

Estimated Impact of Increased Minimum Wage & Access to Earned Sick Leave on Missouri Workers, Families, & Economy

Missouri workers are the engines of our economies. When they earn a decent wage and can care for their health and their families' health without risking their jobs or paychecks, then they can fully participate in their communities and contribute to Missouri's economic growth.

Missouri voters will soon have the chance to put in place a common sense set of guardrails to ensure that workers can reach their full potential and build prosperity for their families and communities, as well as our state's economy. An initiative on the 2024 ballot would build quality jobs by providing a much-needed raise to Missouri workers and guaranteeing earned sick leave for workers.

The 2024 ballot measure would:

INCREASE MISSOURI'S MINIMUM WAGE TO \$15/HOUR

- Missouri's minimum wage would increase from \$12/hour in 2023 to \$13.75/hour in 2025 and \$15/hour in 2026, with annual cost of living increases in subsequent years.
- The increase would give a much-needed raise to over 562,000 Missouri workers, who would earn an extra \$1,083 annuallyⁱ - enabling them to further contribute to their local economies.
- Nearly 90 percent of these workers are adults over age 20 who work at least 20 hours a week.
- Nearly one in four Missouri kids live in households that would see an increased income, which has been proven to improve health and educational outcomes for children.ⁱⁱ

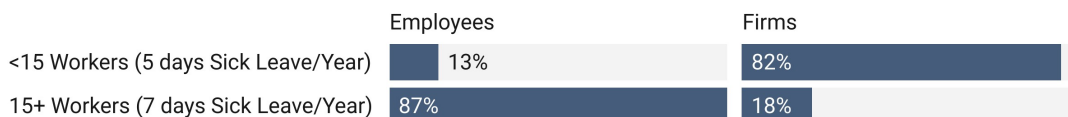
ALLOW WORKERS TO EARN 5 TO 7 PAID SICK DAYS EACH YEAR

- Private sector, wage earning workers would earn one hour of sick time for every thirty hours worked.
- An estimated 938,000 Missouri workers do not currently have access to paid sick leave.ⁱⁱⁱ
- The ballot measure's paid sick leave provisions would reach 728,000 Missouri private sector workers.

Paid Leave Provisions of the Ballot Measure:

The measure would guarantee paid sick leave to the vast majority of working Missourians who do not currently have access and would increase the amount of earned paid leave for some workers who currently receive fewer than seven days of sick leave per year.

Most Missouri employees would qualify for up to 7 days per year while the majority of Missouri businesses would provide 5 days per year.^{iv}



December 2023

Increased Minimum Wage Would Give a Much-Needed Raise to Nearly One in Four Missouri Workers

Increasing the minimum wage to \$15 an hour will impact over 562,000 Missouri workers, boosting their income by \$1,083 annually on average. Over one in three Black and Hispanic workers and nearly one in three working women would see these increases.

The vast majority of Missourians impacted by this increase are adults over age 20 (86%) who currently work more than 20 hours per week (87%). This includes over 78,000 workers age 55 or over. In fact, the number of older workers who would benefit is higher than the number of teenagers who would see increased wages.

RAISING THE MINIMUM WAGE TO \$15 PER HOUR WOULD:

Provide a Critical Boost to Missouri Children & Families



1 in 4 workers whose incomes will rise are parents



1 in 4 Missouri kids live in a household that will see increased income

Inject Over \$609 Million in New Wages Into Missouri's Economy^v

This increase in wages would have ripple effects that benefit all Missourians as low wage workers are likely to spend their earnings in local communities. These dollars then increase demand for the products and services provided by flowing in and out of local businesses, boosting job growth and the economy.

RAISING THE MINIMUM WAGE IS A PROVEN STRATEGY

During the phase-in of Missouri's last minimum wage increase, Missouri's unemployment rate went down at a rate higher than the national average and higher than each of Missouri's neighbors that did not increase the minimum wage.^{vi} This is consistent with prior research that suggests increases in the minimum wage increase employment, in part by reducing turnover among employees.^{vii}

State	Change in Unemployment Rate (2019-2022)
MO	-18.5%
U.S. Average	-2.8%
KS	-14.8%
OK	8.1%
TN	2.9%
KY	-13.2%
IA	-7.7%

December 2023

Nearly One in Three Missouri Workers Could Benefit from Guaranteed Access to Earned Sick Leave

Many Missouri workers are able to stay home while sick, giving them time to recover and reducing the spread of illness to coworkers, clients, and customers. But too many of our low-wage friends and neighbors don't have that luxury and must choose between going to work sick or risk losing pay or their job. This is especially true in public-facing occupations like sales and service (including restaurant/food service & healthcare occupations).

Percent of Workers and Occupations That Lack Access to Paid Sick Leave

No Access to Paid Sick Leave	
Wages	
Lowest 10% of Wages Earners	61%
Highest 10% of Wage Earners	4%
Occupation	
Service Occupations	39%
Sales and related Occupations	29%
Management, professional and related occupations	7%

Guaranteed earned sick leave has the potential to reach the nearly 728,000 private sector Missouri workers who currently have no paid sick leave, or over one in three Missouri workers.^{viii} In addition, many workers who already have access to earned sick leave will benefit, as around half of workers with dedicated paid sick days currently receive fewer than the seven days that most Missourians would receive under this initiative.^{ix}

INCREASING WORKERS' ACCESS TO EARNED SICK TIME WOULD:

Provide a Critical Boost to Missouri Children & Families



1 in 3 working parents
would use guaranteed leave



1 in 4 Missouri kids live in households
that would use guaranteed leave

Generate Over \$600 Million in Societal Savings Each Year

These savings are generated primarily through reduced spread of contagious disease, as well as a more stable and productive workforce, reduced turnover, and workers compensation claims.^x

December 2023

Appendix

Table 1: Estimated Effects of Increasing Missouri's Minimum Wage to \$15 an Hour

	Impact on Workers		Increase in Annual Wages		Increase in State Revenue		
	Number	Share	Per Worker	Total	Sales Tax	Personal Income Tax	Total Revenue
<i>Directly Affected</i>	288,200	12%	\$1,717	\$494.83M	\$7.53M	\$18.97M	\$26.5M
<i>Indirectly Affected</i>	273,900	12%	\$417	\$114.19M	\$1.74M	\$4.38M	\$6.12M
All Affected Workers	562,100	24%	\$1,083	\$609.02M	\$9.26M	\$23.35M	\$32.62M

Note: All wages in 2022 dollars. Public employees omitted from analysis.

Source: Economic Policy Institute Minimum Wage Simulation Model; 2015-2019 5-year ACS data pinned to 2022 CPS wage distribution. Employment scaled to match 2022 CPS labor force size. For more details see Technical Methodology by Dave Cooper, Zane Mokhiber, and Ben Zipperer. <https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/>

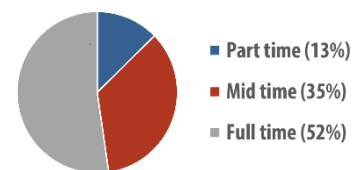
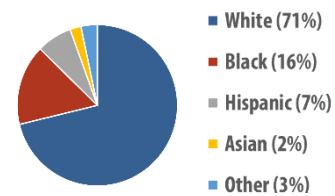
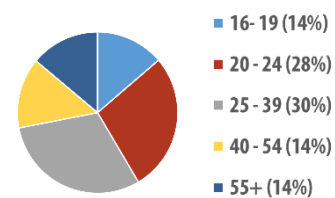
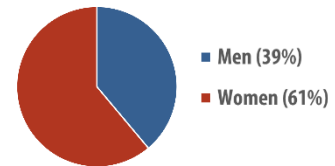
Directly Affected: Workers whose wages rise in order to meet the new minimum wage rate.

Indirectly Affected: Workers whose wage rate is just above the new minimum wage (between the new minimum wage and the new minimum wage plus the dollar amount of the increase in the previous year's minimum wage). These workers will receive a raise as employer pay scales are adjusted upward to reflect the new minimum wage.

Table 2: Estimated Number and Share of Missouri Workers with Increased Wages

	Total Impacted	Share Impacted
Gender		
Men	218,600	18.1%
Women	343,500	29.9%
Age		
Age 16 to 19	77,200	70.2%
Age 20 to 24	156,000	61.4%
Age 25 to 39	171,100	21.6%
Age 40 to 54	79,500	11.6%
Age 55 or older	78,200	15.2%
Race / ethnicity		
White, non-Hispanic	400,200	21.3%
Black, non-Hispanic	90,800	35.9%
Hispanic, any race	40,100	36.9%
Asian, non-Hispanic	12,500	19.9%
Other race/ethnicity	18,500	35.9%
Usual weekly work hours		
Part time (<20 hours per week)	71,100	49.3%
Mid time (20-34 hours)	197,100	57.0%
Full time (35+ hours)	293,900	15.7%
Kids and family		
All Parents	137,300	17.1%
--Married parents	63,200	10.8%
--Single parents	74,100	33.5%
Children	338,300	24.5%

Demographic Breakdown of Missourians Who Would See Wage Increases:



Source: Economic Policy Institute Minimum Wage Simulation Model; 2015-2019 5-year ACS data pinned to 2022 CPS wage distribution. Employment scaled to match 2022 CPS labor force size. For more details see *Technical Methodology* by Dave Cooper, Zane Mokhiber, and Ben Zipperer. <https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/>

Table 3: Unemployment Rate 2019-2022: Missouri Compared to U.S. Average and Neighboring States with Minimum Wage Equal To or Below Federal Minimum Wage of \$7.25

State	2019	2022	Change	
MO	3.2%	2.7%	-18.5%	
U.S. Average	3.7%	3.6%		-2.8%
KS	3.1%	2.7%	-14.8%	
OK	3.4%	3.7%		8.1%
TN	3.4%	3.5%		2.9%
KY	4.3%	3.8%	-13.2%	
IA	2.8%	2.6%	-7.7%	

Source: Missouri Budget Project Analysis of data obtained from an Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau

Table 4: Estimated Impact of Guaranteed Earned Paid Sick Leave on the Private Sector Wage Earning Workforce in Missouri

	Share of Workers with No Access to Paid Sick Leave
U.S Average*	22%
Midwest**	30%
--Average Private Sector Workforce in Missouri***	2,426,290
--Estimated Number of Workers without Leave	727,887
--Median Number of Paid Sick Days Granted Annually (for workers with access to paid sick leave)	6
Wages	
Lowest 25 percent	44%
--Lowest 10 percent	61%
Second 25 percent	18%
Third 25 percent	14%
Highest 25 percent	6%
--Highest 10 percent	4%
Occupation	
Management, professional and related occupations	7%
Service occupations	39%
Sales and related occupations	29%
Office and administrative support occupations	13%
Natural resources, construction, and maintenance occupations	27%
Production, transportation, and material moving occupations	24%

* Average among private sector workforce

** Average among private sector workforce in the West North Central Region

*** Average private sector employment in Missouri (2014-2023).

Source: National Compensation Survey 2023

Table 5: Estimated Impact of Guaranteed Earned Paid Sick Leave on Parents in the Private Sector Workforce in Missouri

Number of Children under 18	Parents in Private Sector Workforce		Predicted New Instances of Paid Leave among Missouri Kids & Families					
	% Workers	# Workers	% Parents Impacted	# Parents Impacted	# Working Parents per household	# Family Households Impacted	# Own Children Per Household	# Children Impacted
1	14.6%	353,342	36.7%	129,606	1.6	80,004	1.0	80,004
2	13.7%	331,435	36.0%	119,250	1.7	72,273	2.0	144,546
3+	8.1%	195,817	36.8%	72,061	1.6	44,735	3.4	152,485
Total	36.3%	880,594		320,917		197,011		377,035

Methodology: Impact on children and families estimated by adjusting mean private sector employment in Missouri by the estimated share and characteristics of workers with children under 18 in household and the estimated share of parents impacted by new instances of paid leave.

Source: Missouri Budget Project analysis of U.S. Census Bureau 2017-2021 American Community Survey 5-year Public Use Microdata Samples & Dicke, Ohler, & Thorpe. (2022). Research on Paid Leave in Missouri. MU Institute of Public Policy. Assumes total private sector workforce of 2,426,290 (mean Missouri private sector employment in January 2014-2023; Missouri Economic Research and Information Center; Current Employment Statistics)

Notes:

ⁱ Economic Policy Institute Minimum Wage Simulation Model; 2015-2019 5-year ACS data pinned to 2022 CPS wage distribution

ⁱⁱ Cooper, K., Stewart, K. "Does Household Income Affect children's Outcomes? A Systematic Review of the Evidence," *Child Indicators Research* 14, 981–1005 (2021). <https://doi.org/10.1007/s12187-020-09782-0>; Wehby, G., Kaestner, R., Lyu, W., & Dhaval, D. "Effects of the Minimum Wage on Child Health," *American Journal of Health Economics*, vol 8(3), pages 412-448 (2022).

ⁱⁱⁱ The Center for Law and Social Policy (2023). Millions of Working People Still Don't Have Access to A Single Paid Sick Day.

^{iv} MBP analysis of County Business Patterns. The Number of Firms and Establishments, Employment, and Annual Payroll by State, Industry, and Enterprise Employment Size: 2016-2020. (Average of these years)

^v Economic Policy Institute Minimum Wage Simulation Model; 2015-2019 5-year ACS data pinned to 2022 CPS wage distribution. Employment scaled to match 2022 CPS labor force size. For more details see Technical Methodology by Dave Cooper, Zane Mokhiber, and Ben Zipperer.

<https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/>

^{vi} Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau

^{vii} Wiltshire, J., McPherson, C., & Reich, M. (2023). Minimum wage effects and monopsony explanations.

^{viii} MBP estimates National Compensation Survey

^{ix} National Compensation Survey – Median

^x Dicke, Ohler, & Thorpe. (2022). Research on Paid Leave in Missouri. MU Institute of Public Policy. Available: <https://mffh.org/wp-content/uploads/2023/08/Research-on-Paid-Leave-in-Missouri-Report.pdf>