



The State of Work in Oklahoma: Valuing Work (Part 2 of 3)

by Courtney Cullison, Economic Opportunity Policy Analyst

Introduction

Simply having a job is often not enough to keep a worker financially secure. For that, you need a good job — one that pays enough to live on with wages that increase enough to cover the gradual rises in the cost of living. And Oklahoma doesn't have enough good jobs. About one-quarter of Oklahoma jobs are low-wage, and the state has not raised its minimum wage above the federal minimum to keep pace with rising costs of living.

A good job also provides benefits like affordable health insurance and paid time off to make sure workers are healthy and don't face financial disaster if they fall ill or have a new child to care for. Unfortunately, only 52 percent of non-elderly Oklahomans have employer-provided health insurance.¹ Further, the state does not require employers to offer paid sick leave or ensure that all workers have access to paid family and medical leave. Oklahoma needs more good jobs.

THE STATE OF WORK IN OKLAHOMA

The *State of Work in Oklahoma* is a three-part paper series from the Oklahoma Policy Institute that sheds light on those Oklahomans who have been left behind by the economic recovery.

This paper, *Valuing Work*, examines how well we value workers in Oklahoma by paying them a fair wage and offering necessary benefits like paid leave time.

The first paper, *Finding Work*, explored the difficulty many Oklahomans encounter finding work.

The third paper in this series will examine how the social safety net lessens poverty's impact on working Oklahomans and families.



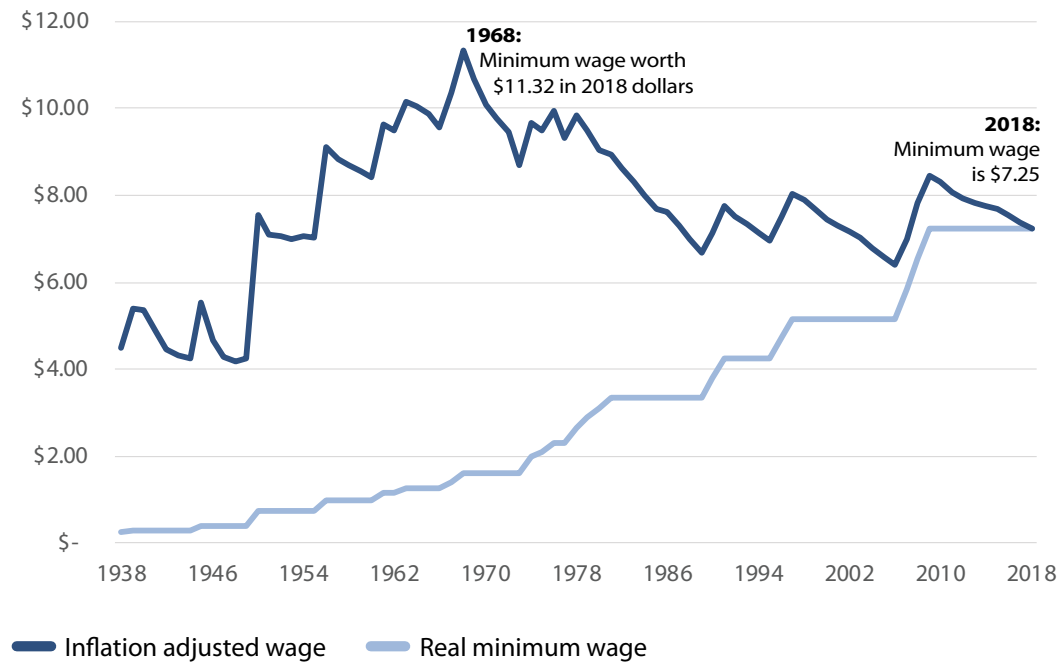
The minimum wage is too low. It doesn't have to be.

The federal minimum wage has been sitting at \$7.25 an hour for more than a decade — the longest period it's gone without an increase since it was established in 1938. The minimum wage was created in order to protect workers in the post-Great Depression economy. During this time of very high unemployment employers could offer very low pay with poor working conditions because many people were desperate and willing to take any work. President Franklin Roosevelt, who signed the Fair Labor Standards Act (the bill that created the federal minimum wage) into law, made it clear that he intended to hold employers responsible for paying a living wage.

It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country...and by living wages I mean more than a bare subsistence level — I mean the wages of decent living.ⁱⁱ

The first minimum wage was set at \$0.25 an hour, and it has been increased 22 times since then — the last time in 2009. Because the minimum wage is not regularly adjusted for inflation, it loses real value each year. The minimum wage hit its peak value in 1968 when it was worth \$11.32 in 2018 dollars, and it has been declining in value since then.

FIGURE 1
The minimum wage has lost value over time



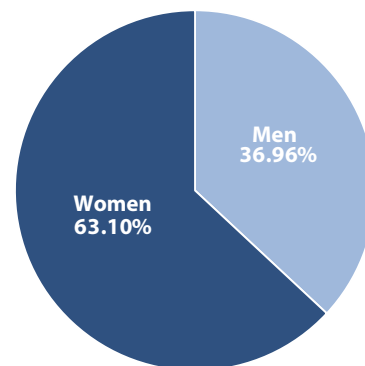


A low minimum wage is especially detrimental to women because the majority of minimum wage workers are women. Women comprise 63 percent of workers making minimum wage or less in 2018, according to the U.S. Department of Labor.ⁱⁱⁱ Black and Latinx workers are also disadvantaged by a low minimum wage. A Black worker is 50 percent more likely, and a Latinx worker 40 percent more likely, than a white worker to make minimum wage or less.^{iv} Data is not available for other racial groups, including American Indians and Alaskan Natives. Only White, Black, and Asian are included in the publicly reported Current Population Survey earnings data.

States have the option to set a higher minimum wage for themselves, and 29 states and D.C. have done so in recent years. Many of these states also have chosen to institute automatic increases in their minimum wage to account for inflation or cost-of-living increases to prevent the wage from losing value over time. D.C. has the highest minimum wage at \$14.00, followed closely by California and New York at \$12.00. But not all states with a higher minimum wage are on the coasts — Arkansas and Missouri both have raised their minimum wage (to \$9.25 and \$8.60 respectively), as have other states like Florida, Nebraska, South Dakota, and West Virginia.

FIGURE 2

The majority of workers making minimum wage or less are women



Source: Bureau of Labor Statistics, Current Population Survey (2018)



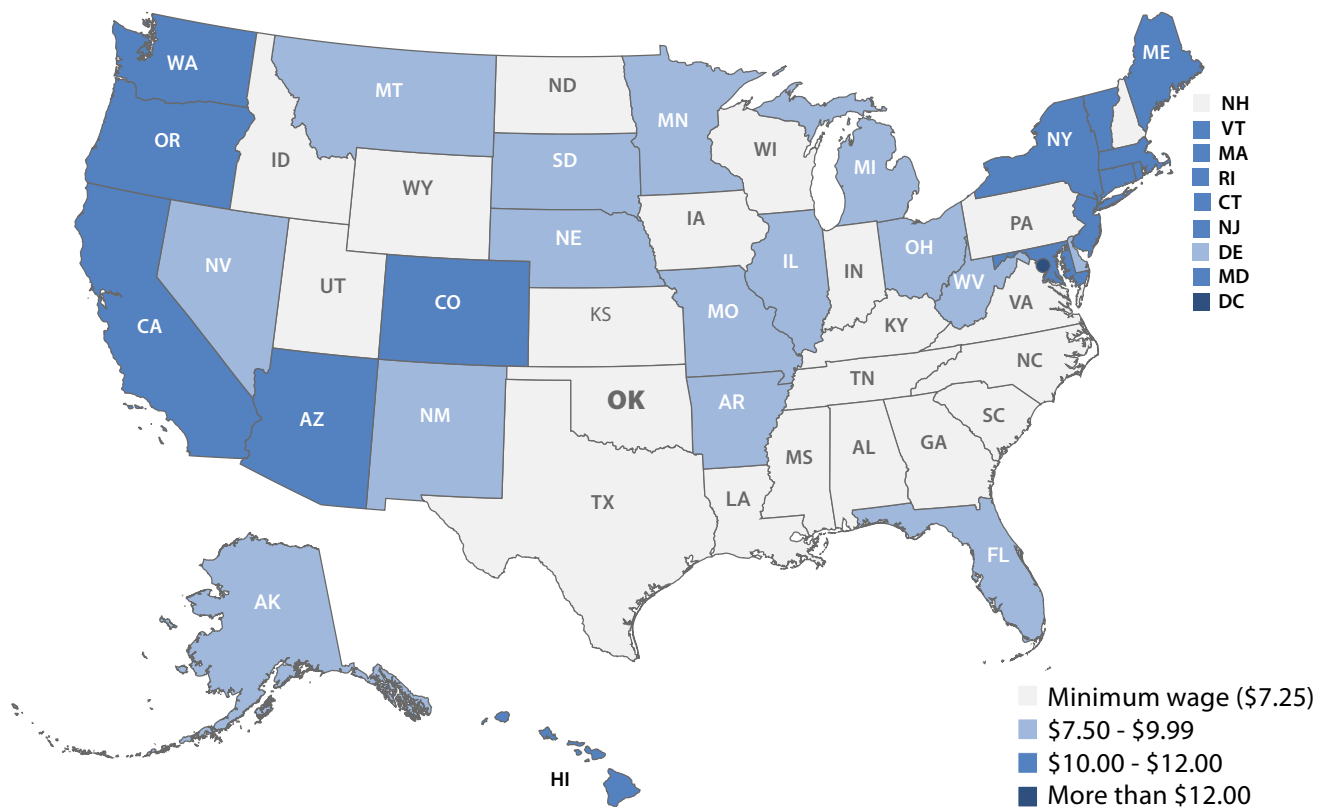
DATA FACT

A **Black** worker is **50%** more likely, and a **Latinx** worker **40%** more likely, than a white worker to make minimum wage or less.



Unfortunately, Oklahoma has not opted to raise its minimum wage. We've also prohibited cities, towns, and counties in the state from raising their minimum wage since 2014.^v In the interim, several bills have been introduced that would either raise the minimum wage statewide or remove the restriction on local governments raising their minimum wage. To date, the legislature has not given such bills serious consideration. While Oklahoma lawmakers have chosen not to raise our minimum wage, citizens in other states (even some politically conservative ones) have chosen to raise their wage through ballot initiatives, which is an option Oklahomans could pursue.^{vi} Many Oklahoma tribes have chosen to raise their minimum wage, both for tribal employees and those who work in their business enterprises.

FIGURE 3
More than half of the states have a higher minimum wage





Oklahoma has a higher-than-average share of low-wage jobs

In addition to a low minimum wage, Oklahoma also has a comparatively large share of low-wage jobs — jobs that pay more than minimum wage, but not enough to prosper. In 2018, one in four jobs in Oklahoma (26.2 percent) were in an occupation with a median wage below the poverty guideline for a family of four.^{vii} A total of 206,945 Oklahomans were working for less than \$25,100 a year, and 121,700 of them were making less than \$20,780.^{viii}

Low-wage jobs are especially prevalent in certain occupational categories. For example, 14 of the 16 professions in the food preparation and service category have annual median wages below \$25,100, including cooks, waiters and waitresses, bartenders, and dishwashers. Seventeen of the 25 jobs in the personal care and service category are also low-wage jobs — including childcare workers and personal care aides.^{ix}

Other jobs that are part of the health care field, one of the fastest-growing job fields in Oklahoma, are also low-wage. Rehab counselors, home health aides, nursing

assistants, orderlies, and physical therapist aides all have median wages below the poverty threshold for a family of four. This means half of all workers in these jobs are making less than \$25,100. That's not enough to live on for most working Oklahomans and their families.

FIGURE 4

Persons in Household	2018 Poverty Guideline
1	\$12,140
2	\$16,460
3	\$20,780
4	\$25,100
5	\$29,420
6	\$33,740
7	\$38,060
8	\$42,380
For each additional person, add \$4,320	

FIGURE 5

	Median Annual Wage	Number of Jobs	Percent of all jobs in OK
Food Preparation and Serving Related Occupations	\$19,350.00	158,940	10%
Personal Care and Service Occupations	\$20,270.00	43,020	3%
Building and Grounds Cleaning and Maintenance Occupations	\$23,050.00	43,990	3%
Sales and Related Occupations	\$24,890.00	162,690	10%
ALL OCCUPATIONS	\$34,560.00	1,594,370	26%



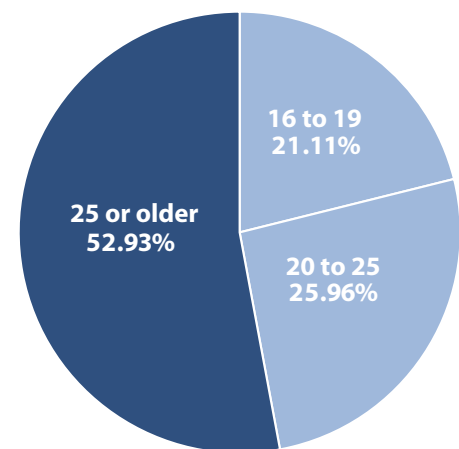
Low wage work is not enough to live on — even in a low-cost state like Oklahoma

The longer Oklahoma’s minimum wage sits at \$7.25 an hour, the more the gap widens between what workers make and what they need to live. This applies even in a state with a comparatively low cost of living like Oklahoma. This is a real problem given that the majority of minimum wage workers are 25 years of age or older, and are not teenagers and college students with part-time jobs.^x Some workers are trying to live and support family members on minimum wage jobs.

An increase in the minimum wage would benefit more than just minimum wage workers. A substantial share of workers are classified as “near minimum wage” earners, making more than the minimum wage but less than \$10.88, or 150 percent of the minimum wage. These two groups (minimum wage workers and near-minimum wage workers) make up nearly one-third of the workforce, and an increase in the minimum wage would benefit all of them — not just the small group making exactly the minimum wage — through a ripple effect.^{xi} As minimum wage workers get a raise, the groups just above them are likely to receive a raise as well to maintain the existing wage distribution and prevent those near-minimum wage workers from leaving.

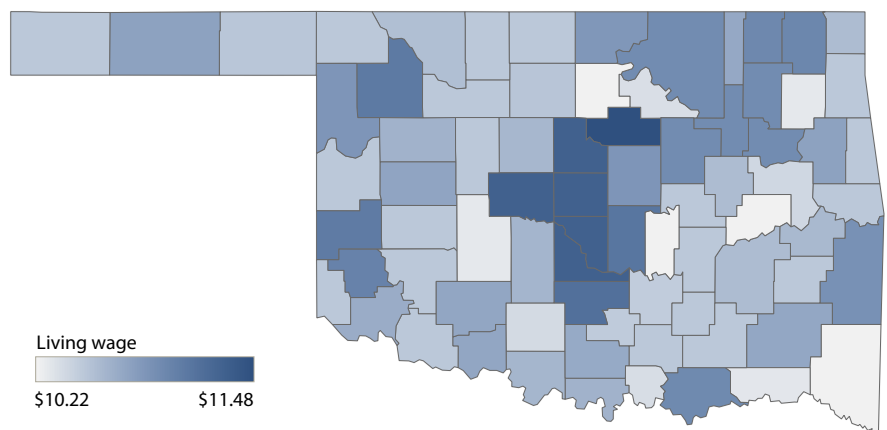
In an environment where buying power has decreased with a stagnant minimum wage, all of these workers need a raise in order to be able to get by and meet all their basic needs. The Living Wage Calculator estimates that a single adult in Oklahoma needs to make at least \$10.95 per hour to meet typical, basic needs, such as housing, food, transportation, and medical expenses. If they live in the Oklahoma City metro area, they need to make \$11.27 an hour.

FIGURE 6
The majority of workers making minimum wage are 25 or older



Source: Bureau of Labor Statistics, Current Population Survey (2018)

FIGURE 7
Workers in every county need more than \$7.25 to get by



Source: MIT Living Wage Calculator



Wages have not been growing much, despite the economic recovery

Securing a raise for low-wage workers is even more critical since workers can no longer depend on the usual steady rise in wages that naturally happens as the economy expands and companies see increased profits. This was how the economy worked for 25 years, beginning with the post-World War II boom. The economy became more efficient and expanded as productivity increased. During these times, workers benefited with better pay. From 1948 to 1979, economic productivity increased by 108 percent, and hourly compensation for workers increased by 93 percent. After 1979, productivity continued to increase, but at a slower rate of about 70 percent from 1980 to 2018. However, the increase in hourly compensation for workers saw a much steeper slow down, increasing only 11.6 percent.^{xii}

Given that corporate profits have been hitting record highs in recent years, it's important to ask why wage growth is more sluggish than normal.^{xiii} Workers are seeing a smaller share of profit in their paychecks for many reasons. One is that the cost of employing a worker has gone up over time. As noted earlier, wages aren't growing that much, but the cost of providing benefits to workers, especially health insurance, is rising.^{xiv} Some of that increased profit is paying for those benefits, but profits clearly have been outpacing employee wages for 15 years now.^{xv} The increased cost of benefits cannot account for all of the gap. Companies are investing less in employee compensation than previously.^{xvi}



DATA FACT

Between 1980 - 2018, productivity increased by about **70%**. During the same timeframe, hourly compensation for workers only increased by **11.6%**.





This lack of natural growth in wages and compensation is a big blow for workers, especially low wage workers. The average American worker had an annual income of \$44,220 in 2018 — that’s an increase of \$15,590 since 2001. Though this sounds like a solid improvement, it’s really not when taken in the larger context. That 54 percent increase in income was accompanied by 40 percent inflation during the same time period. So while the average worker is certainly a little better off than they were in 2001, they’re not 54 percent better off. When adjusted for inflation, the increase in average annual wages is just 9 percent, or \$3,685.^{xvii}

However, an increase in average wages doesn’t mean everyone is better off. The bottom 10 percent of earners are actually a little bit worse off than they were in 2001, with wages for this group decreasing by \$141 dollars per year.^{xviii} This is the group that can least afford to lose ground, and they have less money in terms of spending power than previously. Even workers in the top 10

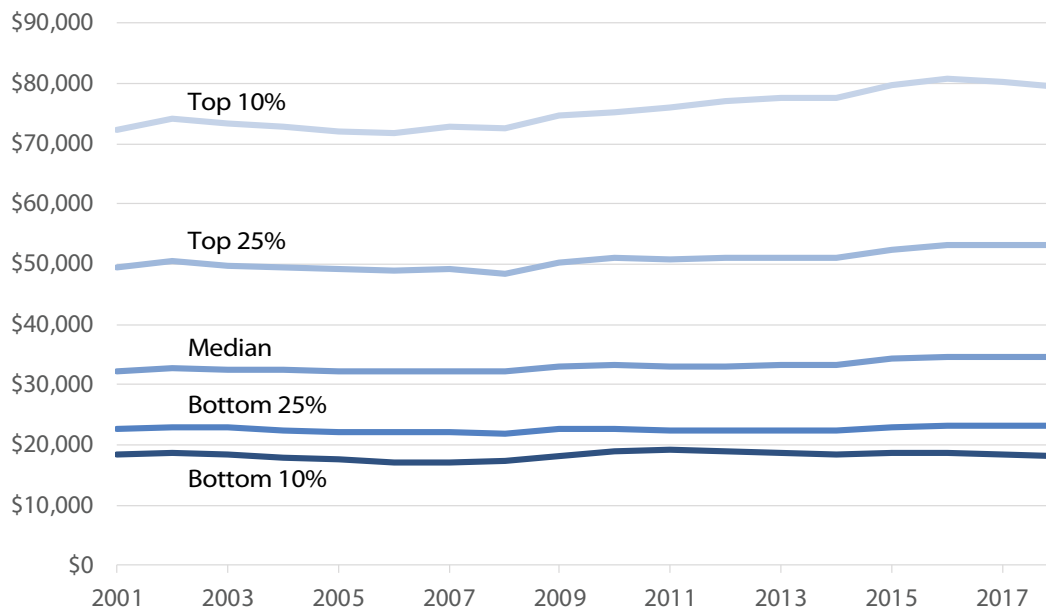
percent are not benefiting proportionately. Income for this group has increased by only about 10 percent in 17 years, or about \$7,261. Wages are growing enough to keep pace with increasing costs, but not enough to really allow most to save and get ahead.

Blackworkers have also been particularly disadvantaged by this slow wage growth. From 2000 to 2018, wages for White and Hispanic workers in the middle-income categories have grown four times faster than they have for Black workers.^{xix} This trend is present at all levels of education — even Black workers with college and advanced degrees saw slower wage growth than their White and Hispanic peers.^{xx} This means that while the wage gap between White and Hispanic workers has narrowed some since 2000, the gap between White and Black workers has grown. Black workers were earning less than other workers before and during the Great Recession; now they’re still earning less and are falling a bit further behind.

FIGURE 8

Wages have barely increased for low-wage workers

(in constant 2018 dollars)



Source: U.S. Department of Labor



Workers without benefits face financial insecurity

Sluggish wage growth among low- and middle-income earners is not being offset by increased benefits for employees. In fact, many workers currently lack access to paid leave time while shouldering more of the costs of their employer-provided health insurance. This means many are not taking the time needed to care for themselves and loved ones during a chronic illness. In a state that values family as much as Oklahoma does, that’s a real problem.

Health insurance is the most widely recognized employer benefit, yet only 57 percent of Oklahoma adults ages 19 to 64 have health insurance through an employer.^{xxi} To make things more challenging, participating in employer-provided coverage is becoming more expensive each year. The portion of monthly insurance premiums paid by employees has increased 22 percent for employee-only coverage since 2013.^{xxii}

In addition to increasing premiums, employees are also facing higher deductibles, so they are likely to be paying more out-of-pocket costs than previously. This year, 82 percent of workers with employer-sponsored health insurance have an annual deductible, compared to 2006 when only 55 percent of these workers had to meet a deductible. In addition, the amount of the average deductible has more than doubled, from \$584 in 2006 to \$1,655 dollars in 2019.^{xxiii}

Previously assumed to be a basic benefit of employment, health insurance has now become a fringe benefit — available to fewer workers and at a higher cost. Yet this is the most essential benefit of employment for most since quality, individual health insurance plans are prohibitively expensive for all but high earners. We depend on employer-provided coverage to make health insurance affordable. It’s decreasing availability is a significant problem for all workers.

FIGURE 9

Coverage	Yearly employee premium in 2008	Increase since 2013
Employee only	\$1,293	\$231 (+22%)
Employee plus one	\$3,764	\$666 (+22%)
Family	\$5,306	\$291 (+6%)

Source: Kasier Family Foundation



In addition to paying higher costs for health insurance, many workers also struggle to afford to take time off to care for themselves and their families when needed. While nearly three-fourths of all workers have access to paid sick days, only about one-third (31 percent) of workers in the bottom 10 percent of earners do. Even fewer workers (17 percent) have access to paid family and medical leave.^{xxiv}

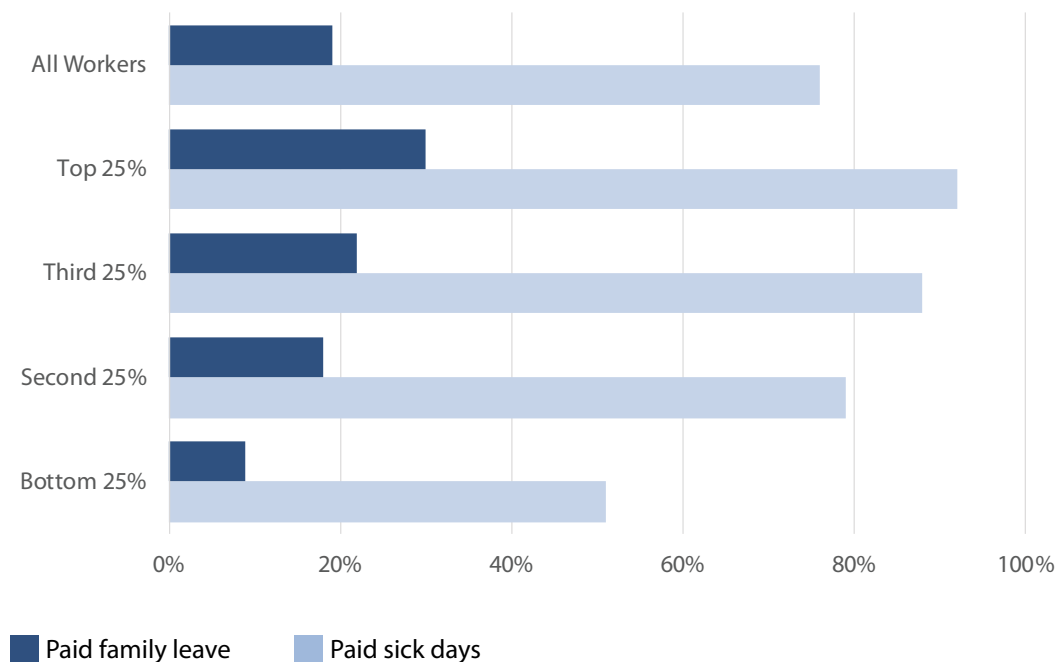
During an illness of a few days or for a longer-term situation, access to paid leave is critical to families' economic security, especially for low-wage workers.^{xxv} A week away from work would cost a minimum wage worker \$290. Someone making 150 percent of the minimum wage would be giving up \$435. For workers who are already struggling to make ends meet each month, that sizable loss of income is simply not financially feasible. That means many low-wage workers often are not taking time off, even when they really need it.

FAMILY AND MEDICAL LEAVE

Family and Medical Leave can be taken by employees when they are unable to work due to a serious health condition, or to care for a new child or a family member with a serious health condition.

FIGURE 10

Workers who most need paid leave are least likely to have access



Source: Bureau of Labor Statistics, National Compensation Survey (March 2019)



The relationship between employers and their employees has been trending toward disconnect

In recent years, the interests of consumers, communities, and workers have been sacrificed in order to maximize shareholder profit.^{xxvi} Prior to this era of “shareholder democracy,” American companies were quite different — the interests of all stakeholders (including the workers and the local communities that house companies) were considered and secured. Companies provided defined pensions and other benefits while workers shared in increased profits through wage increases. Workers were seen as valuable assets, and employers took active steps to recruit and retain them.

The 1970s saw a shift from this company-minded approach to management to the shareholder democracy with its focus on profits above all else, and there was a corresponding change in how workers were viewed by their employers. Workers were no longer seen as stakeholders, but rather as assets, and their pay and benefits were carefully crafted so as to maximize profit. In this new environment, shareholder needs are the most important.

Unfortunately, that means the well-being of workers was a secondary concern. Wages stagnated, and in some cases actually fell when adjusted for inflation. Existing benefit packages became more expensive for workers, and new benefits to allow workers to meet modern family obligations were not added. At the same time, a decline in the power of unions made it more difficult for workers to organize and fight for fair compensation packages.^{xxvii} In short, as shareholders benefited workers largely did not.

But amidst ballooning income inequality and automation trends in industry, there are signs that this model is being questioned. Earlier this summer, almost 200 corporation executives took the first step in redefining the purpose of a company to something more like the pre-1970 model. Investing in workers and communities are key pieces of this new commitment, and it’s long overdue.^{xxviii} For Oklahoma, the importance of work and labor is ingrained into its DNA — look no

further than the state motto, *Labor omnia vincit* (“work conquers all”). As companies now are re-aligning their focus to value the labor of their workers, Oklahoma can follow suit by re-evaluating the minimum wage, fostering a business climate that supports more good jobs, and bolstering core services that allow all Oklahomans to be healthy and thrive.

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Endnotes

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Courtney Cullison joined OK Policy in March 2017 as a policy analyst focusing on issues of economic opportunity and financial security. Before coming to OK Policy, Courtney worked in higher education, holding faculty positions at the University of Texas at Tyler and at Connors State College in eastern Oklahoma. A native Oklahoman, she received an Honors B.A. in Political Science from Oklahoma State University, and an M.A. and Ph.D. with emphasis in congressional politics and public policy from the University of Oklahoma. While at OU, Courtney was a fellow at the Carl Albert Congressional Research and Studies Center. As a professor she taught classes in American politics, public policy, and research methods and conducted original research with a focus on the relationship between representatives and the constituents they serve. Contact Courtney via email at ccullison@okpolicy.org.

About OK Policy

The Oklahoma Policy Institute advances equitable and fiscally responsible policies that expand opportunity for all Oklahomans through non-partisan research, analysis, and advocacy. Founded in 2008, the organization provides elected officials, policy makers and residents with fact-based research and analysis. OK Policy works to advance state policies that allow all Oklahomans to thrive regardless of skin color, neighborhood, or size of their bank account. OK Policy also includes specialty programs, including Together Oklahoma, Open Justice Oklahoma, and KIDS Count.



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