

State of Working Missouri: Low Paid Workers Struggle to Get Ahead

Missourians harvest the food we eat, build local homes and businesses, keep our communities safe, and teach our children. They are the engines of our economy, supplying the products and services we use every day. Those same Missourians are consumers, providing customers to businesses in our state when they spend money.

Although workers’ median wages have slightly increased, recent inflation has diminished much of those gains. Workers earning the state’s minimum wage are especially impacted by rising costs and are paid far less than what families need to afford basic necessities and maintain a decent standard of living. In fact, more Missourians are finding it harder to get by today than they did when the economy was recovering from the pandemic.

In November, Missourians will have the opportunity to vote on Proposition A, which would ensure workers have access to paid sick leave and increase the minimum wage so Missourians can care for their families. With these economic safeguards, workers can contribute more fully to their jobs and communities, as well as the broader economy. By enacting Proposition A, Missourians can strengthen communities and build an economy that works for everyone.

Missouri Workers’ Earnings Stagnant in Last Twenty Years

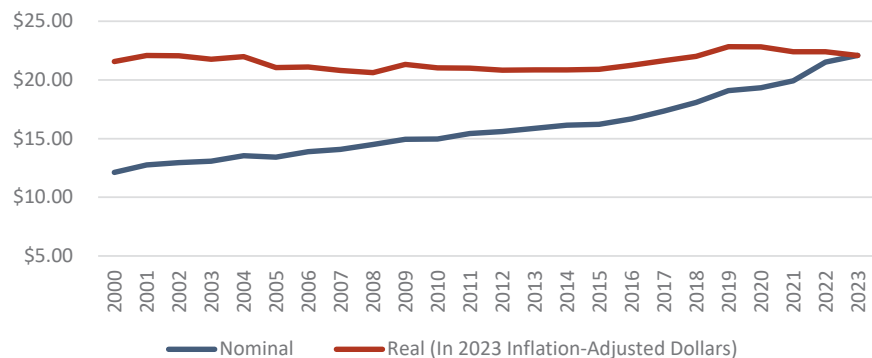
A Missourian who earns the state’s minimum wage of \$12.30 an hour and works full time earns just \$492 per week, leaving many of them unable to afford basic necessities.

Even workers with higher incomes are struggling to keep up with costs. Although the median wage in Missouri has nominally increased, the real value of those wages has been nearly stagnant since the turn of the century.

In 2000, a worker earning the median wage made \$12.12 an hour – the equivalent of \$21.57 after adjusting for inflation (in 2023 dollars).ⁱ

Earnings have barely budged since then. In 2023, a worker earning the median wage made just \$22.09 an hour, meaning half of Missouri workers earned more, and half earned less.ⁱⁱ

Missouri Wages Have Increased Less Than \$1 in Two Decades After Adjusting for Inflation
(Median Hourly Wage)



Source: EPI analysis of Current Population Survey microdata

Inflationary Increases Have Made It Even Harder to Keep Up

Workers' economic struggles were compounded by fast rising prices that were triggered by COVID-19 pandemic supply chain issues and the Russian invasion of Ukraine, and then largely fueled by excessive corporate profits.ⁱⁱⁱ Although inflation slowed in 2023, it is still a problem for many workers. Inflation grew 3.8% in 2023, while the nominal median wage grew at a slower pace of 2.7%.^{iv} The higher cost of basic necessities like food, housing, gas, and utilities continues to strain the budgets of households living paycheck to paycheck.

As of May 2024, nearly 40% of adults in Missouri live in households that had difficulty paying for usual household expenses, up from nearly 25% in 2021.^v

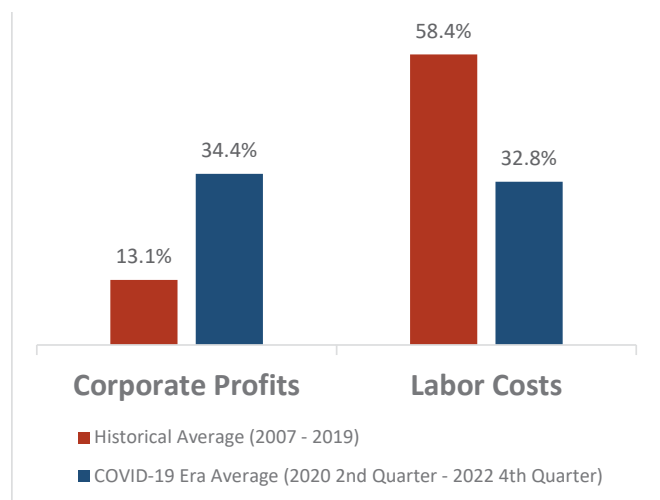
Corporate Profits Contributed Disproportionately to Price Growth in the COVID-19 Economic Recovery

Corporate profits are a primary driver of the recent wave of inflation. From 2020 through 2021, nearly 54% of the increase in an item's price can be attributed to corporate profit, followed by non-labor costs (38%), and the cost of labor (8%).^{vi} Although the corporate profit share declined to 34% by the end of 2022, it was still well above the historical average of 13%.

To the contrary, the share of an item's price attributed to labor costs was well below historical trends.^{vii}

Source: Josh Bivens, "Even with today's slowdown, profit growth remains a big driver of inflation in recent years," March 30, 2023, Economic Policy Institute.

Percent Share of Price Increase in the Nonfinancial Corporate Sector



Note: Non-labor costs (not shown) make up remaining share of price increase per unit.

Low Paid Workers Have Fewer Opportunities to Get Ahead

More than 1 of every 6 workers in Missouri made less than \$15 an hour in 2023.^{viii} **This is more than a third less than what a family of four with two working parents needs to cover basic living expenses,** according to the Massachusetts Institute of Technology Living Wage Calculator for Missouri.^{ix}

Workers earning low wages are far more likely to have unstable jobs with unpredictable schedules and involuntary part-time work, compared to higher wage earners.^x This financial instability and insecurity makes it difficult for these workers to meet the basic needs of their households:

- In 2022, nearly 80% of Missouri families receiving public food assistance from the Supplemental Nutrition Assistance Program (SNAP) included someone who worked in the past twelve months.^{xi}
- An estimated 1 in every 15 workers relied on Medicaid public health insurance for individuals with low incomes.^{xii}

Notably, critical workers who were deemed essential during the COVID-19 pandemic – food service workers, childcare workers, and home health aides – are still among the state’s lowest paid workers.^{xiii}

Low paying jobs also tend to offer fewer benefits.^{xiv} An estimated 1 in every 9 Missouri workers lack health insurance,^{xv} and 1 in every 3 workers do not have access to paid sick leave.^{xvi} These workers must often choose between going to work sick, which threatens the health of their coworkers and customers, or risk losing a day’s pay.

Wages of Missouri's Lowest Paying Occupation Fields

Major Occupation Category	1 of every 4 workers are paid this wage or less
Food Preparation and Serving Related	\$13.20
Personal Care and Service	\$13.07
Healthcare Support	\$13.33

Note: Shown are the median hourly wage and the hourly wage of workers at the 25th percentile of workers within each major occupation category. Source: Missouri Economic Research and Information Center (MERIC) Occupational Employment and Wage Data for Missouri (2023)

Missouri’s low-paid workforce mirrors that of the rest of the country, in that it is disproportionately women and people of color.^{xvii} The state’s long history of racial/ethnic and gender discrimination and occupational segregation excluded many of these workers from opportunities that would have increased their earnings and subsequent wealth. Still today, their work is undervalued, they are discriminated against in the job market, and they often encounter multiple barriers and fewer job opportunities.^{xviii} All are factors that leave them vulnerable to jobs that lack worker protections and adequate compensation.

Characteristics of Missouri households with low income:

- Among full-time, year-round workers in 2022, 13.5% of women earned less than \$25,000 a year, compared to just 8.7% of men.^{xix}
- In 2022, an estimated 20.4% of Black families and 14.7% of Hispanic and Latino families had annual incomes below \$25,000, compared to just 8.0% of non-Hispanic white families.^{xx}
- A disproportionate number of low-income households with children are headed by women. In 2022, an estimated 12% of families with children under age 18 had annual incomes below \$25,000.^{xxi} About 2 of every 3 of those households are headed by females with no spouse present.^{xxii}

Conclusion

When employers treat workers fairly—by paying thriving wages, providing stable and predictable work hours, and offering paid time off so workers can address theirs or their families’ health needs without losing their jobs or the ability to pay their bills—workers are more able to reach their full potential. This in turn allows workers to contribute more fully to their jobs and communities and the broader economy.

Disaggregating Data by Race/Ethnicity

The COVID-19 pandemic revealed glaring racial and ethnic inequalities throughout Missouri's health, economic, and social systems. While there is widespread evidence of access barriers to the labor market for Hispanic and Latinx, American Indian, Alaska Native, Asian American, and Pacific Islander populations, detailed data for these populations is often publicly inaccessible. Additionally, due to their smaller sample sizes, estimates for these groups may be less reliable. This is noted throughout the report when applicable.

Missouri Budget Project is a member of the Economic Analysis and Research Network (EARN), a network affiliated with the Economic Policy Institute (EPI), a nonpartisan public policy think tank that centers the needs of low- and middle-wage workers in economic policy discussions. Missouri Budget Project has produced the State of Working Missouri report using data and research from EPI and EARN, as well as other sources, and we appreciate their support. Additionally, we thank Missouri Jobs with Justice for their valuable advice, solicitation of worker input, and collaboration on this report.

Notes

- i. EPI analysis of Current Population Survey microdata
- ii. EPI analysis of Current Population Survey microdata
- iii. Josh Bivens and Asha Banerjee, “Lessons from the inflation of 2021–202(?),” April 19, 2023, Economic Policy Institute. Retrieved from <https://www.epi.org/publication/lessons-from-inflation/>
- iv. MBP analysis of average annual Missouri median wages. Sources: Wages from EPI analysis of Current Population Survey microdata; and consumer prices from U.S. Bureau of Labor Statistics, Midwest Region CPI-U 12-month Annual Percent Change (Not Seasonally Adjusted).
- v. Data is from survey periods ending May 10, 2021 and May 27, 2023. Source: U.S. Census Bureau, Household Pulse Survey Interactive Tool.
- vi. Josh Bivens (April 21, 2022) “Corporate Profits Have Contributed Disproportionately to Inflation. How Should Policymakers Respond?” Economic Policy Institute. Retrieved from <https://www.epi.org/blog/corporate-profits-have-contributed-disproportionately-to-inflation-how-should-policymakers-respond/>
- vii. Josh Bivens, “Even with today’s slowdown, profit growth remains a big driver of inflation in recent years,” March 30, 2023, Economic Policy Institute. Retrieved from <https://www.epi.org/blog/even-with-todays-slowdown-profit-growth-remains-a-big-driver-of-inflation-in-recent-years-corporate-profits-have-contributed-to-more-than-a-third-of-price-growth/>
- viii. Low-Wage Workforce Tracker, Economic Policy Institute, January 2024. Retrieved from <https://www.epi.org/low-wage-workforce/>
- ix. For a family with two adults and two children, each full-time working adult would need to earn at least \$24.31 per hour. Source: Massachusetts Institute of Technology, Living Wage Calculation for Missouri. Retrieved 7/15/24 from <https://livingwage.mit.edu/states/29>.
- x. Vincent A. Fusaro and H. Luke Shaefer, "How should we define “low-wage” work? An analysis using the Current Population Survey," Monthly Labor Review, U.S. Bureau of Labor Statistics, October 2016, <https://doi.org/10.21916/mlr.2016.44>
- xi. Refers to families who had at least one worker in the past 12 months. Source: U.S. Census Bureau, American Community Survey, ACS 1-Year Estimates 2022, "Food Stamps/Supplemental Nutrition Assistance Program (SNAP)," Table S2201.
- xii. U.S. Census Bureau, American Community Survey, ACS 1-Year Estimates 2022, "Health Insurance Coverage Status and Type by Work Experience," Table C27012.
- xiii. Missouri Economic Research and Information Center (MERIC) Occupational Employment and Wage Data for Missouri (2023)
- xiv. Vincent A. Fusaro and H. Luke Shaefer, "How should we define “low-wage” work? An analysis using the Current Population Survey," Monthly Labor Review, U.S. Bureau of Labor Statistics, October 2016, <https://doi.org/10.21916/mlr.2016.44>
- xv. U.S. Census Bureau, American Community Survey, ACS 1-Year Estimates 2022, "Health Insurance Coverage Status and Type by Work Experience," Table C27012.

xvi. Sapna Mehta and Jessica Milli (May 2023) “Millions of Working People Still Don’t Have Access to A Single Paid Sick Day,” The Center for Law and Social Policy. Retrieved from https://www.clasp.org/wp-content/uploads/2023/05/2023.5.31_Millions-of-Working-People-Still-Dont-Have-Access-to-A-Single-Paid-Sick-Day.pdf

xvii. MBP analysis of data from U.S. Census Bureau, American Community Survey, ACS 1-Year Estimates 2022,” “Sex by Occupation for the Civilian Employed Population 16 Years and Over,” Tables B24010 series.

xviii. L. Quillian, D. Pager, O. Hexel, and A. H. Midtbøen (September 12, 2017), “Meta-Analysis of Field Experiments Shows No Change In Racial Discrimination In Hiring Over Time,” Proceedings of the National Academy of Sciences of the United States of America (PNAS), retrieved from <https://www.pnas.org/doi/full/10.1073/pnas.1706255114#sec-2> ; Valerie Wilson (January 20, 2022), “The Costs of Racial and Ethnic Labor Market Discrimination and Solutions That Can Contribute To Closing Employment And Wage Gaps: Testimony before the U.S. House of Representatives Select Committee on Economic Disparity and Fairness in Growth,” Economic Policy Institute, retrieved from <https://www.epi.org/publication/wilson-testimony-costs-of-racial-and-ethnic-labor-market-discrimination/> ; K. Bahn and C. Sanchez Cumming (July 1, 2020), “Factsheet: U.S. Occupational Segregation By Race, Ethnicity, and Gender,” Washington Center for Equitable Growth, retrieved from <https://equitablegrowth.org/factsheet-u-s-occupational-segregation-by-race-ethnicity-and-gender/>; U.S. Department of Labor (March 15, 2022), “Bearing the Cost: How Overrepresentation in Undervalued Jobs Disadvantaged Women During the Pandemic,” retrieved from <https://www.dol.gov/sites/dolgov/files/WB/media/BearingTheCostReport.pdf>; Vincent A. Fusaro and H. Luke Shaefer, “How should we define “low-wage” work? An analysis using the Current Population Survey,” Monthly Labor Review, U.S. Bureau of Labor Statistics, October 2016, <https://doi.org/10.21916/mlr.2016.44>

xix. MBP calculation of U.S. Census Bureau, American Community Survey, ACS 1-Year Estimates, 2022, “Earnings in the Past 12 Months (in 2022 Inflation-Adjusted Dollars),” Table S2001

xx. Family income includes all forms of income received on a regular basis, such wages, social security, public assistance, etc. Source: MBP analysis of data from U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates, “Family Income In the Past 12 Months (In 2022 Inflation-Adjusted Dollars),” Tables B19101 series. Estimates for Asian, American Indian and Alaska Native, and Native Hawaiian and Other Pacific Islander are not reported because the estimates are less reliable due to smaller population sizes.

xxi. Family income includes all forms of income received on a regular basis, such wages, social security, public assistance, etc. Source: MBP analysis of data from U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates, “Family Type by Presence of Own Children Under 18 Years by Family Income in the Past 12 Months (In 2022 Inflation-Adjusted Dollars),” Table B19131.

xxii. Family income includes all forms of income received on a regular basis, such wages, social security, public assistance, etc. Source: MBP analysis of data from U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates, “Family Type by Presence of Own Children Under 18 Years by Family Income in the Past 12 Months (In 2022 Inflation-Adjusted Dollars),” Table B19131.