

WAGE ANALYSIS



Improving Wages for The Borderplex Region

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Impetus

El Paso County has had a long history of having a perception of being a “low-wage” community. This has contributed to a poor perception among citizens and deters efforts to attract high-skilled and high-paying jobs into the community. As a result, the Borderplex region loses a tremendous amount of talent, locally referred to as “brain drain.” The low wages have been blamed as the root cause for the brain drain, although there have been other factors informally blamed including lack of quality-of-life amenities, our proximity to the northern Mexico border, and our isolated geographic location.

Over the last twenty years, local leaders have made intentional efforts to change this perception by growing and attracting different industries with diverse jobs that pay better wages. WSB took on the task of conducting a comprehensive wage analysis to identify if the low-wage stigma is a true culprit of our brain drain or if a change has been made in improved wages.

Methodology

As we embarked on the concept for this project, we approached it with honesty, transparency and critical thinking. We started with the anecdotes and myths heard and written over the years living and working in the Borderplex region. The questions we wanted this report to answer included:

- “If El Paso is truly a low-wage community, exactly how low?”
- “Are there certain industries that pay lower than others?”
- “How does the low wage compare to the cost-of-living?”
- “Are there other factors that could be contributing to the brain drain?”

In order to answer these questions as honestly and correctly as possible, we developed a step-by-step approach in our research. Each step needed to be carefully considered because it would have a significant impact of the next level of research, which would ultimately answer the overall objective of this project.

Step 1

- Question: We believe we are losing tremendous amounts of talent to other communities. Is this true? Exactly how many people are we losing each year and where are they going?
- Research: We identified migration data from the IRS which showed the amount of people leaving and entering the region each year, where to, and where from.
- Answer: We identified the counties in which most El Pasoans were migrating to. These were the cities we would compare our wages to.

Step 2

- Question: How does El Paso compare to other metropolitan cities and other border communities?
- Research: We identified other border communities along the Texas-Mexico, New Mexico-Mexico, and Arizona-Mexico borders in addition to the communities of large out-migration.

Step 3

- Question: Which jobs do we compare wages to?
- Research: The majority of funding WSB utilizes stems from the Workforce Innovation and Opportunity Act, a federal law, that requires workforce boards to have an ongoing Target Occupations List. WSBs TOL, also known as Hot Jobs, identifies the most in-demand occupations for the region. The Hot Jobs list includes occupations from all the target industries within our region, including IT, Manufacturing, Healthcare, Business Administration, Education, and Logistics.
- Answer: We utilized our Target Occupations List as the list of occupations to compare wages across the comparative cities listed above. This research element was especially important because it focused on the most in-demand jobs in our region. In order to enhance and maintain a thriving economy, these are the jobs that we must retaining and attracting the best talent with competitive wages.

Once the analysis was completed, the data was color-coded to visually illustrate how El Paso compared to the other communities listed above. What we found was quite alarming. Wages in El Paso were consistently lower across all communities, across all industries, and across all occupations, with one exception. Only in the education sector is El Paso a top-paying community.

Initial Outcomes

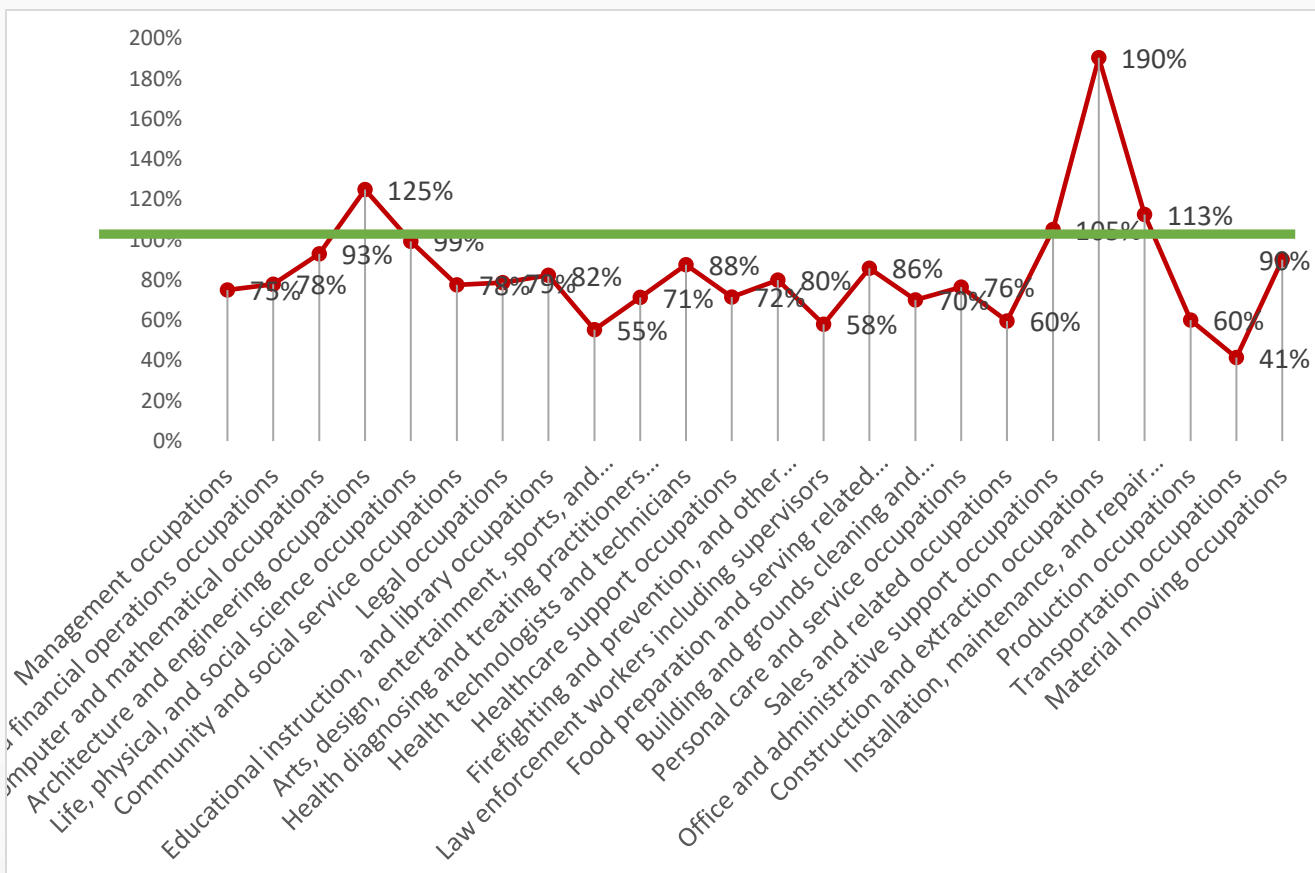
The initial results from the analysis were not good news. Once we proved that wages were consistently lower in El Paso than other communities, we knew that the delivery of the information was going to face criticism. Historically, conversations about this topic was rebutted with, “but our cost of living is much lower than the other cities,” and “our education attainment is lower than the other cities.”

To remain true to our intent of transparency, we compared those other factors among the other cities as well. In anticipation of those questions being asked publicly, and rightfully so, we compared population, education attainment, cost-of-living, crime, and gender among the comparative cities.

Some of the key take-aways from the analysis were:

- While San Antonio paid higher wages than El Paso, they had a lower cost-of-living. The myth that El Paso’s low wages directly correlated to a low-cost-of-living was false.
- In other cities, the percent of a difference in the higher wage offset the percent different in the cost-of-living. Meaning that workers still had a net benefit in income after absorbing their cost-of-living expenses.
- While El Paso’s high school graduation rate was slightly lower than those of the comparative cities, the difference was not as significant as the difference in wages. Most importantly, we determined that the Borderplex region produced a large amount of post-secondary graduates. Once those individuals obtain their post-secondary credentials, they migrate out of El Paso to find better paying jobs in the comparative cities. The myth of the brain drain was proved.
- The education system in the Borderplex region is so excellent that it produces the talent that contributes to the thriving economies of the comparative cities.
- El Paso faces a significant gender wage gap. Men are consistently paid more than women in the region—something that must be addressed as we aim to increase wages for all workers. The graph below compares wages between male and female employees in El Paso.

Figure 1: Gender Wage Gap Data in El Paso



Our intent for this project was to provide as much accurate data as possible, to prove or disprove myths. Understanding this foundational information was crucial to identify the issues that exist in El Paso and make recommendations that can close opportunity gaps and reverse the “brain drain” of the region. El Paso has a severe net migration loss of about -13,000 which will continue to be detrimental to the future of economic development and prosperity in the region. Thus, instead of focusing on the number of jobs attracted to the region, it is imperative to focus on the types of jobs quality of jobs and wages. This is especially important because our GDP and productivity rates have been declining in last ten years. Our region is also low on the number of STEM occupations available. Our ultimate recommendation that stemmed from this report is to focus efforts on occupations and their impact on the increase on the regions GDP.

We’ve also learned the importance of increasing the capacity of small businesses in the region. We want to assist businesses in their ability to compete for high-dollar contracts offered by federal, state, or local governments. Increasing the capacity for local businesses to compete for these bids can increase revenue and possibly increase the wages for their employees. This is also why it is important to encourage local governments to include “buy local” practices into their bidding policies.

Program Challenges

Once we completed this analysis and put it into presentation form, we needed to make the topic interesting enough for the community to want to hear it. We invited ourselves to various business and civic meetings including the El Paso Chamber, the El Paso Society of Human Resources Management, and small business groups. As expected, some people challenged the data with defensiveness, others attributed the number of small businesses and their inability to pay highly competitive wages. In other cases, there was no feedback. We believe that the community has known this is a chronic issue and this report proved it. Ultimately, it is the entire community's responsibility to reverse that trend.

Funding Sources

This was an administrative project and was funded through a mix of all workforce funding sources. The expenses were primarily labor and the cost for the economic data, which is provided through a subscription to JobsEQ by Chmura Economics. WSB did not seek out special funds or grants to support this effort. However, as a result of the findings, we have determined that this is a critical task that must be repeated and updated at least annually. WSB will seek planning grants to support and enhance this research.

Solutions for the Future

Through this analysis, WSB aimed to analyze data that can now motivate employers to pay wages that can compete with other cities. We also want to help connect local businesses with the tools and information that will help them improve their wages moving forward (i.e. market studies, wage analysis, etc.), especially if businesses are aware that we are actively analyzing wages across similar markets. We especially hope that this data can better inform policies that incentivize companies looking at El Paso as a potential market and attract jobs that will pay good wages to their employees.

About Workforce Solutions Borderplex

Workforce Solutions Borderplex (WSB) is the public workforce system in the six-county Borderplex region that assists employers in finding quality employees, and training individuals with the skills necessary to thrive in the workplace. We administer a broad range of programs and services to effectively address local workforce issues in support of global competitiveness and regional prosperity. Workforce Solutions also establishes partnerships with various stakeholders within the region to improve education, employment, and economic development. Our organization aims to provide skilled workers for employers by advancing education, employment, entrepreneurship, and economic development opportunities in support of global competitiveness and regional prosperity.