

Is Utah *Really* a Low-Wage State?

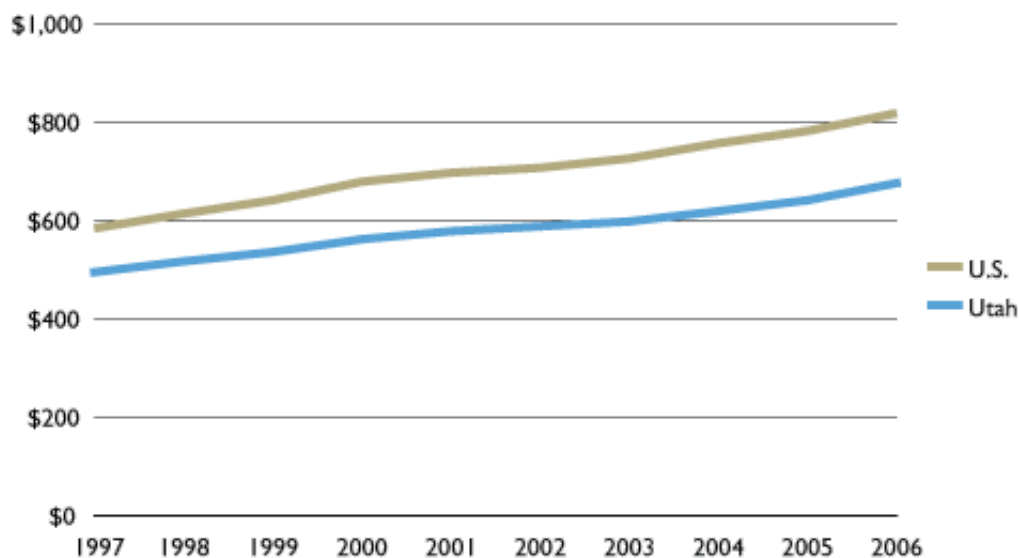
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Utah is commonly referred to as a low-wage state, a status which can influence state welfare policies, affect labor market decisions, and deter talented persons from seeking employment within the state. This status is somewhat misleading, however, because it is based on numbers which do not take into account the unique structure of Utah's labor force. Understanding the socioeconomic factors which influence Utah's labor force and correcting for this bias reveals that Utah employees receive wages which are closer to the national average than commonly believed.

Utah's Low-Wage Problem

The Bureau of Labor Statistics (BLS) consistently reports Utah's weekly wage as one of the lowest in the nation. A table from the November 2007 BLS news release ranks Utah's weekly wage of \$696 as 38th in the nation. The average weekly wage for the United States was \$885, meaning Utah's wage only represents 78.6% of the national average. Historically, Utah has ranked about 40th in regard to weekly wage and BLS reports from the last decade show Utah's wages remaining around 82% of the national average. The BLS reports also show this disparity has been growing over time. This information leads researchers, elected officials, pundits, and others to report Utah as a low-wage state, which can be misleading when it comes to making economic policy decisions.

Figure 1: Average Weekly Wage for All Workers Covered by Unemployment Insurance, Utah and U.S.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

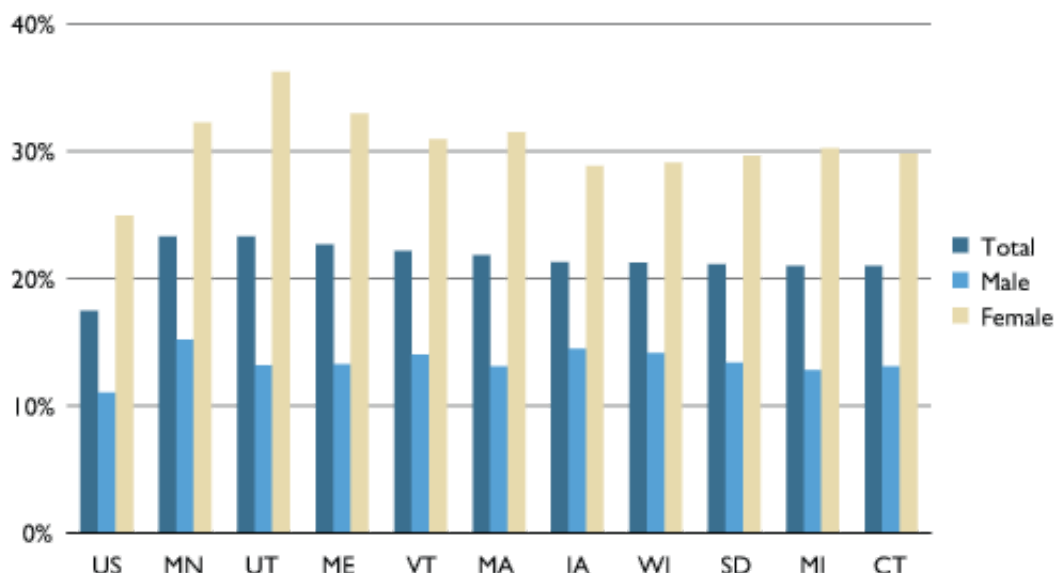
While BLS data are widely used and accepted, it is important to acknowledge they do not take into account the unique structure of Utah's labor force. One concern with using BLS data to rank Utah's wages against other states is that BLS includes the wages of part-time workers in its calculation of average weekly wage. This can lower average pay, especially when a state, like Utah, employs a large number of part-time workers. Another concern is that aggregate BLS data is influenced by Utah's young working-age population.

A High Percentage of Part-Time Workers

Data from both the 2006 Current Population Survey (CPS) and the 2006 American Community Survey (ACS) show Utah has one of the highest percentages of part-time workers in the United States. Data from CPS (which reports the number of full-time and part-time workers) rank Utah second in regard to the highest percent of part-time workers. Minnesota, which ranks first, exceeds Utah's percentage by only 0.04 percentage points. When

disaggregating the data by gender, Utah ranks seventh in terms of the highest percent of men working part-time, and first in terms of the percent of women working part-time. The percentage of Utah women working part-time is more than 3.3 percentage points higher than Maine, which is ranked second, and more than 11.3 percentage points higher than the national average.

Figure 2: Top Ten States by Percent of Total Part-Time Workers



Source: Census, Current Population Survey (2006).

The 2006 American Community Survey also provides the number of workers with no disability who worked in the past 12 months. Workers are divided into three categories: those who usually worked 35 or more hours per week, those who usually worked 15-34 hours per week, and those who usually worked 1-14 hours per week. Data from the ACS show Utah has the highest percent of workers who worked both 15-34 hours per week and 1-14 hours per week. While the percentage of total Utah workers who worked 15-34 hours per week is only 0.19 percentage points higher than Rhode Island (ranked second), the percentage of workers who worked 1-14 hours per week is one percentage point higher than Vermont (ranked second) and almost two percentage points higher than the national average.

Disaggregating by gender shows this ranking is heavily influenced by the number of women who work part-time. The percentage of men and women who worked 15-35 hours per week in Utah are both the highest in the nation, but the percentage of men who worked 1-14 hours per week is 2.95% and ranks 11th. The percentage of women who worked 1-14 hours per week is 9.10% and ranks first; this is 2.3 percentage points higher than Idaho (ranked second) and almost 4 percentage points above the national average.

Utah's Socioeconomic Characteristics

Data from the 2006 CPS and ACS illustrate the unique structure of Utah's labor force, which in turn helps explain why the BLS calculation of Utah's wage is so low. While these findings are useful in clarifying the misconception that Utah is a low-wage state, the data do not give details as to why Utah has so many part-time workers. To accurately understand the impact of Utah's part-time labor force on the economy, one must first understand the socioeconomic characteristics which determine the state's high percentage of part-time workers.

One common theory used to explain Utah's large part-time labor force is that the state's thriving tourism industry creates demand for part-time labor to work as ski instructors in the Wasatch Mountains or as trail guides in Utah's National Parks. While Utah does rank high in terms of seasonal employment, the percentage of workers who are employed part-time because of the seasonal nature of their position is only 2.47%.^[1] This places Utah just outside the top ten states according to the percentage of seasonal part-time workers, and 2.4 percentage points behind Alaska, which ranks first.

A better explanation for Utah's large part-time labor force is the state's young population. The age group 15 to 24 makes up 17% of Utah's population, but only 14% of the national average. Not only does Utah have more teens than the national average, but Utah's teens are also more likely to work. Utah ranks sixth highest in the nation according to the percent of males ages 16 to 19 who are both enrolled in school and employed. While fewer teenage females work than males, Utah still ranks ninth in the nation according to the percent of females ages 16 to 19 who are both enrolled in school and employed.^[2]

A third explanation for Utah's large part-time labor force is tied to the number of Utah workers who are enrolled in college or post-secondary training. Over 39% of Utah's part-time workers listed enrollment in "school or training" as the reason they did not work full-time. This included 67.61% of men and 27.69% of women.[3] This was the second most common reason given in Utah for being employed part-time. Utah also ranks tenth highest in the nation according to the percent of part-time workers who listed that they usually work full-time, but currently work part-time because of school or training.[4]

A Key Factor: Utah's Unique Commitment to Family

While these three factors heavily influence Utah's large, part-time labor force, data from the Community Population Survey suggests the socioeconomic characteristic that best explains Utah's high percentage of part-time workers is Utah's unique commitment to family responsibilities. The most common reason Utah workers gave as to why they worked part-time is because of "other family/personal obligations." Over 55% of Utah's female part-time work force listed this as their reason for working part-time, ranking Utah first in the nation according to the percent of women listing this reason. The national average was 39%.

Interestingly, only 3.72% Utah's female part-time work force listed "child care problems" as the reason they worked part-time. This is below the national average and ranks Utah in the lowest twenty states for women listing this reason. This may suggest that some female part-time workers in Utah who choose to stay home with their children believe it is a family or personal obligation, rather than a child care problem.[5]

**Figure 3: Reasons for Choosing Part-Time Work, 2006
(Percent of Total Part-Time Workers)**

	U.S.	Utah
Child Care Problems	3.8%	2.7%
Male	0.6%	0.2%
Female	5.3%	3.7%
Other Family/Personal Obligations	28.5%	41.8%
Male	6.3%	6.5%
Female	38.9%	55.9%
Health/Medical Limitations	4.4%	1.9%
Male	5.5%	3.4%
Female	3.9%	1.3%
School/Training	38.6%	39.1%
Male	53.4%	67.6%
Female	31.6%	27.7%
Retired/Social Security Limit Earnings	13.4%	6.4%
Male	22.0%	14.8%
Female	9.4%	3.1%
Full-Time Less Than 35 Hrs	4.1%	1.9%
Male	4.6%	2.0%
Female	3.9%	1.9%
Other	7.2%	6.2%
Male	7.5%	5.6%
Female	7.0%	6.4%

Source: Census, Current Population Survey (2006).

The Impact of Part-Time Workers of Utah's Wage

So how strong of an influence does Utah's large, part-time labor force have on BLS' rank of average weekly wage? If one only looks at the median earnings of full-time workers, Utah's ranking significantly improves. Median earnings for all full-time, year-round workers in Utah were \$36,500 in 2006, ranking 27th and equaling 95% of the national average. This is significantly better than the BLS data showing Utah at 82% of the national average.

Median earnings for full-time working men rank 26th and are over 98% of the national average. Median earnings for full-time working women rank 35th and are over 90% of the national average.[6] Data from CPS also show that while Utah has the highest percentage of workers who worked 0-20 hours per week, the number of men who worked over 40 hours per week is above the national average.

Figure 4: Median Earnings for Persons Who Worked Full-time, Year-round in the Past 12 Months, 2006

Male			Female		
Rank	State	Earnings	Rank	State	Earnings
	U.S. Average	\$42,210		U.S. Average	\$32,649
1	New Jersey	52,487	1	District of Columbia	48,586
2	Connecticut	52,372	2	Connecticut	41,831
3	Massachusetts	51,960	3	Maryland	41,761
4	Maryland	51,316	4	New Jersey	41,100
5	District of Columbia	49,544	5	Massachusetts	40,174
6	Alaska	48,703	6	California	37,019
7	Washington	48,331	7	New York	36,769
8	New Hampshire	48,254	8	Alaska	36,655
9	Michigan	47,329	9	Washington	36,158
10	Virginia	47,063	10	Virginia	36,062
11	Illinois	46,526	11	Colorado	35,847
12	Minnesota	46,349	12	Minnesota	35,611
13	Delaware	46,043	13	Rhode Island	35,510
14	New York	45,833	14	Delaware	35,506
15	Rhode Island	45,544	15	Illinois	35,092
16	Colorado	45,017	16	New Hampshire	34,719
17	California	44,905	17	Hawaii	33,780
18	Pennsylvania	43,402	18	Michigan	33,748
19	Wisconsin	42,380	19	Arizona	32,468
20	Ohio	42,346	20	Oregon	32,390
21	Indiana	41,991	21	Pennsylvania	32,190
22	Wyoming	41,913	22	Nevada	31,915
23	Hawaii	41,821	23	Vermont	31,763
24	Nevada	41,717	24	Ohio	31,748
25	Oregon	41,536	25	Georgia	31,637
26	Utah	41,475	26	Wisconsin	31,539
27	Louisiana	40,765	27	Texas	30,954
28	Georgia	40,646	28	Florida	30,896
29	Kansas	40,595	29	North Carolina	30,600
30	Missouri	40,443	30	Kansas	30,552
31	Vermont	40,119	31	Indiana	30,537
32	Maine	40,116	32	Maine	30,338
33	Arizona	40,056	33	Missouri	30,127
34	Iowa	39,753	34	Iowa	29,824
35	Kentucky	39,595	35	Utah	29,623
36	Alabama	39,528	36	Nebraska	29,467
37	Texas	38,797	37	Kentucky	29,362
38	Idaho	38,278	38	Tennessee	29,300
39	North Dakota	38,179	39	New Mexico	28,884
40	Florida	38,005	40	South Carolina	28,696
41	Nebraska	37,828	41	South Dakota	28,158
42	West Virginia	37,622	42	Idaho	28,019
43	Tennessee	37,589	43	Wyoming	27,926
44	North Carolina	37,545	44	Alabama	27,893
45	South Carolina	37,194	45	Oklahoma	27,626
46	New Mexico	37,064	46	Louisiana	27,000
47	Oklahoma	36,655	47	North Dakota	26,583
48	Montana	36,378	48	Arkansas	26,277
49	Mississippi	35,617	49	Montana	26,007
50	Arkansas	35,144	50	Mississippi	25,849
51	South Dakota	34,937	51	West Virginia	25,758

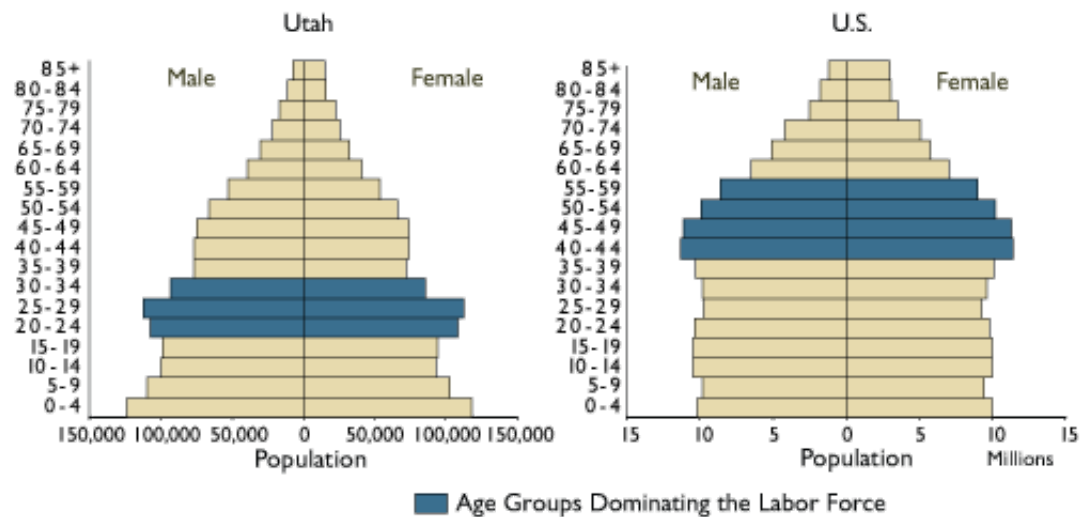
Source: Census, American Community Survey (2006).

A High Proportion of Young Workers

While Utah's incomes are closer to the national average when part-time workers are excluded, wages for both men and women still fall below the national average. Another major factor contributing to Utah's lower wages is the state's young working-age population. Research done by Mark Knold, Chief Economist for Utah's

Department of Workforce Services, shows the largest portion of Utah's labor force consists of workers aged 20-34. This is significantly younger than the dominant age group of workers in the United States, which includes workers aged 40 to 60. Because incomes and wages tend to increase with age, Utah's young working-age population is a primary factor contributing to Utah's lower earnings.

Figure 5: Utah and U.S. Population by Age and Sex, 2005



Source: Utah Department of Workforce Services and U.S. Census Bureau.

Utah's income ranking also depends on the type of data used. For example, even though Utah has somewhat lower than average wages and salaries, Utah *household* incomes are above average. The 2006 median household income in Utah was \$50,309. This is almost \$2,000 above the U.S. average of \$48,451 and ranks Utah 19th highest in the nation. Another, well-respected estimate of household income places Utah among the top 10 states for household income.^[7] However, the 2006 median *family* income was \$58,141; this was just below the U.S. average of \$58,526 and ranks Utah 22nd highest in the nation.^[8]

Figure 6: Median Household and Family Income by State, 2006

Median Household Income			Median Family Income		
Rank	State	Income	Rank	State	Income
	U.S. Average	\$48,451		U.S. Average	\$58,526
1	Maryland	65,144	1	Connecticut	78,154
2	New Jersey	64,470	2	New Jersey	77,875
3	Connecticut	63,422	3	Maryland	77,839
4	Hawaii	61,160	4	Massachusetts	74,463
5	Massachusetts	59,963	5	New Hampshire	71,176
6	New Hampshire	59,683	6	Hawaii	70,277
7	Alaska	59,393	7	Alaska	69,872
8	California	56,645	8	Virginia	66,886
9	Virginia	56,277	9	Minnesota	66,809
10	Minnesota	54,023	10	Rhode Island	64,733
11	Nevada	52,998	11	Colorado	64,614
12	Delaware	52,833	12	California	64,563
13	Washington	52,583	13	Washington	63,705
14	Colorado	52,015	14	Illinois	63,121
15	Illinois	52,006	15	Delaware	62,623
16	District of Columbia	51,847	16	New York	62,138
17	Rhode Island	51,814	17	Nevada	61,466
18	New York	51,384	18	District of Columbia	61,105
19	Utah	51,309	19	Wisconsin	60,634
20	Wisconsin	48,772	20	Vermont	58,163
21	Vermont	47,665	21	Pennsylvania	58,148
22	Wyoming	47,423	22	Utah	58,141
23	Arizona	47,265	23	Michigan	57,996
24	Michigan	47,182	24	Wyoming	57,505
25	Georgia	46,832	25	Nebraska	56,940
26	Pennsylvania	46,259	26	Kansas	56,857
27	Oregon	46,230	27	Ohio	56,148
28	Florida	45,495	28	Georgia	56,112
29	Kansas	45,478	29	Oregon	55,923
30	Nebraska	45,474	30	Indiana	55,781
31	Indiana	45,394	31	Iowa	55,735
32	Texas	44,922	32	Arizona	55,709
33	Ohio	44,532	33	North Dakota	55,385
34	Iowa	44,491	34	Florida	54,445
35	Maine	43,439	35	South Dakota	53,806
36	Idaho	42,865	36	Missouri	53,026
37	Missouri	42,841	37	Maine	52,793
38	South Dakota	42,791	38	Texas	52,355
39	North Carolina	42,625	39	North Carolina	52,336
40	North Dakota	41,919	40	Idaho	51,640
41	South Carolina	41,100	41	Montana	51,006
42	New Mexico	40,629	42	South Carolina	50,334
43	Montana	40,627	43	Tennessee	49,804
44	Tennessee	40,315	44	Alabama	49,207
45	Kentucky	39,372	45	Kentucky	48,726
46	Louisiana	39,337	46	Louisiana	48,261
47	Alabama	38,783	47	New Mexico	48,199
48	Oklahoma	38,770	48	Oklahoma	47,955
49	Arkansas	36,599	49	Arkansas	45,093
50	West Virginia	35,059	50	West Virginia	44,012
51	Mississippi	34,473	51	Mississippi	42,805

Source: Census, American Community Survey (2006)

The difference between household and family income is that family income is based on the incomes of the householder and any other people living in the same household who are related to the householder by birth, marriage, or adoption. Family income does not count single-person households. Household income is based on the incomes of the householder and any other people living in the same household, regardless of whether they are related to the householder. Because many households consist of one person, household income is

typically less than family income.

One factor that could contribute to this disparity is the fact that Utah has a high number of workers per household. Utah is ranked second in the nation in terms of workers per household, but only 23rd in terms of workers per family. Utah has a higher than average population ages 0 to 14, which explains why the number of workers per family is so low.^[9] Having more workers per household may contribute to higher household incomes.

Utah also has fewer single-person households compared to most other states. Only 19% of households in Utah are single-person households, whereas the national average is 28%. This gives Utah the lowest percent of single-person households in the nation. Single-person households in Utah make an average of \$27,331, which only represents 53% of the state's median household income.^[10] Having very few single-person households contributes to Utah's higher than average household income because there are fewer lower-income households to include in the statewide average.

**Figure 7: Workers per Household and Single Person Households
(as a Percent of Total Households), 2006**

Workers per Household			Single Person Households as a Percent of Total Households		
Rank	State	Workers	Rank	State	Percent
1	Alaska	1.60	1	District of Columbia	47.17%
2	Utah	1.57	2	North Dakota	30.61%
3	Hawaii	1.56	3	New York	29.44%
4	California	1.49	4	Pennsylvania	29.33%
5	New Hampshire	1.46	5	Ohio	29.15%
6	Maryland	1.46	6	Massachusetts	28.93%
7	New Jersey	1.45	7	Montana	28.85%
8	Texas	1.43	8	Missouri	28.76%
9	Connecticut	1.42	9	Rhode Island	28.66%
10	Massachusetts	1.42	10	New Mexico	28.41%
11	Minnesota	1.42	11	Nebraska	28.35%
12	Illinois	1.41	12	South Dakota	28.32%
13	Georgia	1.41	13	Oklahoma	28.32%
14	Colorado	1.41	14	Washington	28.26%
15	Virginia	1.41	15	Colorado	28.23%
16	Rhode Island	1.40	16	Kentucky	28.20%
17	Nebraska	1.40	17	Wisconsin	28.17%
18	Nevada	1.39	18	Illinois	28.15%
19	Vermont	1.38	19	Minnesota	28.09%
20	Wyoming	1.38	20	Florida	28.03%
21	Wisconsin	1.37	21	Oregon	28.00%
22	Kansas	1.37	22	Michigan	27.98%
23	South Dakota	1.36	23	Iowa	27.91%
24	New York	1.36	24	Kansas	27.86%
25	Delaware	1.36	25	Virginia	27.78%
26	Washington	1.35	26	Tennessee	27.77%
27	Iowa	1.35	27	North Carolina	27.77%
28	Idaho	1.34	28	Alabama	27.66%
29	Indiana	1.34	29	West Virginia	27.56%
30	Montana	1.33	30	Vermont	27.51%
31	Arizona	1.33	31	Mississippi	27.37%
32	Oregon	1.32	32	Wyoming	27.29%
33	Ohio	1.31	33	South Carolina	27.25%
34	North Carolina	1.31	34	Maine	27.22%
35	Michigan	1.31	35	Delaware	27.17%
36	Missouri	1.30	36	Indiana	27.16%
37	South Carolina	1.30	37	Connecticut	27.11%
38	New Mexico	1.30	38	Arkansas	26.85%
39	Pennsylvania	1.30	39	Arizona	26.82%
40	Louisiana	1.29	40	Maryland	26.69%
41	North Dakota	1.29	41	Nevada	26.56%
42	Maine	1.29	42	Louisiana	26.54%
43	District of Columbia	1.28	43	Georgia	26.44%
44	Oklahoma	1.26	44	New Hampshire	25.63%
45	Tennessee	1.26	45	New Jersey	25.62%
46	Florida	1.25	46	Texas	24.86%
47	Mississippi	1.24	47	Alaska	24.85%
48	Kentucky	1.23	48	California	24.64%
49	Arkansas	1.23	49	Hawaii	24.50%
50	Alabama	1.21	50	Idaho	23.86%
51	West Virginia	1.11	51	Utah	19.13%

Source: Census, American Community Survey (2006).

Making a Living in Utah

While this information indicates that Utah workers have higher wages and incomes than the BLS data indicate, the question remains as to whether full-time and part-time workers are able to support themselves on Utah's incomes.

Cost of Living

In terms of overall cost of living, Utah is below the national index (93.6 vs. 100) and ranks 16th lowest in the nation with respect to cost (based on first quarter 2008 figures). The state is below the national index in terms of every category: housing, utilities, transportation, healthcare, miscellaneous goods, and groceries. However, the index for transportation and miscellaneous goods both increased from 2007 fourth quarter estimates.^[11]

Home Value

The median home-value in Utah is slightly higher than the national average; however, most homeowners in Utah own homes valued \$150,000 to \$199,999, while most homeowners in the United States own homes valued \$300,000 to \$499,999. The majority of Utah homeowners also pay lower monthly homeowner costs as a percentage of household income than those in the rest of the United States.^[12]

Home Ownership

Over 70% of Utah residents own—rather than rent—their home, compared to 67% in the United States.^[13] This contradicts the theory that more part-time workers lead to more rental properties. This also supports the idea that Utah's high percentage of part-time workers is influenced by the number of teenagers who work part-time and still live at home, as well as the number of women who choose to work part-time because of family obligations but can rely on their partner's income to finance expenses. The second part of this statement is confirmed by the drastic difference between the number of male and female part-time workers presented above.

Conclusion

While the state's high percentage of part-time workers and younger workforce lower the BLS calculation of Utah's average weekly wage, it is important to recognize that the median Utah family earns a wage which is competitive with the rest of the nation. In addition, the median earnings for both full-time working men and women in Utah are over 90% of the national average. Although Utah ranks below the national average in several measures of income, this brief shows that this ranking is better than initially assumed—especially for full-time working men. Acknowledging BLS average weekly wage data do not take into account the unique structure of Utah's labor force and understanding the socioeconomic characteristics which influence Utah's high percentage of part-time workers provides a more realistic picture of Utah's economy.

Endnotes

^[1] 2006 CPS

^[2] 2006 ACS

^[3] 2006 CPS

^[4] Ibid

^[5] 2006 CPS

^[6] 2006 ACS

^[7] The Census Bureau recommends using a three-year average of household incomes for ranking purposes, and it provides these averages based on the Current Population Survey (CPS). The latest average from 2004-2006 ranks Utah ninth highest in the nation, with household income of \$55,179. However, for comparability to the median family income statistics in this brief, we have used single-year data from the American Community Survey (ACS), which differs from the CPS data and ranking.

^[8] Ibid

^[9] Ibid

^[10] Ibid

^[11] Missouri Economic Research and Information Center (MERIC)

^[12] 2006 ACS

^[13] Ibid

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