

**TO: Planning, Policy Development & Legislation
Committee**

Date: May 22, 2002

For Action
 For Information
 Meeting Notes

FROM: WIB Staff

SUBJECT: Self-Sufficiency Wage

PROPOSED MOTION: That the Committee recommend that the Board (1) establish the Self-Sufficiency Wage for Adults at \$10.62 per hour and establish 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.

DISCUSSION: WIA (at Section 134(d)(3)(A)(ii)) and the regulations (at 20 CFR § 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.

At its meeting on May 23, 2001, the Committee recommended to the Workforce Investment Board that it set the Self-Sufficiency Wage for Adults at 10.00 per hour and 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. The Committee's recommendation was subsequently adopted by the Board at its meeting of May 24, 2001.

Based upon the methodology¹ previously agreed and the latest wage statistics, the proposed Adult hourly wage is derived as follows:

	<u>Current</u> Q1 – 2001	<u>Proposed</u> Q1 - 2002
Wage Data:		
H.S. or less weighted average²:	\$8.87	\$9.09
Adjustment for Cost of Living³:	+10.5%	+14.9%
Adjusted Wage:	\$9.81	\$10.45
Assumed Annual Wage Inflation⁴:	+3.9%	+3.2%
Final Adjusted Wage:	\$10.00	\$10.62

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 U.S. 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 earnings of full-time wage and salary workers by selected characteristics, first quarter 2002 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 3, 2002

4 – Forecast by Workforce Investment Board staff – adjustment is for one-half year of anticipated wage increase