

What is a Quality Job?

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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

Aldwyn Sappleton

Deputy Director of Economic Data &
Research Service

Oklahoma Department of Commerce

Oklahoma Department of Commerce



Our overarching mission is to create an environment where growth can happen in our state.

We work to attract new businesses to Oklahoma

We work with existing businesses to help them grow and thrive

We deliver Community Development programs that help local communities prepare for growth

We strive to provide world-class data and analytics

Quality Jobs Requirements

for Quarterly Cash payments of up to 5% of new taxable payroll for up to 10 years.



- Company must be in a qualifying industry as noted by NAICS description.
- Average wage of all newly created full-time jobs must be equal to the lower of the average county wage or the state threshold wage (currently \$40,472 and indexed by inflation).
- Company must achieve \$2.5 million new annual taxable payroll within 3 years, but certain industries have a lower \$1.5M payroll threshold requirement, namely:
 - Food processors with 75% out-of-state sales
 - Firms performing Research, Development, and Testing Services.
 - Auxiliary Research and Development Labs of large enterprises.
 - Relocations on select former military bases.
- Company must offer basic health insurance to employees within 180 days of employment.
 - Employee must not pay more than 50% of the premium.
- UP to 6% rebate if at least 10% of new payroll is comprised of qualified military veterans.

Small Employer Quality Jobs



- Qualifying small businesses (500 employees or less),
- Cash payments up to 5% for up to 7 years.
- Qualifying payroll must be attributable to annual salaries that are 110% of the average wage of the county in which the jobs are located.
- Benefits are not payable until the participant has attained both the minimum number of new jobs and the required average wage.
- Must offer basic health insurance within 180 days of employment.
 - Employee must not pay any more than 50% of the premium.

SEQJ New Jobs Thresholds

Community Pop.	New Jobs Required
Less than 3,500	The greater of 5 jobs or 5% of the company's full-time employment.
3,500-6,999	The greater of 10 jobs or 7.5% of the company's full-time employment.
7,000 or more	The greater of 15 jobs or 10% of the company's full-time employment.

21st Century Quality Jobs Program



- At least 10 full-time jobs at an annual average wage of the lesser of the 21st Century sales indexed wage (now \$120,071) or 300% of the county's average wage.
- Allows a net benefit rate of up to 10% of payroll for up to 10 years.
- Out-of-state sales must be at least 50% for most participants.
- Companies may receive reduced benefits for jobs/wages less than the 10 required while they work towards full qualification.

Target Industries: Knowledge-based service industries, including professional, scientific and technical services; music, film and performing arts; and specialty hospitals.

Quality Jobs over the years.



Participation in the QJ programs have increased over the years until an Economic Downturn from the energy sector caused a reverse in the trend, which was exacerbated even further with COVID19 pandemic. The trend in participation should reverse through 2023 and 2024.

Benefit payment to Quality Job Program participants since 2005 is as follows:

2005	\$44.4 million	2014	\$76.5 million
2006	\$44.0 million	2015	\$79.8 million
2007	\$53.4 million	2016	\$64.1 million
2008	\$62.1 million	2017	\$55.4 million
2009	\$59.1 million	2018	\$51.9 million
2010	\$52.8 million	2019	\$52.2 million
2011	\$60.9 million	2020	\$41.9 million
2012	\$67.6 million	2021	\$41.1 million
2013	\$76.6 million	2022	\$38.0 million

Quality Jobs Program



- Since the Oklahoma Quality Jobs Program (the “Program”) first began, **891** companies have enrolled that have created **\$29.6B** in net new payroll.
- 30% of the entities participating in the Program either were new to the state or were a start-up business.
- 70% were entities already located in the state which expanded.
- 30% of the new jobs created located in rural areas (with a population of less than 50,000 people) and 69% percent were in urban areas.
- In recent years and throughout the pandemic overall average annual wages paid by participants in the Quality Jobs Programs range from \$60K-90K.

Thank You

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Additional Resources:

QJ Triennial Report

- <https://www.okcommerce.gov/wp-content/uploads/Quality-Jobs-Program-2023-Triennial-Report.pdf>

QJ Program Rules and Requirements

- <https://www.okcommerce.gov/wp-content/uploads/Quality-Jobs-Program-2023-Triennial-Report.pdf>



OKLAHOMA
Commerce
okcommerce.gov



Jeff Seymour

Executive Vice President of Economic
Development

Greater OKC Chamber of Commerce

Greater Oklahoma City Chamber

Quality Jobs-Interim Study Report

Greater Oklahoma City Regional Economic Development Goals

Increased Economic Diversity
Increased Income and Wages Across Economic Spectrums
Increase **Strategies** and Tax Base

Supporting Existing Economic Engines

Tinker/FAA (Gov. More Broadly)
Aircraft Maintenance
Technology Clusters
Bioscience/Healthcare
Back-Office
Existing Headquarters
Manufacturing/Distribution
Energy Companies

Binders

TALENT
□ □
INNOVATION
□ □
INFRASTRUCTURE
E
□ □
RESOURCES
□ □
QUALITY OF

Questions

What work does Chamber staff need to do?
What work do our partners need to do?
What leverage/effort does our leadership need to provide?

Recruiting New Strategic Investment

Aerospace/Transportation Life Cycle
(Ex. R&D □ Manif. □ Software □ Maint.)
Higher-End Shared Services/Regional Headquarters
(Ex. Software, Accounting, Purchasing, Small HQ)
Manufacturing/Distribution
(Ex. Lower Cost Labor/Utilities, Geographic Needs)
Technology/Biotech
(Ex. Scaling Existing, Recruitment New)
High-End Destination Retail

ED Division Work Buckets

Innovation/ Entrepreneurship

Foster a best practice innovation ecosystem with:

- Community resources
- Appropriate capital
- Additional research
- Appropriate real estate
- Appropriate talent (TBG)

Assist existing tech/bio employers scale in region

- Work expansion projects
- Connect to resources
- Create new

Talent and Business Growth

Assist existing companies meet growth potential

- Includes project management function

Inventory mission critical skills needs in OKC economy

Provide matchmaking between existing skills needs/regional providers

Create framework for additional skill development or skills

Recruitment

Recruit previously identified opportunities

- Destination retail
- Shared services/Small HQ
- Life-cycle aerospace
- Manufacturing
- Bioscience
- Technology

Identify future economic opportunities...

- Transportation R&D?
- Cyber security?
- Tech company back office services?
- Others???

Research

Support other parts of ED team

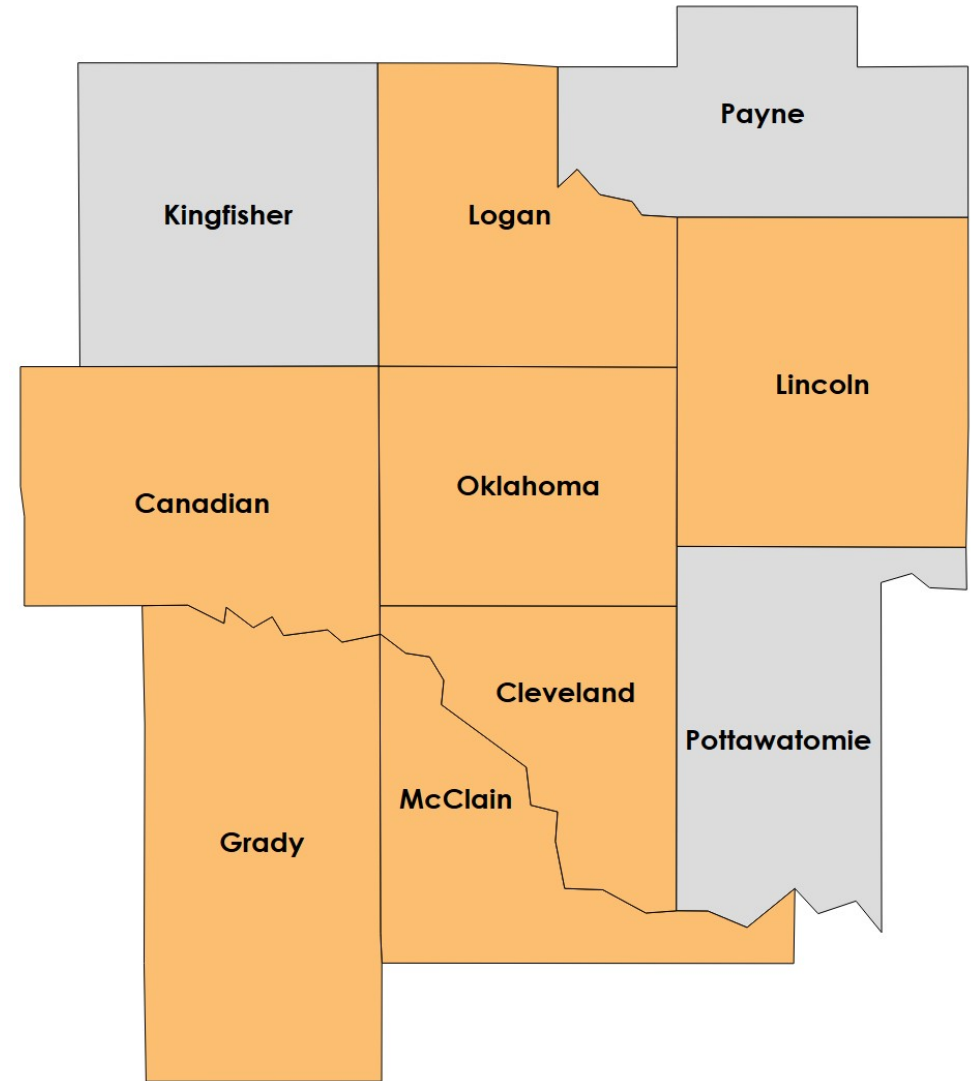
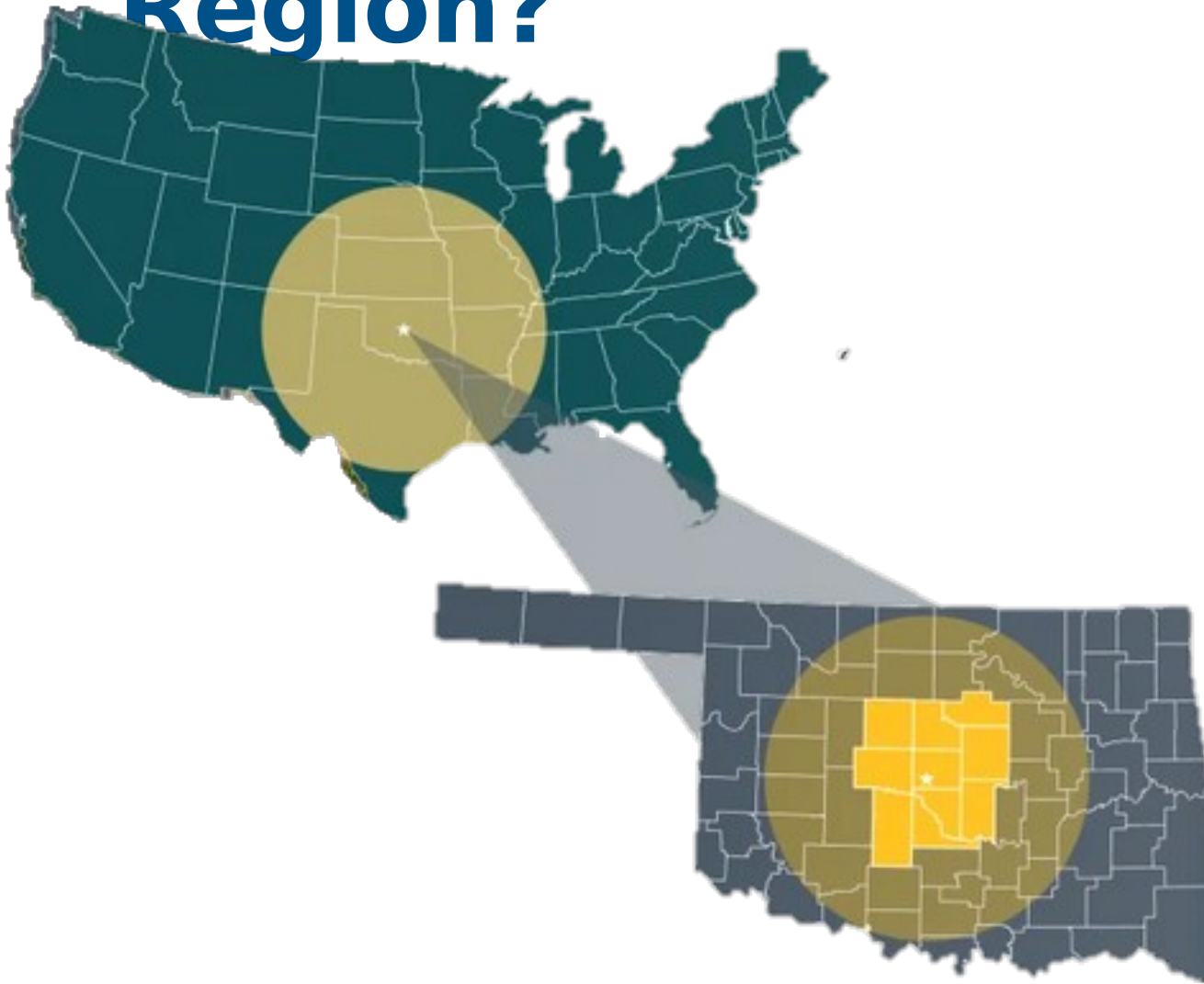
- Research tools
- GIS
- Real estate
- RFP Responses

Support other partners (internal and external)

Identify ways to better leverage existing tools/develop new tools

Creatively think about opportunities other teams haven't thought about pursuing

What is the Greater Oklahoma City Region?



7-county Oklahoma City MSA displayed in orange

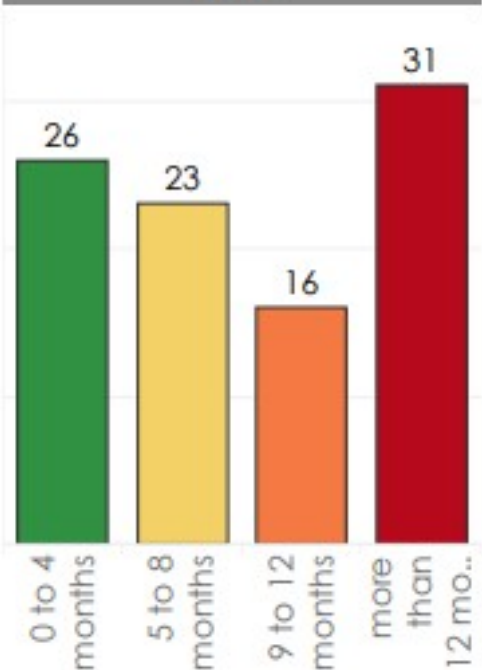
Pipeline Totals

Project Count	Total Jobs	Payroll	CapX	LowSF	HighSF	LowAc	HighAc
96	35,089	\$0.9B	\$32.3B	23M	29M	5,903	9,661

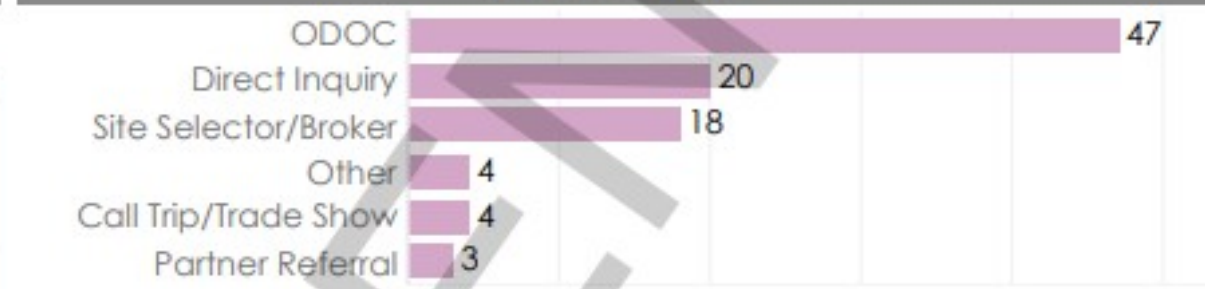
Pipeline Stage

Initial Conversation 20	Proposal Submitted 37	Site Visit Completed 18
Pending Decision 7	Short Listed 2	Temporary Hold 5
		Long Term Hold 7

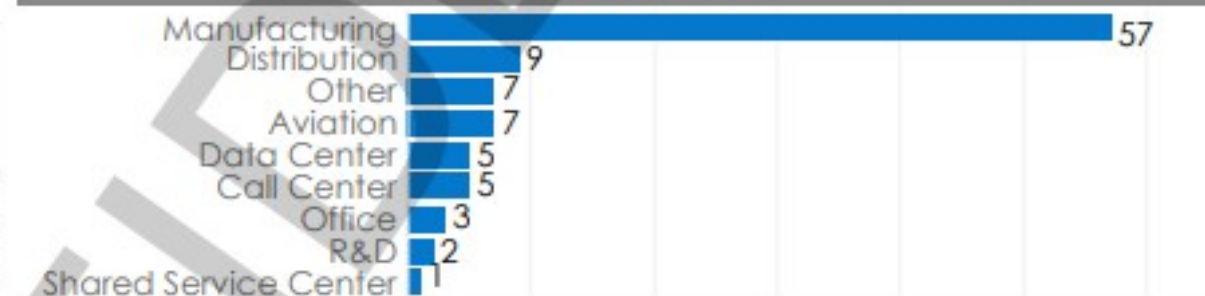
Age



Lead Source



Facility Type



Quality Jobs Thoughts/Recommendations

- We view QJP as Oklahoma's premier statutory incentive tool to support both new and existing company growth
- Greater OKC Chamber supports the continuous review and update of state economic incentive programs (incentive review committee)
- Economy and sectors continue to evolve necessitating program updates
 - NAICS code updates (historic example of back-office projects as problematic sector)
 - Concerned that high-end companies won't apply for 21st Century QJP at risk of "falling out" of program (resort to applying for normal QJP)
- Support a thoughtful approach to geographic considerations around wage qualifications for program (U.S. Census tract or zip code as example)
- Appreciate need for specific wage considerations for rural regions of State
- Recommend wage threshold changes be made gradually and over time

Emma Morris

Health Care and Fiscal Analyst
Oklahoma Policy Institute

Ensuring the Quality Jobs program lives up to its name

Emma Morris

Fiscal Policy & Health Care Analyst

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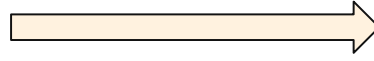
OKPOLICY.ORG
Oklahoma Policy Institute

What makes a quality job?



In Osage County, a single (working) parent with two children needs:

Child care

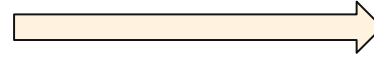


\$13,742



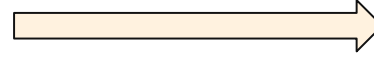
In Osage County, a single (working) parent with two children needs:

Child care



\$13,742

Transportation

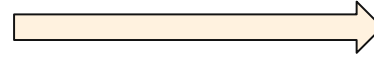


\$12,045



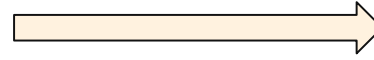
In Osage County, a single (working) parent with two children needs:

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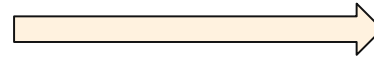
\$13,742

Transportation



\$12,045

Housing



\$11,395



In Osage County, a single (working) parent with two children needs:

Child care	→	\$13,742
Transportation	→	\$12,045
Housing	→	\$11,395
Medical	→	\$10,138



In Osage County, a single (working) parent with two children needs:

Child care	→	\$13,742
Transportation	→	\$12,045
Housing	→	\$11,395
Medical	→	\$10,138
Food	→	\$8,707



In Osage County, a single (working) parent with two children needs:

Child care	→	\$13,742
Transportation	→	\$12,045
Housing	→	\$11,395
Medical	→	\$10,138
Food	→	\$8,707
Civic	→	\$6,821



In Osage County, a single (working) parent with two children needs:

Child care	→	\$13,742
Transportation	→	\$12,045
Housing	→	\$11,395
Medical	→	\$10,138
Food	→	\$8,707
Civic	→	\$6,821
Other	→	\$8,755



A family of three in Osage County needs to make **\$85,737 annually** to live comfortably without relying on public assistance.



Families in Oklahoma County spend more on child care.

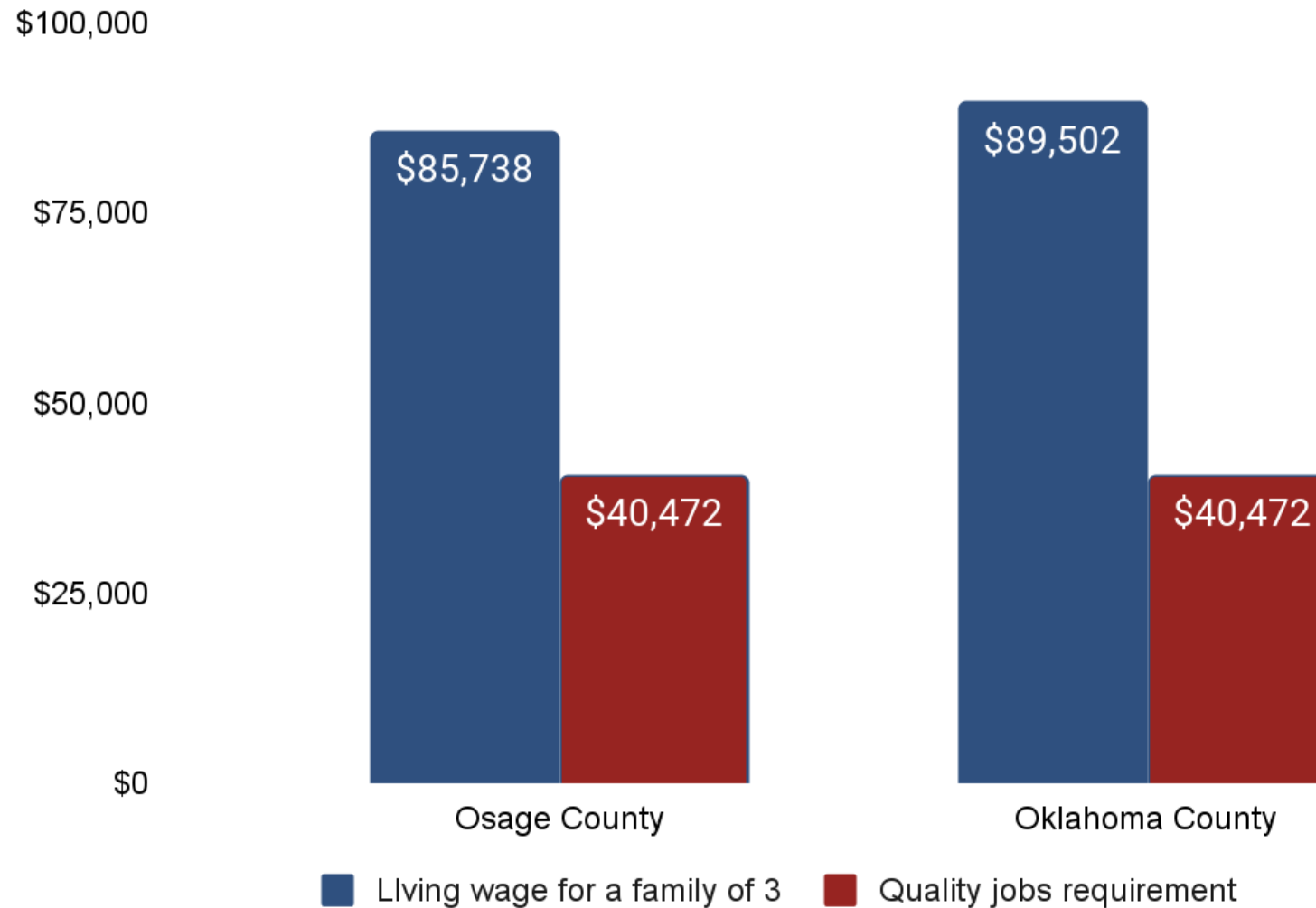
	Osage County	Oklahoma County
Child care	\$13,742	\$16,731
Total Living Wage	\$85,737	\$89,502



**Quality Jobs
requirements do not
always meet modern
economic needs.**



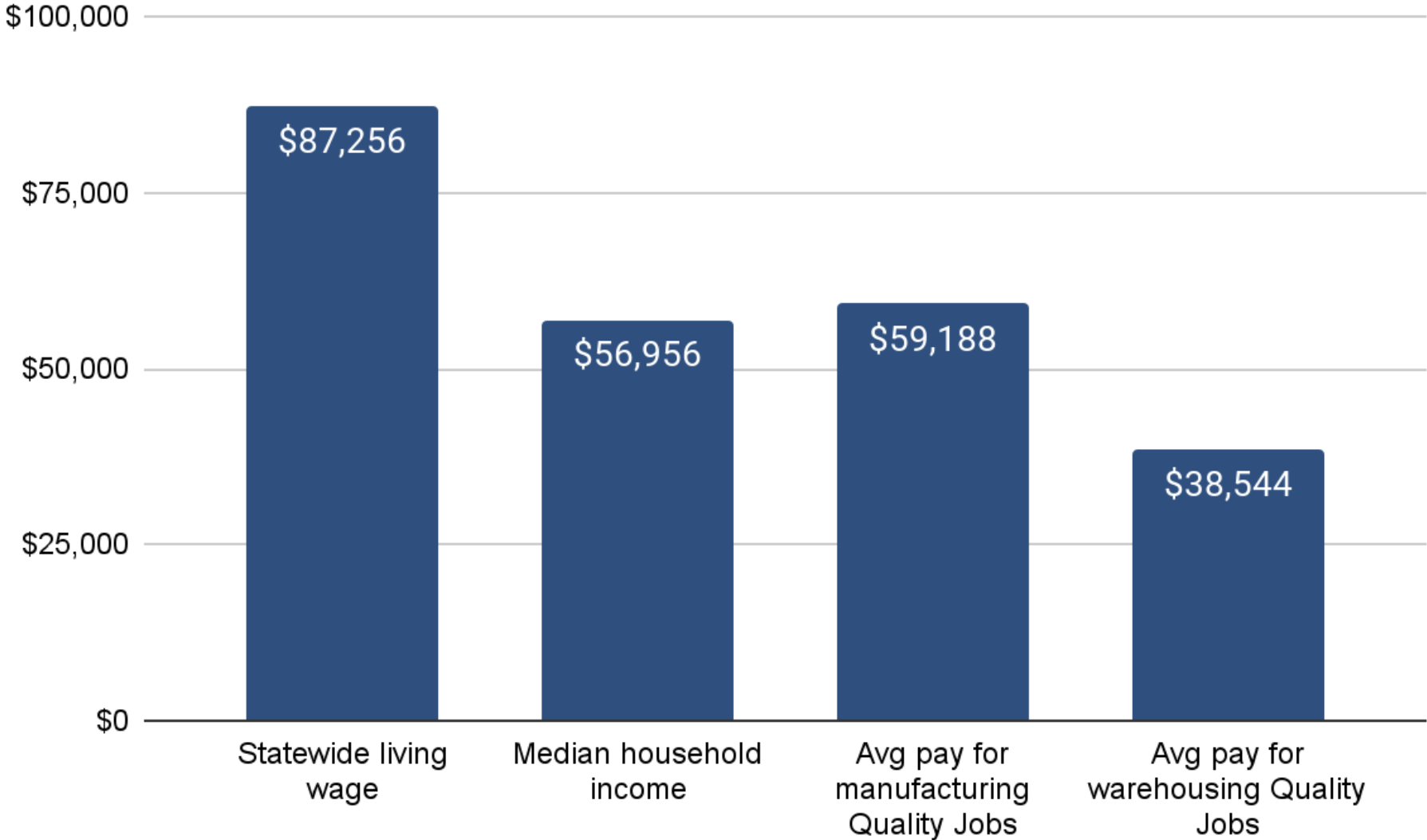
Quality Jobs wage requirements are significantly lower than the living wage.



Source: Oklahoma Department of Commerce, MIT living wage calculator.



Specific industries have even lower average wages.



Source: MIT living wage calculator, US Census Bureau, OK Policy calculations of data from the IEC



Changes to the incentive requirements would strengthen employment opportunities in Oklahoma.

- Increase wage requirements to ensure all Quality Jobs recipients pay at least the statewide average wage



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- Substantially increase wage requirements to more closely align with the state's living wage



Changes to the incentive requirements would strengthen employment opportunities in Oklahoma.

- Increase wage requirements to ensure all Quality Jobs recipients pay at least the statewide average wage
- Substantially increase wage requirements to more closely align with the state's living wage
- Prioritize other aspects of employment, as well:
 - High-quality, affordable health care
 - Retirement insurance, paid family leave, etc



Questions?
