

**TO: Workforce Investment Board**

**DATE: 03/11/04**

**FROM: WIB Executive Committee**

**For Action**

**For Information**

**For Discussion**

**SUBJECT: Self Sufficiency Wage**

**PROPOSED MOTION(S):** To add the following language to the Self-Sufficiency Wage Policy, "The Self-Sufficiency Wage will be based on full-time employment which is an individual working 40 hours/week, 52 weeks/year of work" to ensure time sensitive compliance with WIA directives.

**DISCUSSION:** On November 13, 2003 the WIB approved (1) establishing the Self-Sufficiency Wage for Adults at \$11.06 per hour and (2) establishing the Self Sufficiency Wage for Dislocated Workers at 85% of the individual's dislocation (layoff) wage but in no event less than the Adult Self -Sufficiency Wage. Further clarifying language is needed to define how the Self-Sufficiency wage is applied.

**ATTACHMENT(S):**

WIA (at Section 134(d)(3)(A)(ii)) and the regulations (at 20CFR 663.220) stipulate that, in order to receive Intensive or Training Services, employed Adults and Dislocated Workers must have received at least one core service and be determined by a One-Stop operator to be in need of Intensive or Training services to obtain or retain employment that leads to self-sufficiency. The regulations (at 20 CFR 663.230) state that Local Boards must set the criteria for or definition of self-sufficiency. The Board further directed that said wage shall be reassessed at least once per year.

Based upon the methodology<sup>1</sup> previously agreed and the latest wage statistics, the committee proposed an Adult hourly wage derived as follows:

	<b>Current</b>	<b>Proposed</b>
<b>Wage Data:</b>	<b>Q1-2002</b>	<b>Q2-2003</b>
H.S. or less weighted average <sup>2</sup> :	\$9.09	\$9.37
Adjustment for Cost of Living <sup>3</sup> :	+14.9%	+14.9%
Adjusted Wage:	\$10.45	\$10.77
Annual Wage Inflation <sup>4</sup> :	+3.2%	+2.7%
<b>Final Adjusted Wage:</b>	<b>\$10.62</b>	<b>\$11.06</b>

1- The methodology agreed by the Committee and the WIB states that the Self-Sufficiency Wage

**shall be the weighted national average at the 25th percentile of wages of adults (aged 25 years and older) who have a high school diploma or less and are in full time employment and that said hourly rate shall be adjusted to take into account the difference between the cost of living in Merced County and the US and further adjusted to consider secular trends in wage inflation for the twelve month period after the wage is set.**

**2-Current Population Survey - Table 4. Quartiles and selected deciles of usual weekly earning of full-time wage and salary workers by selected characteristics, second quarter 2003 averages, not seasonally adjusted - The Current Population Survey (CPS) is a monthly survey of households conducted by the Bureau of Census for the Bureau of Labor Statistics. It provides a comprehensive body of data on the labor force, employment, unemployment, and persons not in the labor force.**

**3-CNN "Best Places to Live" Cost of Living Index for Merced County as of May 2003.**

**4-Bureau of Labor Statistics, Changes in Wages and Salaries Cost, Second Quarter 2003.**