
A Missouri Citizen Education Fund Report

The State of Working Missouri

By: Tony Pecinovsky

SUMMARY

With economists projecting continued nation-wide job loss, the empirical data presented here on Missouri workers will probably sound like more of the same. Poverty and unemployment are rising at an accelerated pace, especially among communities of color, the less educated and young workers. Missouri's manufacturing base is in serious trouble. Health care is becoming a luxury many can't afford. And certain demographic groups are disproportionately affected by long-term unemployment and income disparity. The Bureau of Labor Statistics (BLS) offers the following Missouri statistics:

- Since January 2008 nearly 67,000 Missourians lost jobs ¹
- Missouri's unemployment rate increased from 5.5 percent in January 2008 to 8.7 percent in March 2009 ²
- St. Louis' unemployment rate increased from 6.1 percent in February 2008 to 9.4 percent in March 2009 ³
- Currently, over 273,000 Missourians are unemployed ⁴

While the over-all figures for job loss and unemployment are bad, they only paint a partial picture. The 2008 unemployment and underemployment figures for workers with-out a high school education and African Americans are bleak; as are their median hourly wages.

- 16.4 percent of workers with-out a high school education and 12 percent of African Americans were unemployed in 2008
- 23.5 percent of workers with-out a high school education and 18.1 percent of African Americans were underemployed in 2008 ⁵
- Their 2008 median hourly wages were \$9.95 and \$11.99 respectively ⁶

Figures on poverty and access to health care also indicate that Missouri workers have not regained ground lost during the 2001 recession; in fact, things are getting much worse. If current trends are any indication, the recession has exacerbated this situation.

- The 2001 poverty rate was 9.7 percent. It was 12.8 percent in 2007 ⁷
- The percentage of Missourians with-out health care rose from 9.5 percent in 2001 to 12.6 percent in 2007 ⁸
- The percentage of children with-out health care rose from 4.4 percent in 2001 to 10.4 percent in 2007 ⁹

While the figures for poverty and unemployment among the less educated and African Americans are discouraging, data on underemployment, income disparity and lack of health care, indicate that all Missouri workers face short-term and long-term challenges. Policy makers must confront the current economic crisis, while addressing long-term systemic disparities based on race and education. Immediate action must be taken to protect and expand vital public services as more workers face unemployment and insecurity. For the long-term, policy makers should focus on expanding opportunities for adult education and technical training, while strengthening workers' abilities to advocate on their own behalf by joining unions, especially low-wage workers.

DATA SHOW WORSENING EMPLOYMENT CONDITIONS

Employment declines most significantly in manufacturing

2008 data show that Missourians are becoming unemployed at an increasing rate.

- Since January 2008 Missouri has lost nearly 67,000 jobs
- In January 2008 Missouri's unemployment rate was 5.5 percent. By March 2009 it had increased to 8.7 percent
- Missouri had an unemployment rate of 4.2 percent in January 2001 ¹⁰
- Missouri is ranked 23 in the BLS Over-the-Year Change in Unemployment Rates, with an increase of 3.1 percent. ¹¹
- St. Louis is ranked 235 out-of 372 cities, with a 9.4 percent unemployment rate
- Kansas City, by comparison, is ranked 150 out-of 372 cities, with a 8.2 percent unemployment rate ¹²

St. Louis is ranked 18 out-of 49 for Over-the-Year Change in Unemployment Rates for Large Metropolitan Areas. The unemployment rate increased in St. Louis from 6.2 percent in March 2008 to 9.4 percent in March 2009. Kansas City saw a more modest increase in unemployment, jumping from 5.3 percent to 8.2 percent, and was ranked 13 out-of 49. ¹³

While Missouri lost nearly 67,000 jobs from January 2008 to March 2009, manufacturing was by-far the hardest hit.

- From January 2008 to March 2009 over 30,000 jobs were lost in manufacturing
- Since January 2001, 93,000 manufacturing jobs have left the Show Me State, a third in the past year

Nearly 358,000 Missourians worked in manufacturing in January 2001; by March 2009 that number had dropped to less than 265,000. In other words, Missouri has lost 93,000 jobs in manufacturing since January 2001 - 63,200 jobs in manufacturing durable goods and 29,800 in manufacturing non-durable goods. ¹⁴ By comparison, Trade, Transportation and Utility (with the second highest job-loss rate) lost 17,900 jobs, and Information lost 11,400 jobs from January 2001 to March 2009. ¹⁵

In 2001, as illustrated above, manufacturing employed nearly 358,000 people and was the 3rd largest employer in the state, behind Trade, Transportation and Utilities, which employed 551,500 and government, which employed 426,700. By 2009 manufacturing had become the 7th largest employer. ¹⁶

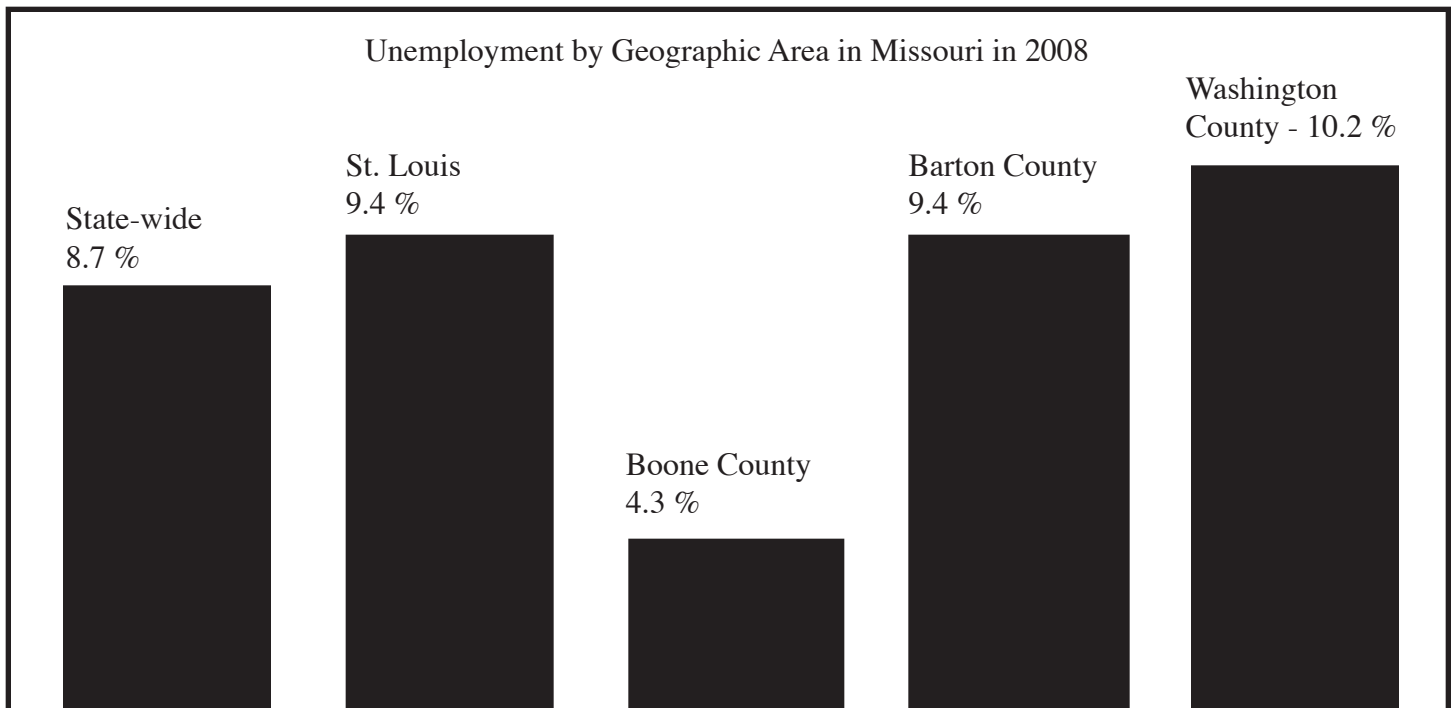
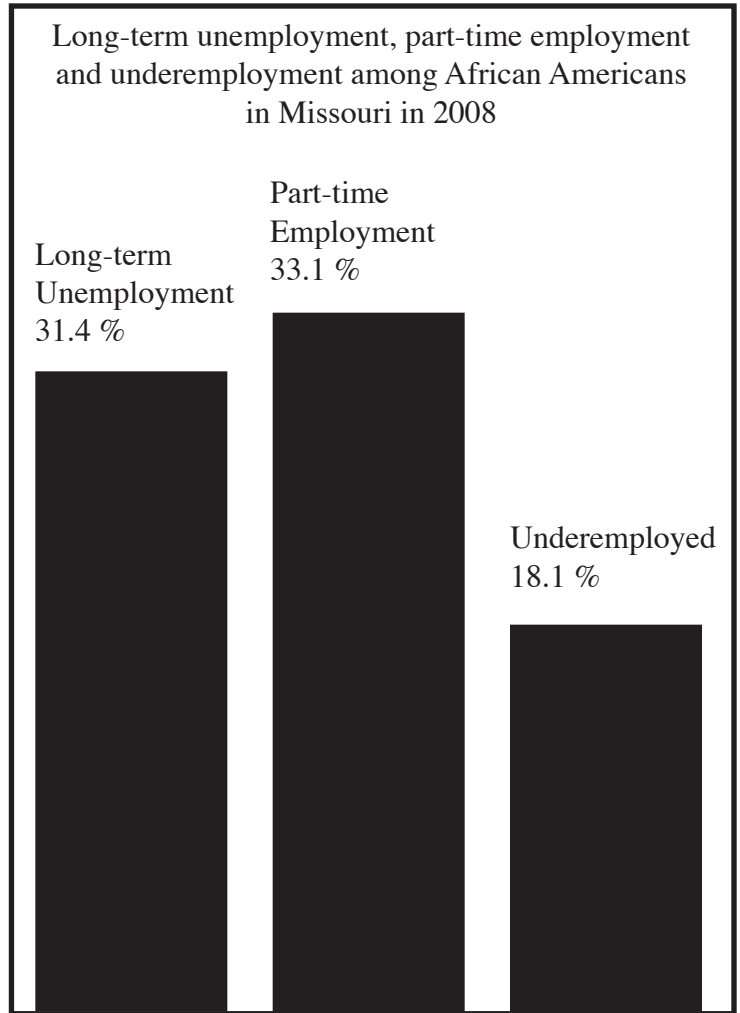
Following the 2001 recession, Missouri lost about 50,000 total non-farm jobs and did not begin to see a recovery until the spring of 2004. Pre-recession employment levels weren't reached again until the middle of 2005. However, while the Show Me State saw job growth during the recovery years of 2005 through 2007, it did not regain its manufacturing core, nor did it regain the higher wages, health care and benefits that historically accompany these jobs. ¹⁷

While many Missourians are out of work and actively seeking employment, many more have stopped searching for employment or have taken part-time work - as no other option exists. **These workers are not counted as part of the unemployment population, which means actual unemployment could in fact be much higher.** They are termed "underemployed," a definition that includes unemployed workers, marginally attached workers and part-time workers who would like full-time employment.

High unemployment rates among workers 16 to 24 (12.5 percent), African Americans (12 percent) and workers with-out a high school education (16.4 percent) paints a partial picture. The long-term unemployment rate for African Americans was at 31.4 percent in 2008, while the underemployment rate was at 18.1 percent. In other words, over one-third of Missouri's African Americans looking for work experience long-term unemployment. Additionally, African Americans who work part-time but would like full-time employment was at 33.1 percent. 23.5 percent of workers with-out a high school education were underemployed in 2008 and made-up 41.3 percent of the part-time workers share. ¹⁸

In 2008, 10.1 percent of Missourians were underemployed, well above the 7.6 percent of underemployment seen in 2001. 8.3 percent were underemployed in 2007. ¹⁹

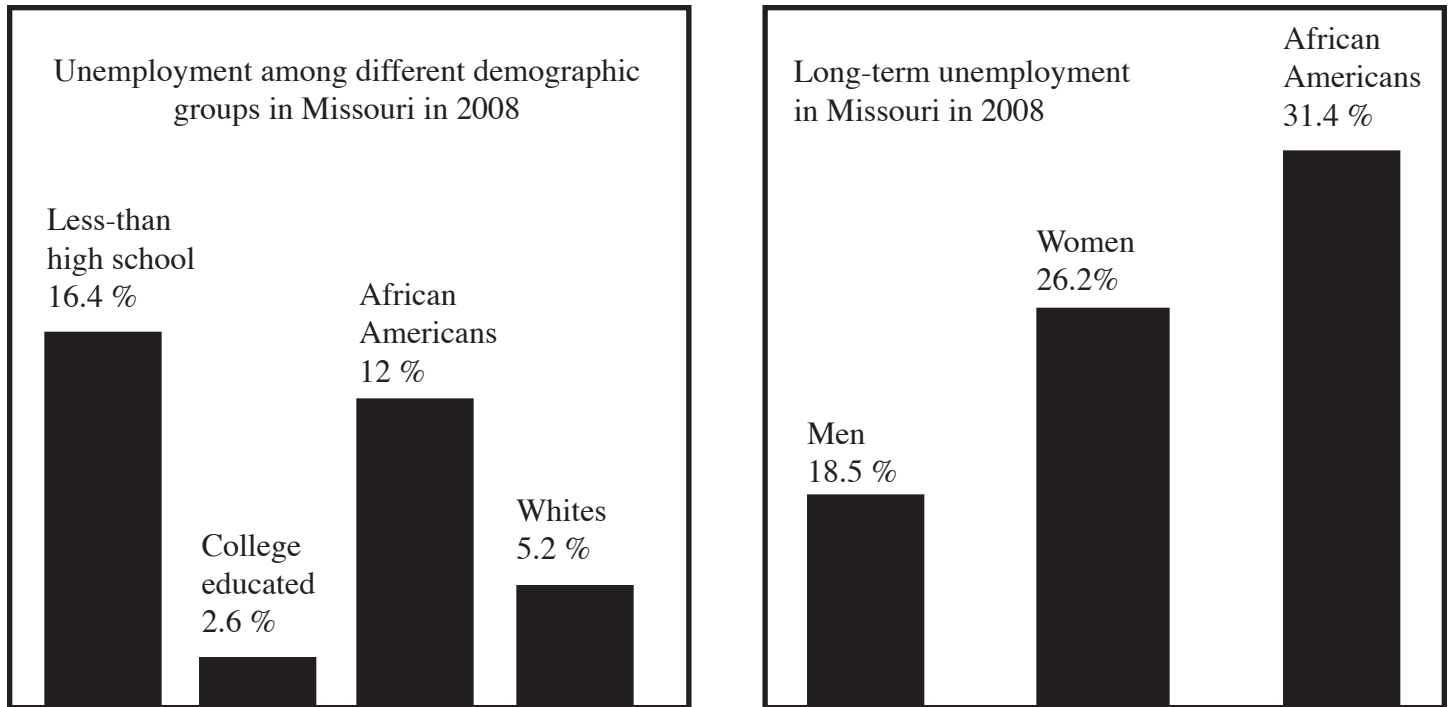
While the overall unemployment rate in Missouri has reached 8.7 percent recently, local geographic areas varied. Local unemployment rates ranged from 10.2 percent in Washington County, to 9.4 percent in Barton County and St. Louis, to 4.3 percent in Boone County, where 82,675 workers out-of 86,374 were employed in 2008. ²⁰



EMPLOYMENT, POVERTY VARY SUBSTANTIALLY BY DEMOGRAPHIC

Workers with-out a high school education and African Americans disproportionately affected

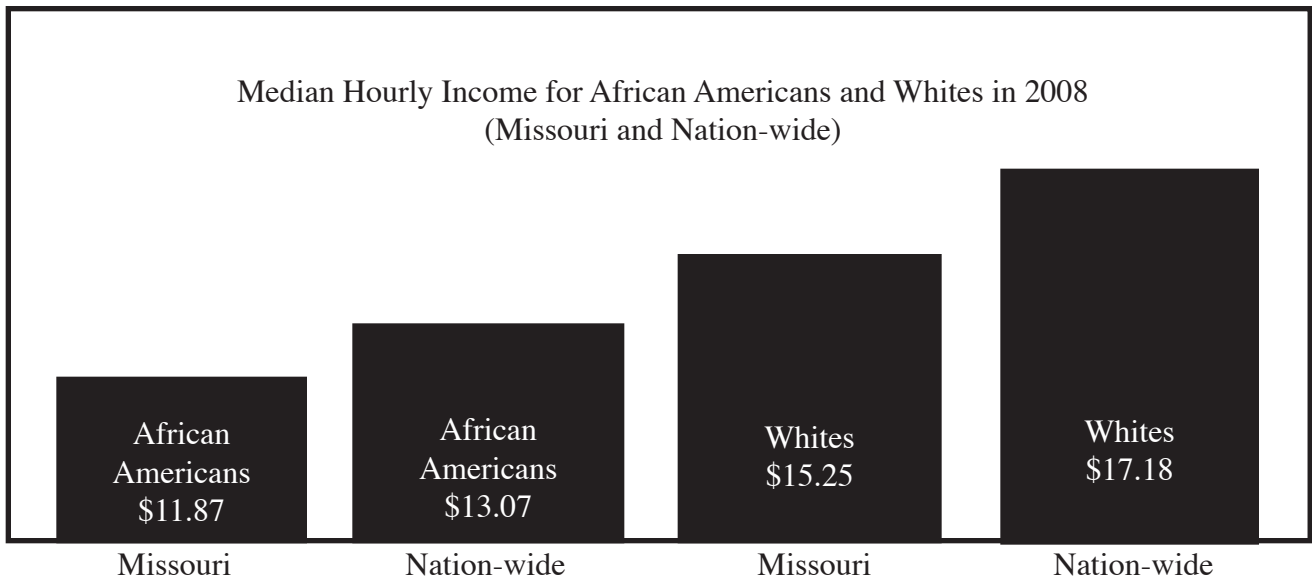
In 2008, 16.4 percent of workers with-out a high school education were unemployed. In contrast, 2.6 percent of college graduates were unemployed. African American workers also experienced a high rate of unemployment, 12 percent, whereas white workers had an unemployment rate of 5.2 percent. Women workers saw a high rate of long-term unemployment 26.2 percent and were 27.5 percent of the part-time workers share. Whereas men were 18.5 and 17 percent respectively. ²¹ As shown below, employment conditions varied widely based on race, education and gender.



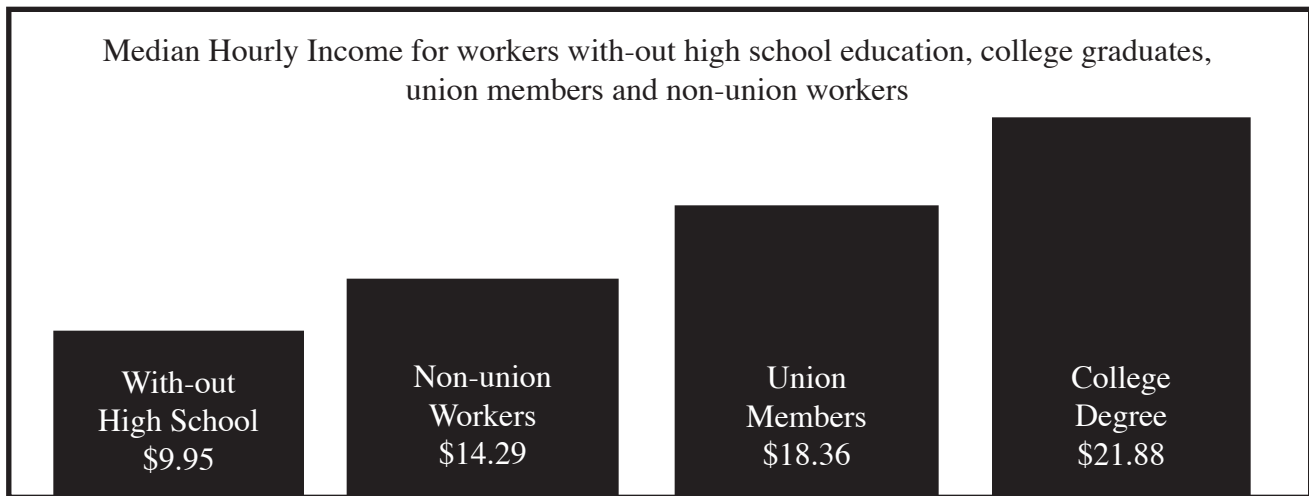
Missouri households earned less last year than in 2001, adjusting for inflation. While median income for Missouri households was \$15.76 an hour in 2001, it was \$14.83 in 2008, almost a dollar less. Additionally, in 2008 Missouri's median household income was less than the national median income of \$15.74. ²²

Moving beyond the experience of middle income households, Missourians were more likely to be poor last year than in 2001 - especially as the economic recession worsened. The lowest 10th percentile of Missouri households had a median hourly wage of \$7.72 in 2008, and earned about \$16,050. In 2001, these households had a median hourly wage of \$8.50 and made about \$17,600. The 50th percentile of households had a median hourly wage of \$14.83, or made about \$30,800 in 2008. In 2001, their median hourly wage was \$15.76, or about \$32,700. The highest income group, the 90th percentile, had a median hourly wage of \$33.18, and made about \$69,000 in 2008. In 2001, their median hourly wage was \$30.86, or about \$66,600. They are the only decile group to see an increase in their median hourly wage, while others saw a decrease. ²⁵

As with employment, incomes vary greatly among different populations. For example, the median hourly income for African American in 2008 was \$11.87, about \$24,600. This is about \$6,000 less than the median hourly incomes for white workers of \$15.25, or about \$31,700. ²⁶ In Missouri, white and African American workers both had lower median hourly wages than their national counterparts, \$17.18 and \$13.07 respectively. ²⁷ See chart.



Disparity in median earnings among education levels was equally pronounced. Missourians with-out a high school education had an median hourly wage of \$9.95, and earned about \$20,600 in 2008. Workers with a college degree had an median hourly wage of \$21.88, and earned about \$45,500 in 2008. Among union members, the median hourly wage was \$18.36. They earned about \$38,000 in 2008, about \$11,000 more than non-union workers, who had a median hourly wage of \$14.29, and earned about \$29,700 in 2008. See below. ²⁸



While the earnings gap between men and women has decreased in recent years, Missouri's female workforce, on average, receives \$4.48 less an hour than their male counterparts, or about \$9,300 less a year. Nationally, female workers continue to experience an earnings gap of about \$3 an hour. ²⁹

EMPLOYER-PROVIDED HEALTH CARE, CHILD CARE CONTINUE TO DECLINE

Missouri's uninsured children at increased risk

More than 772,000 Missourians had no health care in 2007, compared to 668,000 in 2006. Additionally, over 125,000 Missouri children lacked health care in 2007. In 2007, more Missourians were uninsured than in six of the eight states that we share a border with. ³⁰

In 2006, the average premium for employer-sponsored, family health care coverage in Missouri was \$11,171. Additionally, health care premiums increased 87 percent from 2000 to 2006 and Missouri was ranked 37th among states in Overall Health Care Quality in 2007. ³¹ While employer-sponsored health coverage is a significant benefit for families, both in covering medical needs and in reducing the cost of a major budget item, the average employee contribution in 2006 was only \$2,900, about \$8,200 less than the average premium. ³²

In 2001, 77.3 percent of Missourians were covered by a employer-sponsored, private health care plan. By 2007, that number had decreased to 70 percent. Obviously, as the portion of the population that is covered by employer-sponsored health care decreases, the portion receiving some form of government health care, or none at all, increases. In fact, 28.9 percent of Missourians were covered by government insurance in 2007, whereas 25.2 percent of were covered by government insurance in 2001. See below. Also in 2007 12.6 percent of Missourians had no health care, whereas only 9.5 percent of Missourians had no health care in 2001. ³³

The percent of children covered by an employer-sponsored, private health care plan decreased from 77.3 percent in 2001 to 62.9 percent in 2007, whereas the percent of children covered by government health care increased by 7.5 percent, from 24.9 percent in 2001 to 32.4 percent in 2007. The percent of children without health care increased from 4.4 percent in 2001 to 10.4 in 2007. ³⁴ Significantly, those most in need - Missouri's children at or below 200 percent of poverty - with-out health care, increased from 8.5 percent in 1999-2001 to 14.5 percent in 2005-2007. ³⁵

African Americans and workers with-out a high school education - and their families - are much less likely to have employer-sponsored coverage or have the ability to afford coverage on their own. Nationally, employer-sponsored health care plans have declined from about 71.5 percent in 2001 to about 67.5 percent in 2007. ³⁶



CONCLUSION

Many Missouri workers face short-term economic crisis, including unemployment and underemployment, and long-term economic challenges, such as stagnant or declining wages and declining employer-sponsored health care. In addition, many Missouri workers, especially African Americans and those with-out a high school education, face long-term, systemic racial and education disparities, creating a semi-permanent under-class of low-wage workers.

As a statement on the over-all status of working Missouri, this report does not reflect more recent economic trends that have undoubtedly worsened the situation for thousands of Missourians, especially in regards to access to quality, affordable health care and poverty levels; nor does it reflect the impact of the current economic crisis on the quality of life of Missouri's children. Several policies, many of which have been implemented in other states, can help address these challenges.

Recommendations

- Target budget cuts to lower priority programs. With a \$261 million dollar budget shortfall, Missouri will have to make budget cuts to many state agencies. ³⁷ As Missouri families experience dramatic financial strain, leaders must ensure that vital government services are adequately funded. Across the board budget cuts that deteriorate vital services are not in the best interest of workers, their families, and our communities.

Medicaid, SCHIP, child care, and education, to name a few, should be spared as much as possible. American Recovery and Reinvestment Act funds should be used to expand these services, and fund shovel ready and infrastructure building jobs. Policy makers should also work to create a State Earned Income Tax Credit (SB105 and SB 138), and increase funding for the child care subsidy for low income working families (SB 94).

- Raise revenue through strategic tax increases, close loopholes. Rather than relying on budget cuts, there should be a balanced approach to the budget shortfall, including strategic tax increases and continued efforts to close corporate tax loopholes. Raising the tax on cigarettes, while implementing progressive income and real-estate taxes, and closing corporate tax loopholes, for example, would provide needed revenue to avoid further cuts to public services.

- Increase opportunities for adult education and technical training. As illustrated in this report, education and technical training matters. Missouri must prioritize raising education levels for less educated workers, while encouraging secondary education, technical training and union apprenticeship programs. Special emphasis should also be placed on alleviating racial disparities exacerbated by low education levels in communities of color and on opportunities for workers to join unions through support of the Employee Free Choice Act.

- Increase outreach efforts for Medicaid and SCHIP. Health care and child care are two of the largest expenses faced by Missouri's working families. Of the 772,000 Missourians with-out health care many are eligible for Medicaid and SCHIP. Enrolling eligible families and children in existing programs can increase the effectiveness of existing health care programs while increasing Missouri's budget, as the federal government through the Federal Medical Assistance Percentage (FMAP) will cover, at a minimum, \$68.09 cents of every dollar spent on Medicaid programs. In fact, it is estimated that Missouri will receive almost \$1.5 billion in additional federal Medicaid money through December 31st, 2010. ³⁸

Tony Pecinovsky is a member of the St. Louis Newspaper Guild - Communications Workers of America (TNG-CWA). He serves as Secretary-Treasurer of the Greater St. Louis CWA City Council and is a delegate to the Greater St. Louis Central Labor Council. His has written for Shelterforce, Alternet and the St. Louis Labor Tribune, among other publications.

ENDNOTES: This work relied heavily on technical assistance from the Economic Policy Institute.

1. Economic Policy Institute (EPI) analysis of Current Employment Statistics survey data, Employment by Month by Industry in Missouri
2. Bureau of Labor Statistics (BLS), Database, Tables and Calculators by Subject (Seasonally Adjusted): http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LASST29000003
3. Economic News release: Civilian labor force and unemployment by state and metropolitan area (Not Seasonally Adjusted): <http://www.bls.gov/news.release/metro.t01.htm>
4. Ibid
5. EPI analysis of Current Population Survey data, Labor force statistics by Statistic by Demographic in 2008 in Missouri
6. EPI analysis of Current Population Survey data, Wages by Decile by Demographic in Missouri in 2008
7. EPI analysis of census data: <http://www.census.gov/hhes/www/poverty/histpov/hstpov19.html> and <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.xls>
8. EPI analysis of census data: <http://www.census.gov/hhes/www/hlthins/historic/hihist4.xls> and <http://www.census.gov/hhes/www/hlthins/historic/index.html>
9. EPI analysis of census data: <http://www.census.gov/hhes/www/hlthins/historic/hihist5.xls> and http://www.census.gov/hhes/www/cpstc/cps_table_creator.html
10. Bureau of Labor Statistics, Database, Tables and Calculators by Subject (Seasonally Adjusted): http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LASST29000003
11. BLS, Local Area Unemployment Statistic (LAUS), Over-the-Year Change in Unemployment Rates for States (Seasonally Adjusted): www.bls.gov/web/laumstch.htm
12. BLS, LAUS, Unemployment Rate for Metropolitan Areas (Not Seasonally Adjusted): www.bls.gov/web/laummtrk.htm
13. BLS, LAUS, Over-the-Year Change in Unemployment Rates for Large Metropolitan Areas (Not Seasonally Adjusted): <http://www.bls.gov/web/laurgch.htm>
14. EPI analysis of Current Employment Statistics survey data, Employment by Month by Industry in Missouri
15. Ibid.
16. Ibid.
17. Ibid.
18. EPI analysis of Current Population Survey data, Labor force statistics by Statistic by Demographic in 2008 in Missouri
19. Ibid.
20. Labor Force Data by County, 2008 Annual Averages: <ftp://ftp.bls.gov/pub/special.requests/la/laucnty08.txt>
21. EPI analysis of Current Population Survey data, Labor force statistics by Statistic by Demographic in 2008 in Missouri
22. EPI analysis of Current Population Survey data, Wages by Decile by Demographic in United States in 2008 and Wages by Decile by Demographic in Missouri 2001-2008
23. EPI analysis of census data, Poverty rate by state 1980-2007 (Most current information available): <http://www.census.gov/hhes/www/poverty/histpov/hstpov19.html> and <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.xls>
24. EPI analysis of Current Population Survey March supplement, Poverty rate by state, people under age 18, 1980-2007 (Most current information available)
25. EPI analysis of Current Population Survey data, Wages by Decile by Demographic in Missouri in 2008
26. Ibid.
27. EPI analysis of Current Population Survey data, Wages by Decile by Demographic in United States in 2008
28. EPI analysis of Current Population Survey data, Wages by Decile by Demographic in Missouri in 2008
29. Ibid.
30. www.jaynixon.com/hcquickfacts.pdf
31. Ibid.
32. Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Statistical Brief #223: www.meps.ahrq.gov/mepsweb/data_files/publications/st223/stat223.pdf
33. EPI analysis of census data (Most current information available): <http://www.census.gov/hhes/www/hlthins/historic/hihist4.xls> and <http://www.census.gov/hhes/www/hlthins/historic/index.html>
34. EPI analysis of census data (Most current information available): <http://www.census.gov/hhes/www/hlthins/historic/hihist5.xls> and http://www.census.gov/hhes/www/cpstc/cps_table_creator.html
35. EPI analysis of census data (Most current information available): <http://www.census.gov/hhes/www/hlyhins/liuc07.html> and <http://www.census.gov/hhes/www/hlthins/lowinckid.htm>
36. EPI analysis of census data (Most current information available): <http://www.census.gov/hhes/www/hlthins/historic/hihist4.xls> and <http://www.census.gov/hhes/www/hlthins/historic/index.html>
37. New Economic Recovery Legislation Would Help Missouri Make Steady Progress On Health Coverage In Tight Budgetary Times: By Joel Ferber, Health and Welfare Unit Legal Services of Eastern Missouri (Jan. 23rd, 2009)
38. Ibid.