IDAHO EXCELS IN LOW SKILL/LOW WAGE JOBS:
Colorado Workers earn $12,500 more than their Idaho Peers

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Idaho doesn't understand the importance of borrowing to create opportunity and how that debt can be easily paid back with jobs, the capital, and the discovery and invention you bring down the road.
—Bob Kustra, President, Boise State University

It's wishful thinking to expect to pull in a bunch of businesses because we have a beautiful place to live.
—Bob Lokken, White Cloud Analytics in Boise

At the beginning of the recession a conservative columnist for the *Lewiston Tribune* crowed about low unemployment rates in states that don't require their workers to pay for the cost of collective bargaining. We like to call them "right-to-work-for-less" states.

The steepest drop in Idaho wages came a year after "right-to-work" became law in 1986. In 1977 wages were at 87.5 percent of the national average, but now they have dropped to 77 percent. In 1977 Idaho ranked 34th in the nation and now it sits just ahead of Utah and Mississippi at 48th in per capita income.

From 2001 to 2006 unemployment rates in anti-union states averaged 4.8 percent compared to 5.1 percent in union friendly states. As of May 2011 those figures are now 7.8 percent vs. 8.2 percent. "Right-to-work" Idaho went from 3 percent unemployment in 2007 to 9 percent in 2010, the second most rapid loss of jobs in the nation.

Granted, more people are working in anti-union states, but, according to Bureau of Labor Statistics, they earned $6,238 per year less than those in union friendly states. In 2009 the latter averaged $41,024 annually while the former averaged $35,786. (This is per capita income not wages paid.) Factoring in differences in cost-of-living may mitigate this gap somewhat, but in the 1970s Idaho's workers were above the national average when the CPI was the same in cities under 50,000. In 2007 the CPI for small cities was 200, just 7 points lower than for all American cities.

According to the 2010 Job Gap Report, 53 percent of Idaho's job openings do not pay a living wage of $11.49/ hr. for a single person. (This wage varies from state to state based on the cost-of-living.) A staggering 88 percent of positions do not pay a living wage of $22.94/hr. for a family of four with one wage earner.

UI economist Steve Cooke reports that Idaho wages were $35,023 in 2009—$12,500 less than in union friendly Colorado and $10,288 less nation-wide in 2009. (Note that these are wages paid not per capita income.) Colorado was chosen because as a natural resource state its employment sectors are very similar to Idaho's. Just as Idaho did, Colorado has lost large numbers of jobs in timber and mining. Cooke's paper was peer reviewed and published in *The Review of Regional Studies* and can be read at www.idaho-aft.org/Cooke.pdf.

Long term studies of successful states indicate that education and innovation—not lower taxes—are the keys to sustained job growth. Currently, there are 2 million jobs nation-wide that cannot be filled because of a lack of skilled workers. States such as Texas and Idaho have experienced increased employment over the last decade, but most of these positions are in low skill/low wage jobs. In one year alone Idaho's high-tech wages dropped, according to the state's Office of Science and Technology, from $28.69/hr. in 2005 to $22.81 in 2006. The number of jobs in this area fell from 57,000 in 2001 to 56,000 in 2006.

Cooke's paper reveals some dramatic gaps between Idaho and Colorado on this crucial point. In Colorado 34.6 percent have a bachelor's degree or higher, while only 23.6 percent of Idahoans do. Comparing these figures with jobs requiring higher education, Colorado has 3.1 percent more qualified applicants for these positions while Idaho has 5.7 percent fewer credentialed job seekers.

A 2009 Brookings Institute report on the Great Recession's impact on the Intermountain Region revealed that Denver and Colorado Springs have fared much better than Boise, Phoenix, and Las Vegas, primarily because of a "more educated workforce." Union friendly Colorado also has lower unemployment than anti-union Idaho, Nevada, and Arizona.

A 2009 report commissioned by the Idaho State Board of Education found that for 395 computer programming openings there were only 28 Idaho graduates in the field. Idaho had 929 information technology positions available, but only 162 Idaho graduates. Boise-area high tech firms are recruiting out of state, but they admit they are having a hard time convincing people to come from states that pay more and have better funded educational systems.

As Cooke states: "Idaho's education gap is in a class by itself," and it will only grow worse with declining appropriations for public schools, colleges, and universities. The *Lewiston Tribune* reports that Idaho's Digital Learning Academy, which hires Idaho teachers and support staff, will not, incredibly enough, count as "on-line" instruction under Superintendent Tom Luna's untested plans. Idaho education dollars and jobs will now move out-of-state to for-profit education corporations. What will stay in that state is the increasing number of call center jobs, the largest number per capita in the nation.

Without substantial investment in human capital and physical infrastructure, educated Idahoans will tend to move on and find better jobs elsewhere. Companies will find Idaho a poor prospect for investment and those looking for employment will start to shun Idaho. A telling statistic is that recently *Forbes* magazine ranked union positive Washington State second for good business climate but Idaho fell from seventh to eleventh. Washington Gov. Chris Gregoire used this fact in her swift response to Gov. Butch Otter's macho challenge that Idaho would end up taking her state's jobs.

Otter may live to regret that he abolished the Science/Technology Advisory Council that former Governor Dirk Kempthorne set up. Kempthorne was supporting the 67 percent of business leaders who wanted Idaho to move in that direction, while 42 percent of Idahoans indicated would rather see "traditional" jobs.

Writing for *Idaho Business* Weekly (5/5/11) Isaac N. Squyres drew the following conclusion: "Idahoans with less education and those making less money favor creating more traditional jobs rather than jobs in highly skilled fields." In 2006 the Council on Science and Technology recommended a $50 million package to encourage high-tech industry in the state, but Gov. Otter and the Legislature ignored the advice. Letting Idaho continue as the king of non-traditional call centers and low priced retailers will perpetuate its low skill/low wage status. Idaho can and should do far better than this.

Across the nation and the world, governments and private businesses have cooperated to improve economic conditions and results. For example, tiny Israel has a first-class aerospace industry and record number of start-up companies primarily because of government help, or, to use a dirty word among free marketeers, a deliberate "industrial policy."

Libertarians such as Otter believe that bureaucrats have a poor record picking winners. But his 2007 response to his science and technology advisors broke with free market dogma: "We need to be very careful and pick only those that will lead to success." So far he has failed to choose the obvious winners for Idaho.

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