



Interim Study 2023-43: What Is A Quality Job

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Oklahoma's Quality Jobs Program

- PFM has been the independent evaluator for the Oklahoma Incentive Evaluation Commission from 2016-2023
- Oklahoma's Quality Jobs Program was evaluated in 2017 and 2021
- Recommendation both years was to retain with modifications. Year 2021 recommended modifications included:
 - Require participants to pay the average county wage regardless of the statewide threshold wage – in 2018, 22 companies generated rebates while paying less than the average county wage in place on their start date;
 - For new agreements, reset the minimum wage requirement after 5 years (only applies to new agreements, not existing ones).
- These modifications would touch on 'what is a quality job'
 - The ability to use the state threshold wage significantly reduces the wage requirements in high-wage counties
 - Of course, this is not a 'by-right' credit, so state policymakers can still reject those applications.



Comparison to Similar Other State Programs

- Other comparable states have similar Quality Jobs programs with wage requirements.
 - **Arkansas** must be equal to or greater of the lowest county average wage or \$12.50 per hour.
 - **Colorado** greater than or equal to the average county wage.
 - **Kansas** at least equal to the county median wage where the company is located.
 - **Louisiana** \$18 an hour for a 4 percent rebate or \$21.66 an hour for a 6 percent rebate.
 - **Missouri** 90 percent of the average county wage.
 - **Iowa** retained jobs at least 100 of the average county wage at the start and 120 percent by project completion; created jobs at least 120 percent by project completion and through a maintenance period.
- Most have other requirements, particularly around provision of health care coverage.



Alternate Approach: Living Wage Requirements

- A theoretical income level that allows individuals or families to afford adequate shelter, food, and other necessities.
 - The goal of a living wage is to allow employees to earn enough income for a satisfactory standard of living and prevent them from falling into poverty.
 - Economists suggest it should be enough to ensure that no more than 30% of this income gets spent on housing.
- MIT has a living wage calculator: <https://livingwage.mit.edu/>
 - Wage varies by family characteristics (adults working, number of children)
 - State of Oklahoma living wage (2 adults both working, 2 kids): \$23.27/hour
 - Oklahoma City living wage: \$23.59/hour
 - Tulsa: \$23.51/hour
 - Lawton: \$23.11/hour
 - Love County: \$22.25/hour



MIT Living Wage Example – State of Oklahoma

	1 ADULT				2 ADULTS (1 WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Living Wage	\$15.49	\$32.96	\$41.95	\$54.68	\$25.60	\$32.14	\$37.08	\$40.87
Poverty Wage	\$6.53	\$8.80	\$11.07	\$13.34	\$8.80	\$11.07	\$13.34	\$15.61
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25

2 ADULTS (BOTH WORKING)			
0 Children	1 Child	2 Children	3 Children
\$12.80	\$18.44	\$23.27	\$27.53
\$4.40	\$5.54	\$6.67	\$7.81
\$7.25	\$7.25	\$7.25	\$7.25



Business Incentives Best Practices

- Oklahoma's Quality Jobs program aligns with many accepted best practices.
 - **It is targeted.** Only specific types of business or industry are eligible.
 - **It is discretionary.** There is a required application, and the Department of Commerce has a process to make awards.
 - **It requires accountability.** Businesses do not receive the financial incentive until they create the jobs/meet other requirements.
 - To a certain extent, it **takes into consideration state and/or local economic conditions.**
 - This is the one area where the evaluations have suggested the program could be improved by removing the state threshold wage method for qualification
 - In higher wage counties, it is possible to receive a Quality Jobs incentive for creating jobs that effectively reduce the county's average wage.



Questions and Discussion