

Draft Report: Minimum Wage and Low Wage Jobs in Tacoma in 2013

Scott Bailey

Regional Economist

Washington Employment Security Department

Labor Market and Performance Analysis Branch

June 18, 2015

1. Definitions

This analysis is based on individual wage records for jobs covered by unemployment insurance which are filed by employers every quarter. Federal employment is not included, and employment at private households (NAICS 814) is not included due to data issues. It should be noted that in 2013 the latter included almost 7,000 home health caretakers paid by the Department of Health & Human Services, many of whom might be affected if the minimum wage were increased.

Because the data are quarterly, they don't correspond to the typical employment numbers reported on a monthly or annual basis. Some of the jobs are of very short duration (as low as one hour in the quarter) while many are full-time (typically 520 hours per quarter) or more.

In 2013, the minimum wage in Washington was \$9.19 per hour. For the purposes of this report, a minimum wage job was defined as any job that paid within two percent of the minimum.

The data in this report are reported in two forms: the number of wage records in a particular wage range, and the number of full-time equivalent (FTE) jobs, where one FTE job in 2013 equaled 2,088 hours worked. If the question is, how many jobs at any point in time are minimum-wage jobs, the former will overstate the role of minimum wage jobs in the economy, because many low-wage jobs are of short-duration. The latter will understate the number of workers, because, for example, two half-time minimum-wage jobs will be counted as one FTE minimum-wage job; but it will accurately reflect the impact on businesses.

2. Low-wage jobs in Tacoma

In 2013, for employers located within the city limits of Tacoma, 2.8 percent of all FTE jobs were minimum-wage jobs. Another 13.2 percent of FTE jobs paid above the minimum but below \$12.50 per hour. Finally, 8.0 percent of FTE jobs paid between \$12.50 and \$14.99 per hour.

	All jobs	Minimum wage (\$9.01 to \$9.37)	\$9.38 to \$12.49 per hour	\$12.50 to \$14.99 per hour
FTE Jobs	81,204	2,241	10,679	6,496
Percent of total	100.0%	2.8%	13.2%	8.0%
Wage records	111,205	6,149	20,139	9,235
Percent of total	100.0%	5.5%	18.1%	8.3%

The percent of wage records in these wage ranges was higher: 5.5 percent at the minimum, 18.1 percent between the minimum but below \$12.50 per hour, and 8.3 percent from \$12.50 to \$14.99 per hour. Again, many of these wage records were of short duration because they were temporary or due to high rates of turnover.

3. Low-wage jobs in Tacoma by industry

Industry detail is shown in the tables below.

The first table shows the percent of FTE jobs in each wage range by industry. In Tacoma in 2013, just over a third (34.0 percent) of all minimum wage jobs were in food services, and just over a fifth were in health care & social assistance (21.6 percent) and retail trade (20.2 percent), respectively. These three industries accounted for three-fourths of all minimum-wage jobs. They also accounted for over 60 percent of FTE jobs paying between the minimum and \$12.50 per hour, and almost half of those paying from \$12.50 to \$14.99 per hour.

	All FTE jobs	Minimum wage (\$9.01 to \$9.37)	\$9.38 to \$12.49 per hour	\$12.50 to \$14.99 per hour	\$15.00 per hour and higher
Manufacturing	9.9%	3.2%	5.0%	7.6%	11.3%
Retail Trade	10.1%	20.2%	24.4%	19.8%	6.2%
Business Services	6.0%	4.7%	8.1%	7.5%	5.5%
Health Care & Social Assistance	22.9%	21.6%	21.7%	20.1%	23.5%
Accommodations	0.6%	3.5%	2.3%	1.0%	0.2%
Food Services	5.4%	34.0%	15.0%	8.4%	2.4%
State & Local Government	17.7%	2.2%	4.5%	7.6%	21.6%
All Other	27.4%	10.6%	19.0%	27.9%	29.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The second table shows the percent of FTE jobs in each industry by wage range. In Tacoma in 2013, less than one percent of FTE manufacturing jobs paid the minimum wage. Another 6.6 percent of manufacturing jobs paid above the minimum but below \$12.50 per hour, and 6.1 percent paid from \$12.50 to \$14.99 per hour. Finally, 86.4 percent paid \$15.00 per hour or higher.

	All FTE jobs	Minimum wage (\$9.01 to \$9.37)	\$9.38 to \$12.49 per hour	\$12.50 to \$14.99 per hour	\$15.00 per hour and higher
Manufacturing	100.0%	0.5%	6.9%	7.6%	84.9%
Retail Trade	100.0%	5.5%	31.9%	15.8%	46.8%
Business Services	100.0%	2.1%	17.8%	10.0%	70.1%
Health Care & Social Assistance	100.0%	2.6%	12.5%	7.0%	77.9%
Accommodations	100.0%	15.5%	48.3%	13.3%	22.9%
Food Services	100.0%	17.3%	36.3%	12.3%	34.0%
State & Local Government	100.0%	0.3%	3.4%	3.4%	92.8%
All Other	100.0%	1.1%	8.7%	7.6%	82.6%
Total	100.0%	2.8%	13.2%	8.0%	76.1%

In contrast, 17.3 percent of food services employment paid the minimum wage, 36.3 percent paid above the minimum but below \$12.50 per hour, and 12.3 percent paid \$12.50 to \$14.99 per hour. Only 34.0 percent paid \$15.00 per hour or more.

4. Low-wage jobs in Tacoma by size of employer

The final table shows employment by size of employer (according to the employer’s total state employment) for the private sector for each of the different wage ranges. In Tacoma, as is true in most locales, larger employers tend to pay more.

Size of employer (statewide employment)	All FTE jobs	Minimum wage (\$9.01 to \$9.37)	\$9.38 to \$12.49 per hour	\$12.50 to \$14.99 per hour	\$15.00 per hour and higher
<10	3.8%	4.2%	4.7%	4.8%	2.9%
10-19	4.7%	7.6%	5.9%	5.8%	3.4%
20-49	6.6%	11.3%	8.9%	8.5%	4.5%
50-99	11.9%	11.5%	12.7%	13.2%	10.9%
100-249	9.6%	11.3%	12.6%	12.2%	7.0%
250-499	14.2%	10.9%	13.2%	13.6%	15.1%
500+	49.2%	43.1%	42.0%	41.9%	56.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%