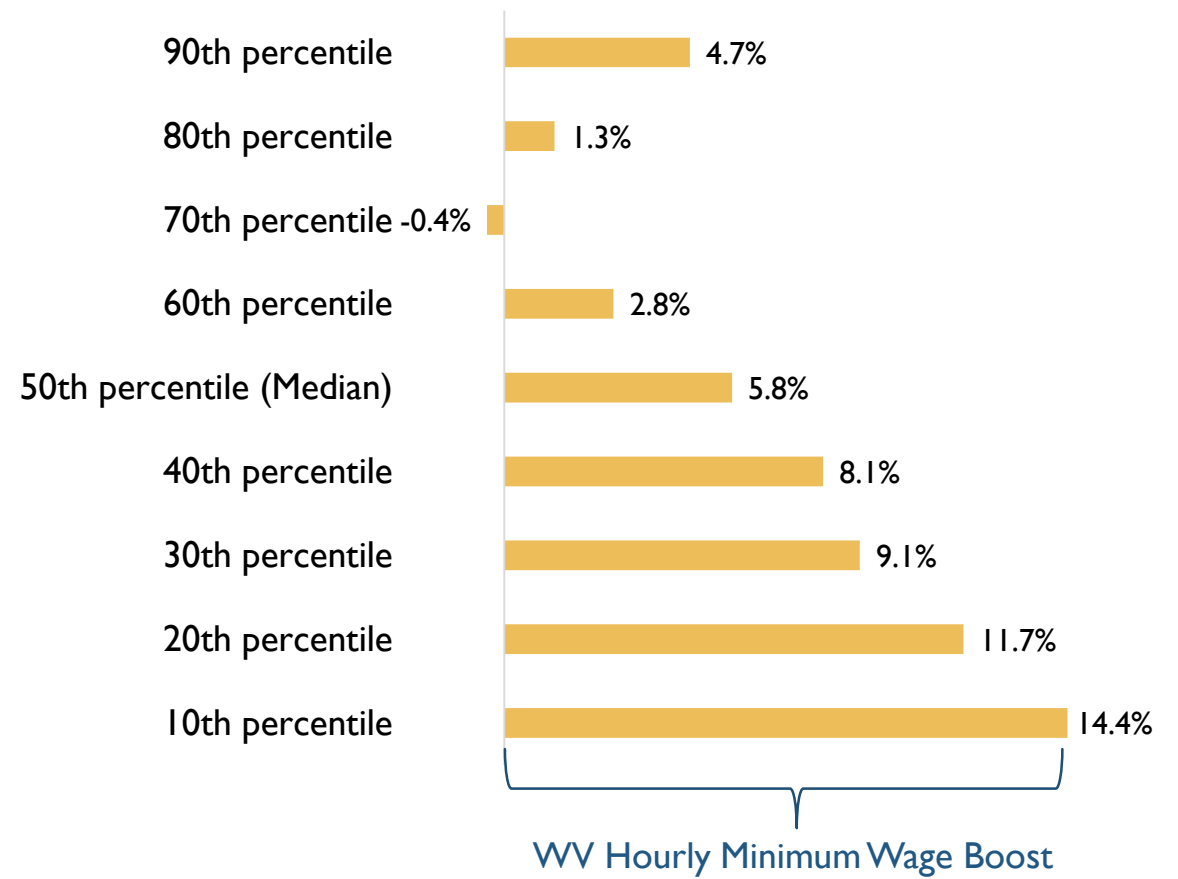
REAL WAGE GROWTH BY PERIOD IN WEST VIRGINIA

(IN 2017 DOLLARS)

1979-2017

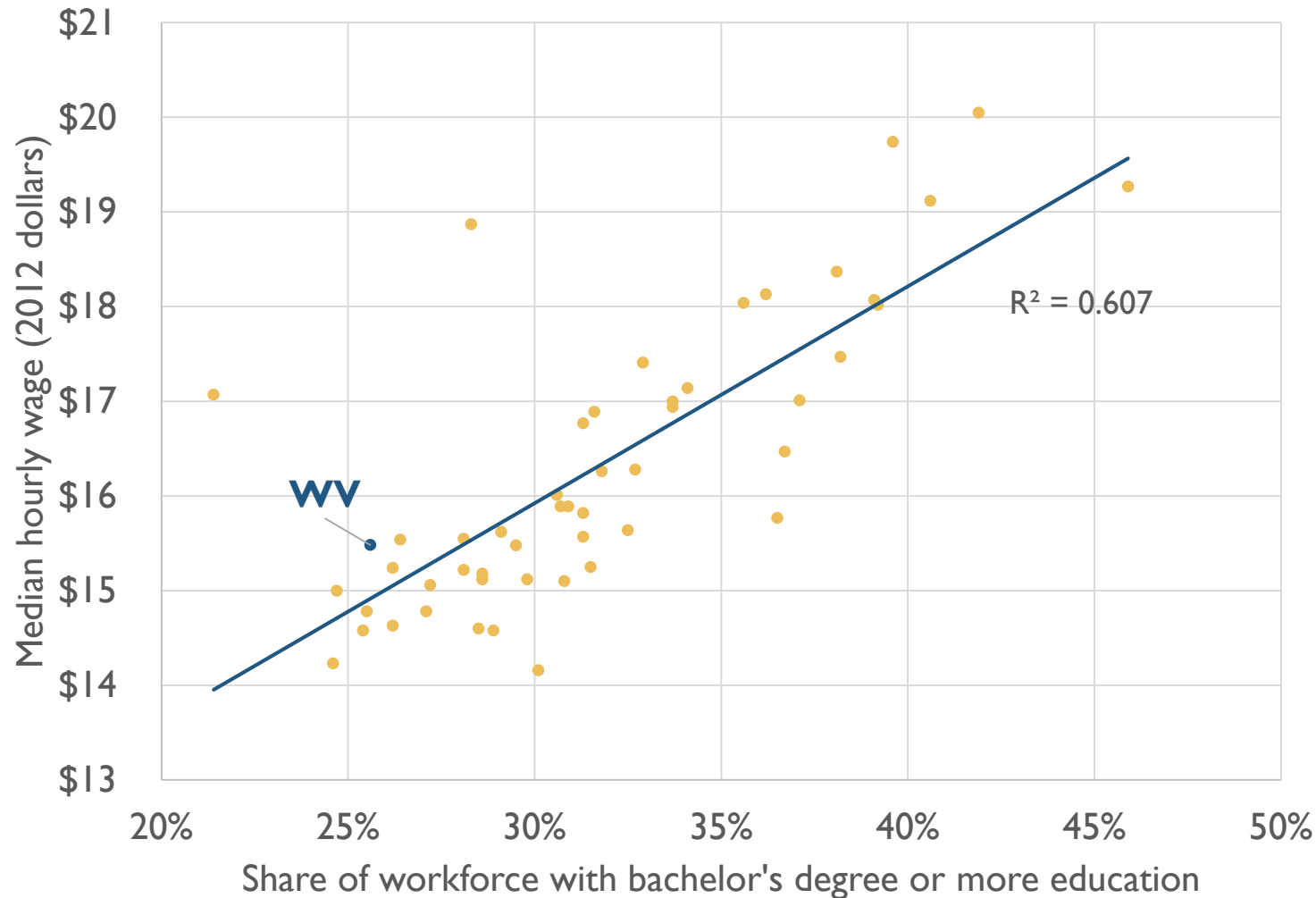


2014-2017



Source: Economic Policy Institute analysis of Current Population Survey data

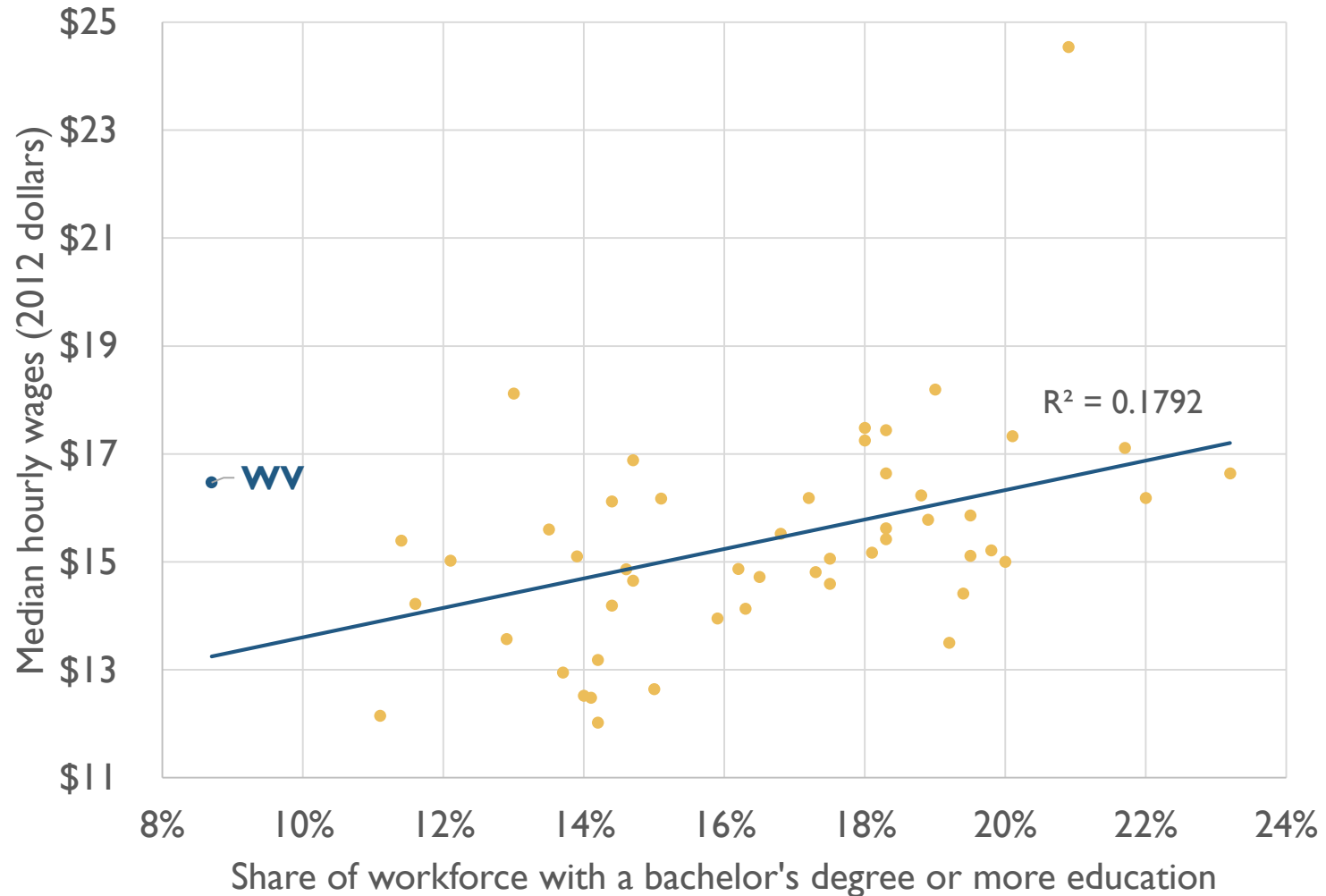
Relationship between state median hourly wage and share of state's workforce with a bachelor's degree or more education, 2012



MEDIAN WAGES ARE SUBSTANTIALLY HIGHER IN STATES WITH BETTER-EDUCATED WORKERS

“An increase in the labor supply probably stimulates labor demand by at least two-thirds the supply increase. This is because additional labor attracts employers, and additional higher-skilled labor attracts employers with more skilled jobs” (Bartik 2009).

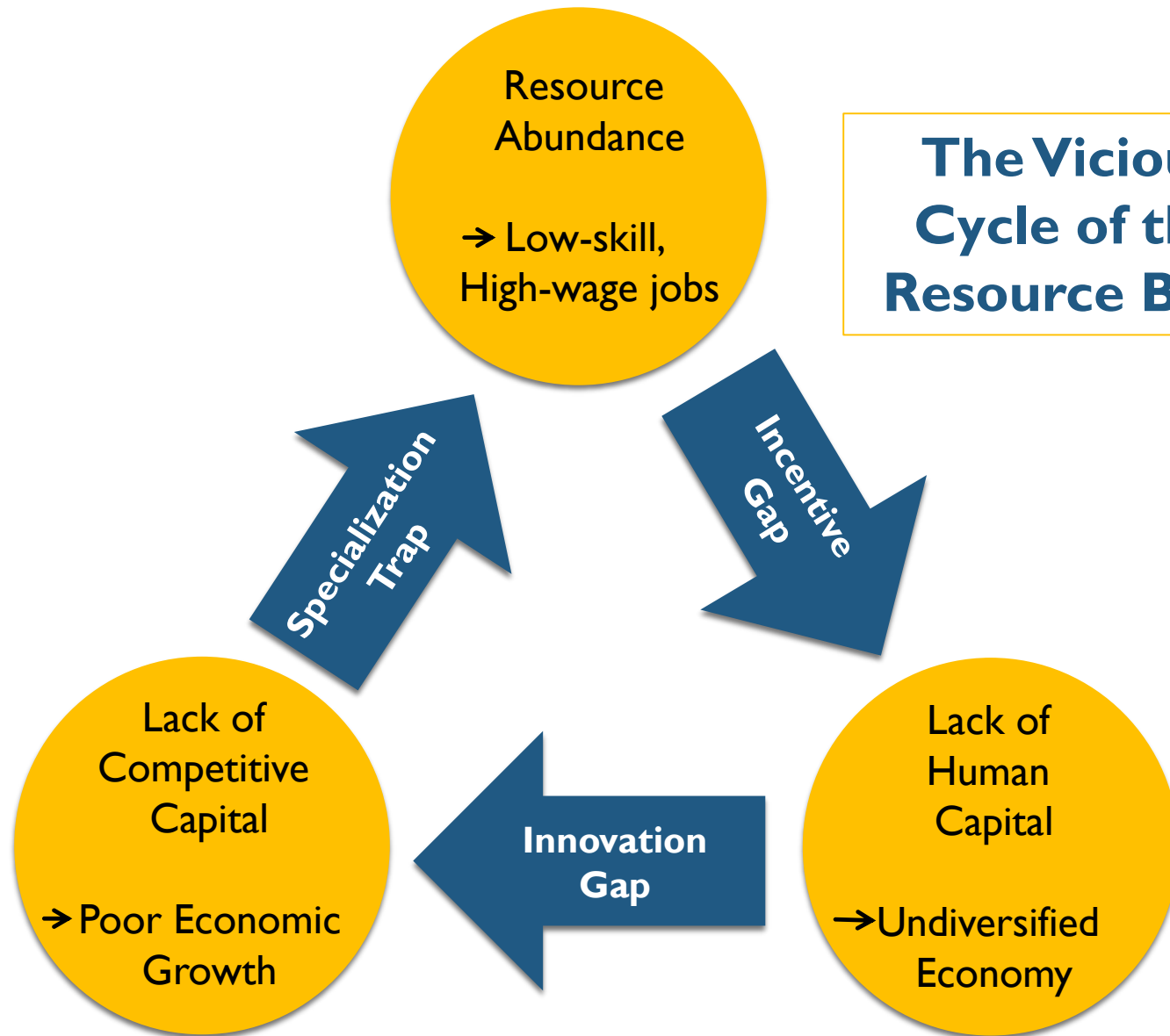
Relationship between state median hourly wage and share of state's workforce with a bachelor's degree or more education, 1979



THERE WAS A MUCH WEAKER CORRELATION BETWEEN EDUCATION AND WAGES AS RECENTLY AS 1979

“We had a very different economy in the 1970s and the wage premium for a college degree (the gap between wages of college and high school graduates) was much smaller.”
- Berger and Fisher (2012)

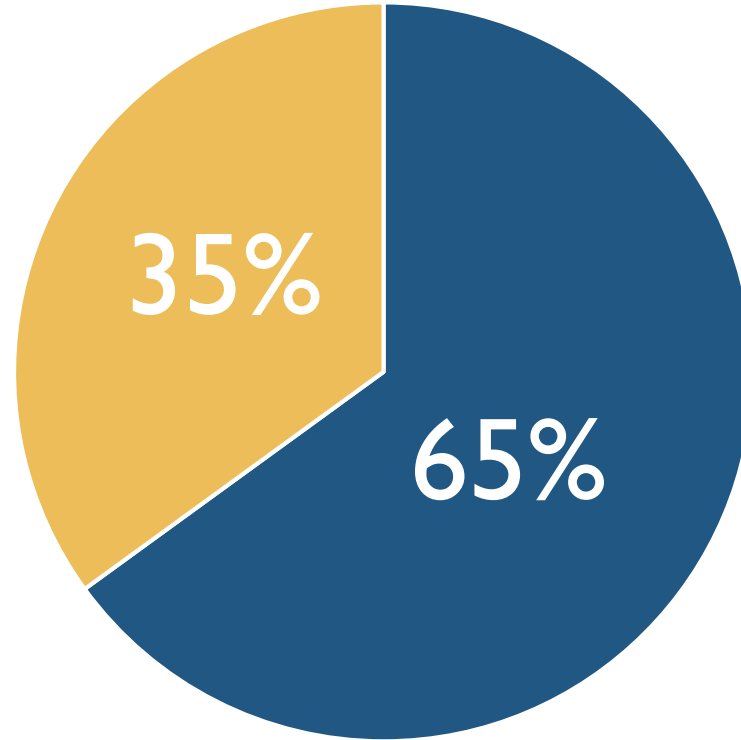
The Vicious Cycle of the Resource Bust



PROBLEMS WITH NATURAL RESOURCE-BASED ECONOMIES

The “vicious cycle” where high-wage and low-skilled jobs creates a disincentive to invest in innovation, higher education, advanced job skills, and other industries that results in less diversification of the economy.

65% of West Virginia's 2026 Projected Job Openings Will Be In Low-Wage Occupations



- Workers earning less than self-sufficiency wages
- Workers earning self-sufficiency wages

OF THE APPROXIMATELY 82,000 PROJECTED JOB OPENINGS FROM 2016 TO 2026, 65 PERCENT ARE IN OCCUPATIONS THAT PAY LESS THAN THE SELF SUFFICIENCY (KANAWHA COUNTY: \$36,513 IN 2016 DOLLARS) STANDARD FOR A FAMILY OF THREE.

N = 578 Occupations
N = 82,128 Job Openings

Occupation	Projected Job Openings	Median Annual Wage
Combined Food Preparation and Serving Workers	3,984	\$19,782
Cashiers	3,758	\$19,305
Retail Salespersons	3,700	\$20,248
Office Clerks, General	2,806	\$24,871
Personal Care Aides	2,545	\$19,791
Waiters and Waitresses	2,347	\$20,307
Laborers and Freight, Stock, and Material Movers, Hand	1,696	\$24,324
Customer Service Representatives	1,672	\$26,756
Registered Nurses	1,486	\$59,450
Janitors and Cleaners, Except Maids and Housekeeping Cleaner	1,350	\$22,670
Heavy and Tractor-Trailer Truck Drivers	1,274	\$37,207
Maids and Housekeeping Cleaners	1,201	\$20,200
General and Operations Managers	1,126	\$72,189
Maintenance and Repair Workers, General	1,122	\$28,643
First-Line Supervisors of Retail Sales Workers	1,103	\$32,468
Construction Laborers	1,100	\$31,526
Nursing Assistants	1,088	\$24,908
Secretaries and Administrative Assistants, Except Legal, Med	988	\$30,093
Cooks, Restaurant	967	\$21,103
First-Line Supervisors of Office and Administrative Support	955	\$41,879

Pays LESS than Self-Sufficiency Standard for a Family of Three in 2016 (\$36,513)

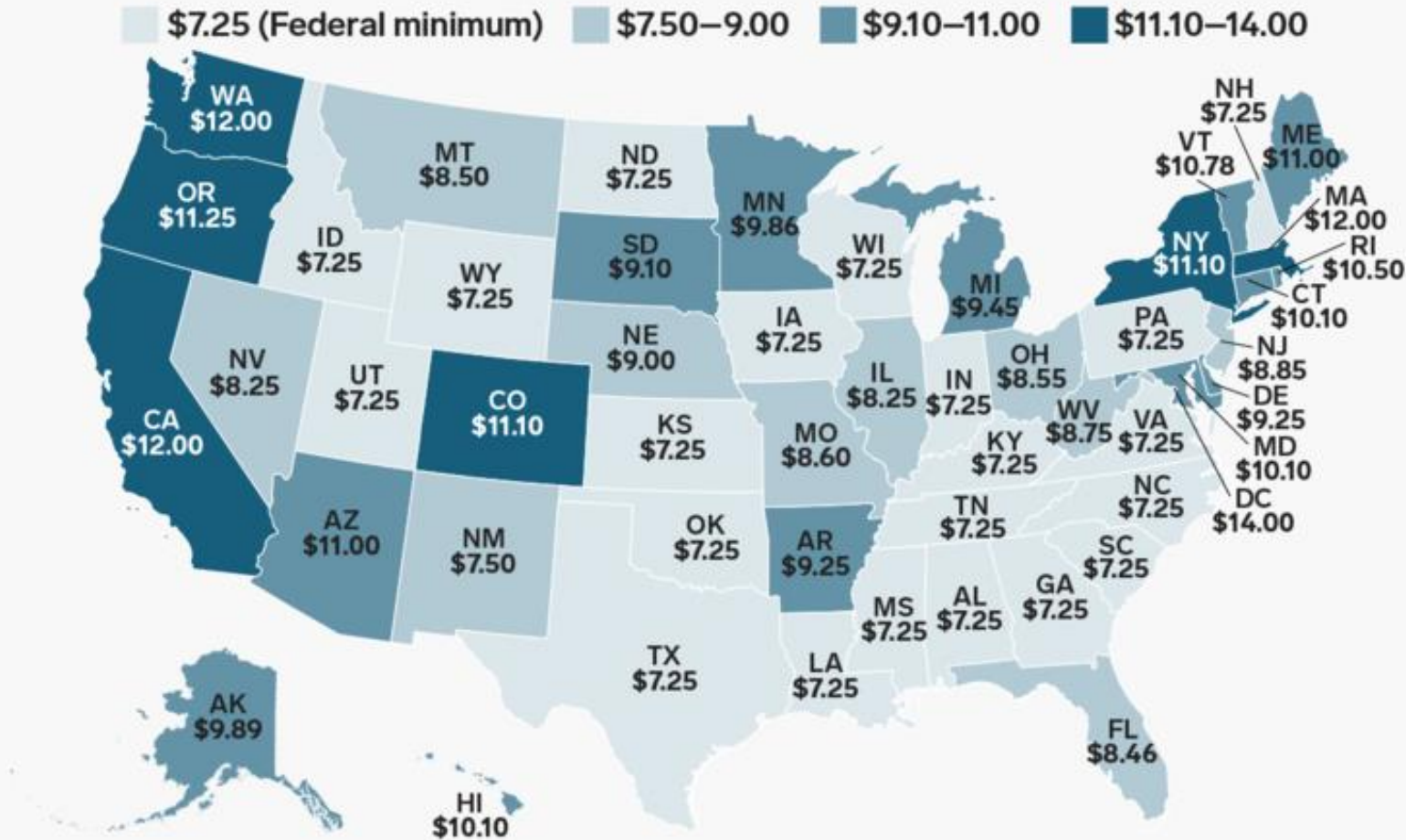
Pays MORE than Self-Sufficiency Standard for a Family of Three in 2016

16 OF WEST VIRGINIA'S TOP 20 OCCUPATIONS OF 2026 PAY BELOW SELF-SUFFICIENT WAGES FOR A FAMILY OF THREE

STATES POLICIES TO POWER PROSPERITY

The high concentration of low-wage jobs in the top 20 occupations with projected new job openings is an opportunity for policymakers to invest in the workers who are trying to support themselves and their families in these jobs.

2019 minimum wage



Source: Economic Policy Institute and Wolters Kluwer

Insider Inc.

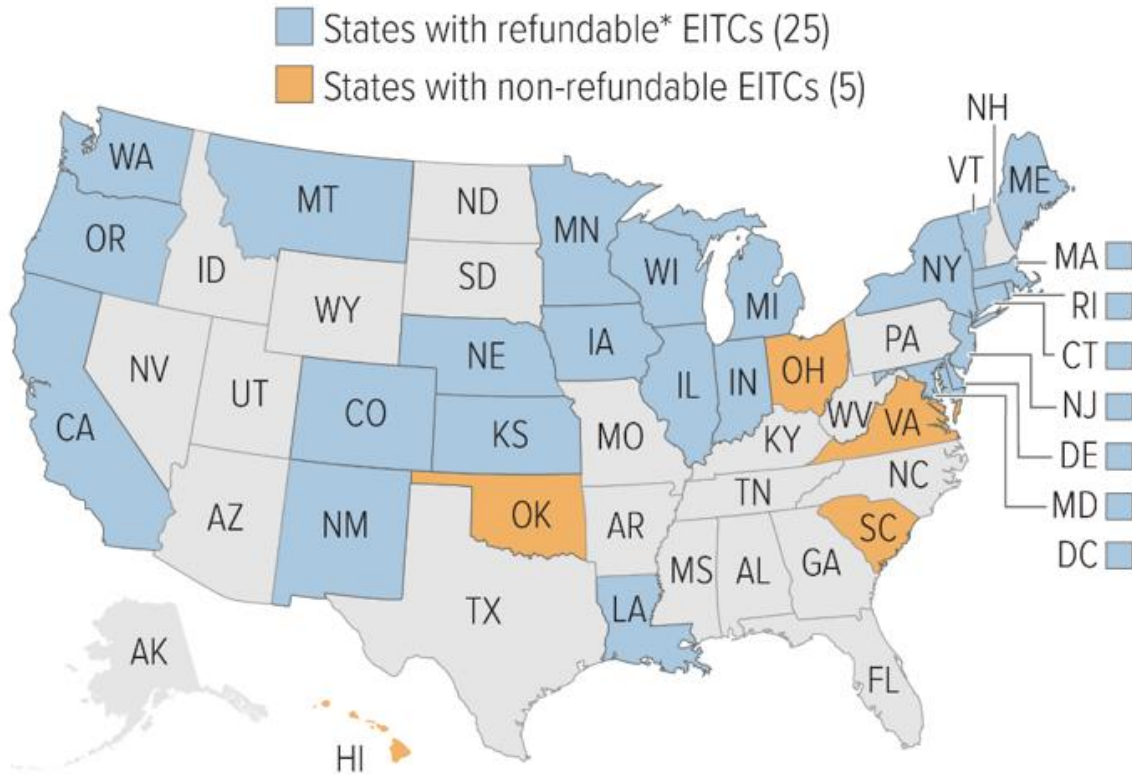
Benefits of Raising Minimum Wage:

- ✓ Reduces poverty and public assistance
- ✓ Boosts consumer spending
- ✓ Saves labor costs due to reduced turnover
- ✓ Boosts productivity and sales
- ✓ Improves worker health
- ✓ Little negative impact on employment

Impact of Raising Minimum Wage by \$15 by 2024 in WV:

- 37.1% workforce get raise
- 244,000 workers impacted
- Total wages increase by \$942 million
- Average wage increase: \$3,900

CREATING A WEST VIRGINIA EARNED INCOME TAX CREDIT



Note: Refundability in Delaware is pending action by the state's governor.

*Refundable EITCs give working households the full value of the credit they earn even if it

@WVEITC

When we invest in working families,
we invest in WV's economy.

State EITC Profile

Creating a state EITC will benefit

162,961

children throughout West Virginia

141,176

Households helped by
creating a state EITC.

Children in EITC households have:

- 👶

Better birth outcomes
- 🎓

Higher educational attainment
- 💰

More earnings as adults

Local Impact from creating a state EITC

- Average boost to working families' incomes \$332
- Annual economic activity from creating a state EITC \$46.9 million

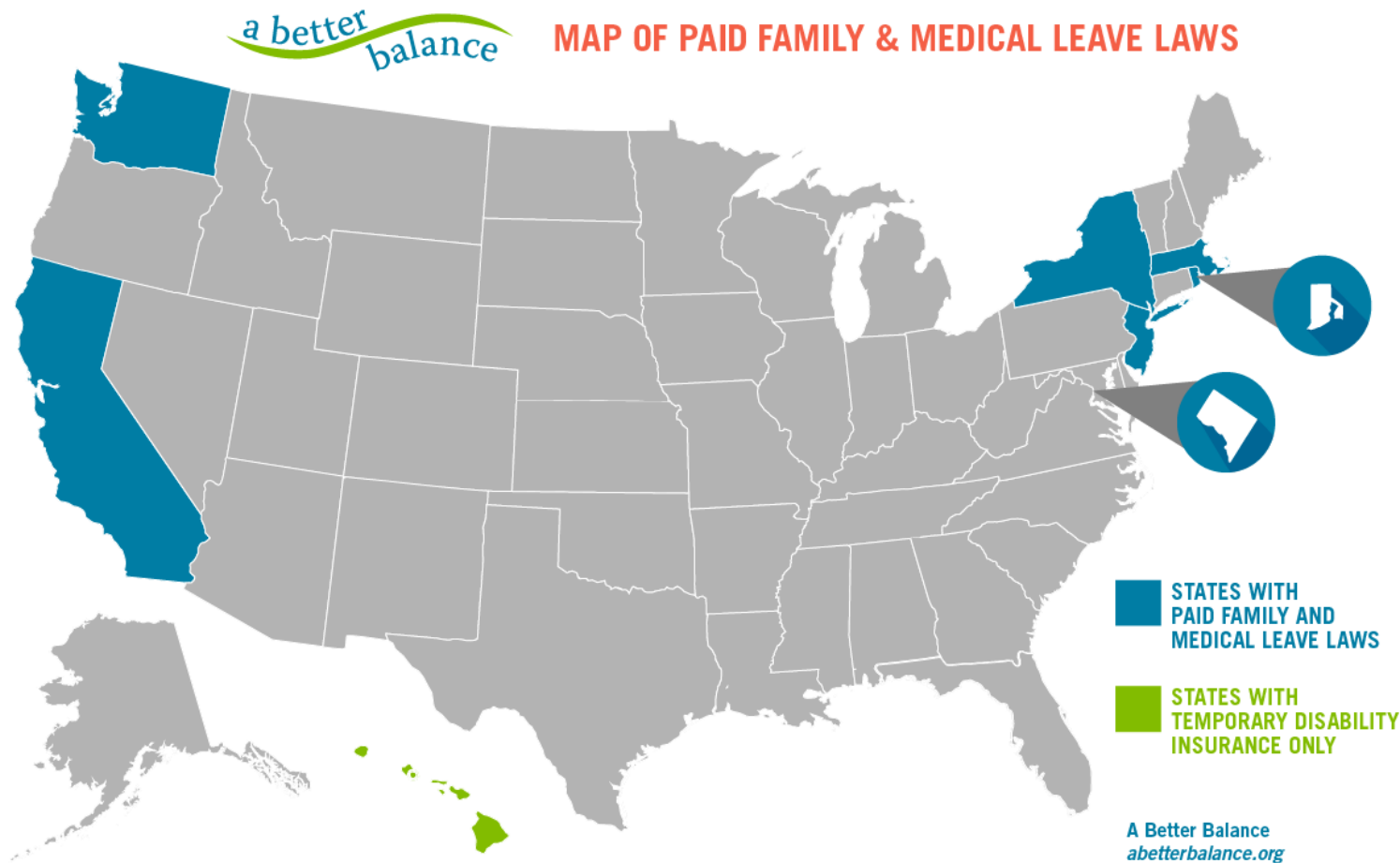
Why creating a state EITC works for West Virginia's economy:

- The EITC lets low-and moderate-income working families keep more of their earnings to help pay for things that help them keep working, such as child care and transportation.
- The EITC reduces the number of children living in poverty and improves kids' chances of success as adults.
- By helping low-wage workers keep more of their incomes, the EITC increases consumer spending which then boosts local economies across the state.

Create a state EITC: Invest in Working families and grow our economy!
For more information visit investinwvfamilies.org



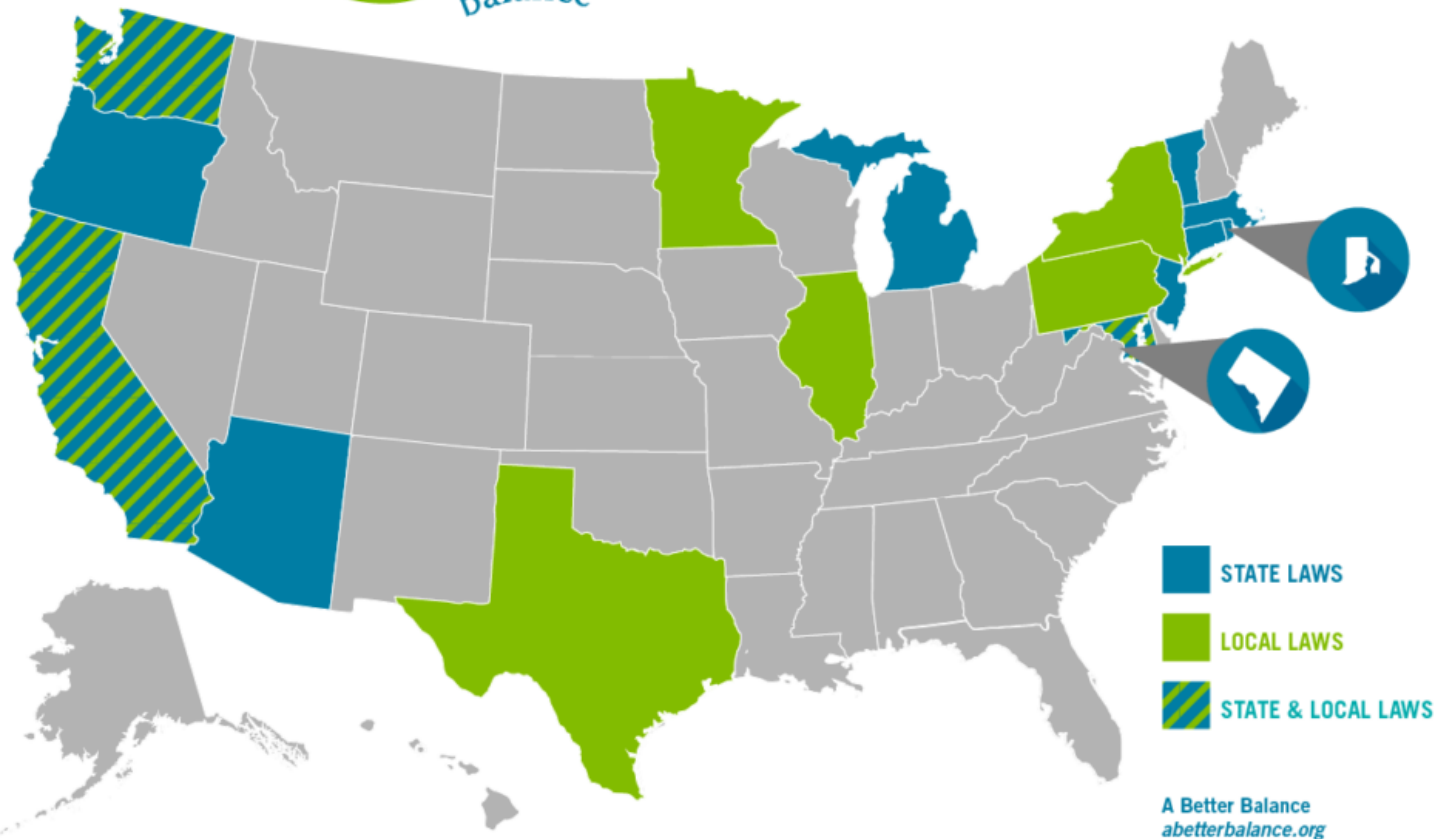
The United States is the only developed country on the planet that does not guarantee paid family and medical leave for workers. Only 13 percent of private-sector workers in the United States have access to paid family leave. 25 percent of new mothers in the US return to work within two weeks of giving birth.



- ✓ A paid family leave program in West Virginia offering up to 12 weeks of paid leave with a partial wage replacement of two-thirds of the worker's usual weekly wage, with a maximum weekly benefit of \$1,000, would cost approximately \$102.3 million, including 5 percent administrative costs. This could be financed with a 0.36 percent payroll tax and would cost the average worker in West Virginia approximately \$3.00 per week.
- ✓ By keeping workers with caregiving needs attached to the workforce, paid family leave decreases reliance on public assistance and other government benefits which creates significant taxpayer savings.
- ✓ Paid family leave has been shown to increase employee retention, lower turnover, boost productivity, and improve morale.



MAP OF PAID SICK TIME LAWS

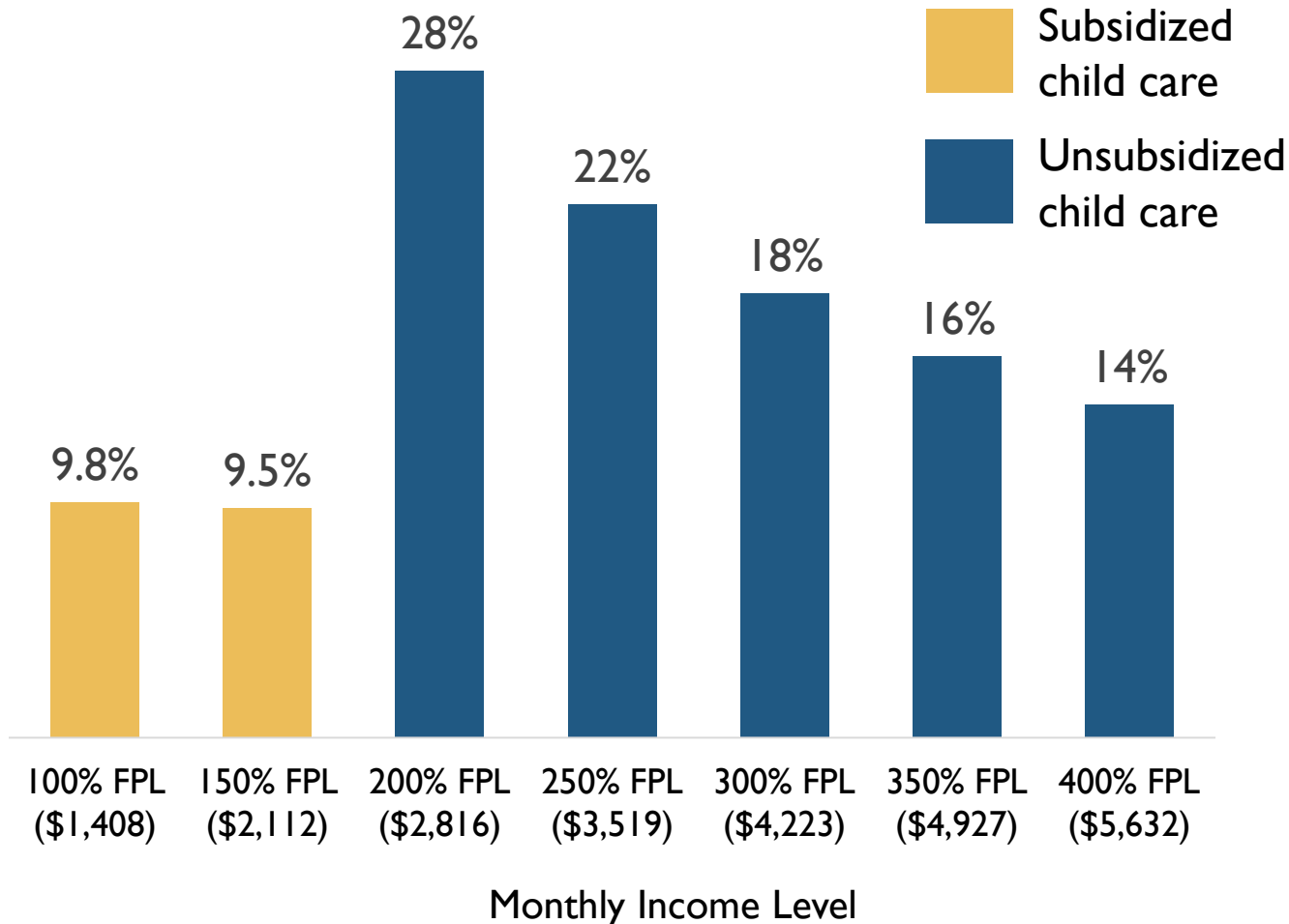


Working sick costs the national economy \$160 billion annually in lost productivity.

– Journal of Occupation and Environmental Medicine

- **The Problem:** The lack of access to paid sick days at work contributes to the spread of flu and other illnesses, exposes the public to diseases carried by sick workers in restaurants and nursing homes, results in workplace injuries and higher rates of job turnover, lowers productivity, makes it harder to balance work and family life, and prevents workers from staying home to care for a sick dependent.
- Nearly half of West Virginia’s private sector workforce – **254,270 workers or 46.1 percent** – lack paid sick days.
- Businesses benefit from greater workforce stability, increased productivity, and lower health care costs.
- Experiences in states has shown adopting a paid sick days law has not hurt profitability, employment, location decisions or discouraged new businesses.

Child care costs increase dramatically with loss of child care subsidy



EXPANDING ACCESS TO AFFORDABLE QUALITY CHILD CARE WOULD:

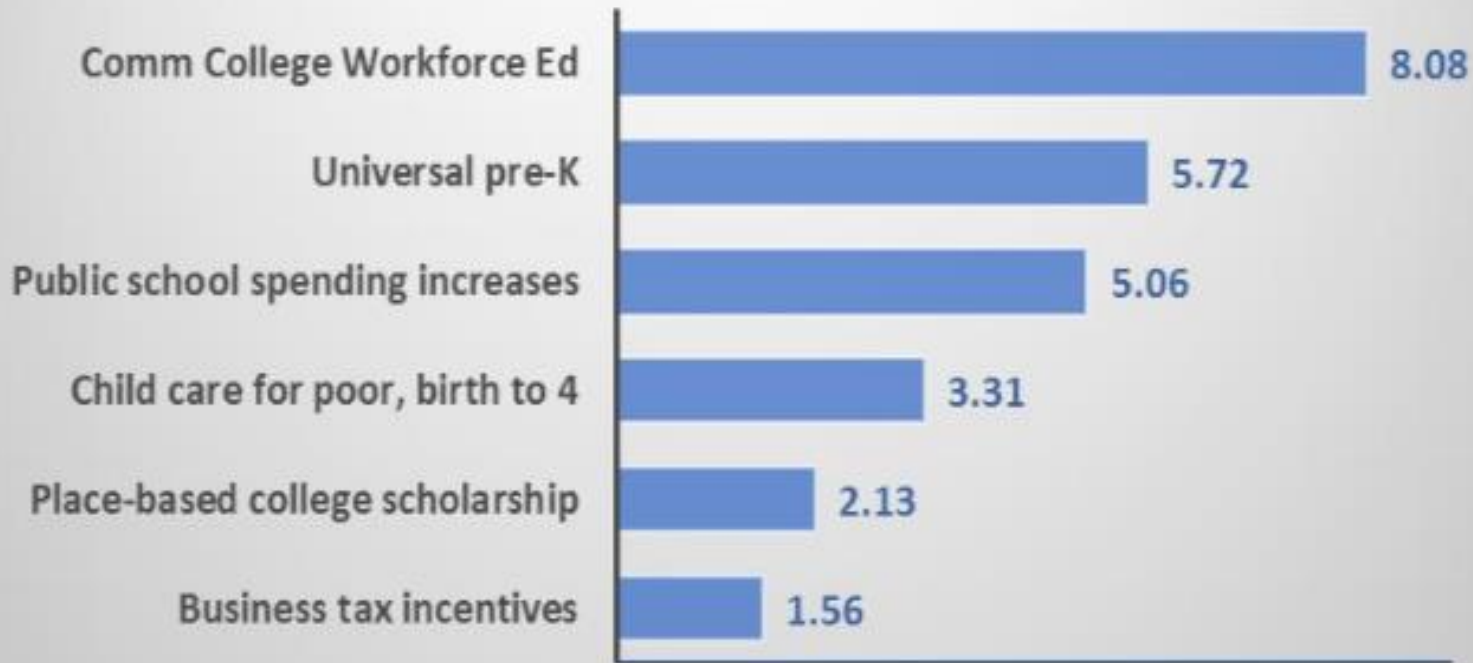
- ✓ Stimulate economic growth by boosting labor force participation (especially for single moms), employment rates, and educational attainment.
- ✓ Improves long-term child outcomes, such as social and emotional wellbeing.
- ✓ Help businesses thrive by improving retention, reducing turnover, and a more educated workforce.

“By laying the crucial groundwork for tomorrow’s workforce and promoting a strong workforce today, high-quality childcare provides a powerful two-generation approach to building the human capital that a prosperous and sustainable America requires.”

The U.S. Chamber of Commerce Foundation

Workforce of Today, Workforce of Tomorrow: The Business Case for High-Quality Child Care (June 21, 2017)

Ratio of Local Earnings Effects to Costs for Various Policies



NOTE: These ratios assume that programs are financed by increased taxes on the top 10 percent local income group, which, based on Zidar (2017), have no negative effects on local growth. Sources are specified in Bartik (2018b), except for community college workforce education. These numbers take the ratios for community college workforce education programs from Hollenbeck and Huang (2014) and multiply by 50 percent to account for migration.

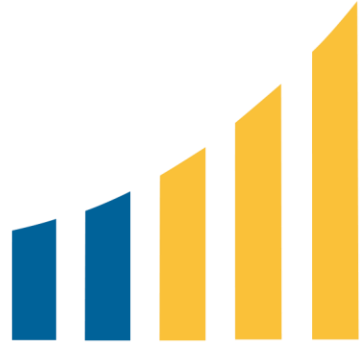
LOCAL EARNINGS EFFECTS OF SKILLS DEVELOPMENT PROGRAMS

Costs per Job-Year Created of Different Policies



NOTE: From Bartik (2018b). Costs per job-year are present value of costs divided by present value of job-years created. Policies are funded by what is called “neutral” financing in Bartik (2018b), which comes half from tax increases, half from spending cuts. For business tax cuts, tax increases are only for household taxes. Average incentives, customized services, and land development are assumed to have a multiplier of 2; high-multiplier incentives have a multiplier of 4

COST-EFFECTIVENESS OF POLICIES TO INCREASE LOCAL JOB GROWTH



WEST VIRGINIA CENTER ON
BUDGET & POLICY

Data-driven policies. Shared prosperity.

It's easy to join our mailing list!

Just send your email address by text message:

Text
JOINWVCBP
to **22828** to get started.



Message and data rates may apply.

QUESTIONS?