Low- and Moderate-Income Labor Force Conditions and Issues

Workforce Development Leaders Forum
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Low- and Moderate-Income Labor Force Conditions and Issues

• Overview of macroeconomic conditions and general LMI economic conditions

• Overview of general labor market trends

• Analysis of Tenth District LMI labor market conditions
Macroeconomic Overview

• Overall economic activity in the U.S. was tepid after the recession, especially given its severity. Economic growth is expected to be historically moderate going forward (around 2 percent).

• Inflation is low – “price stability” is generally associated with inflation containment, but inflation can also be “too low”

• Recent economic growth has been driven by consumer spending, which is typical for the U.S. Important factors in long-term sustainability in consumer spending are:
  – Personal income growth
  – Savings activity, and
  – The accumulation of debt
Residential real estate conditions have steadily improved, particularly in the last six months

• Sales have increased but have been limited by inventory, which is near historical lows in most communities

• Increased sales and low inventories are a recipe for price increases, as evidence shows in select areas

• An increases in foot traffic and the changes in the composition of buyers (more first-time and current homeowners) provide optimism going forward

• Downside risk still remains
General assessments of LMI Survey respondents suggest that, while the national economy has largely recovered to pre-recession levels, the LMI community continues to struggle.
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LABOR MARKET TRENDS
National employment has been growing at a stronger pace, bringing employment back to pre-recession levels; growth in Kansas City and Kansas is associated with relative employment loss in the recession.

Source: BLS CES; Haver Analytics
When accounting for discouraged workers and reluctant part-time workers, unemployment rates are much higher.
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LMI LABOR FORCE AND LABOR MARKET CONDITIONS
Tenth District LMI Economic Conditions

lmiconditions.kcfed.org

• Designed to provide a snapshot of economic conditions in 10th District LMI communities with emphasis on the labor market
• Released biannually
• Consolidation and expansion of “LMI Survey” report and “Tenth District LMI Labor Force Report”
• Every issue provides information on “job availability” from the LMI Survey and basic labor force statistics derived from government data
• Other relevant labor market data are presented on rotating basis
The general consensus of LMI Survey participants is that jobs for LMI workers are increasingly available, but individual responses largely reflected generalized, local economic conditions.

Other Issues Highlighted by LMI Survey Reports

• In most larger places in the District, jobs are available for LMI workers (especially retail) if they are willing to accept the conditions and wages offered and are not especially difficult to employ
  – Credit histories
  – Criminal histories (especially drug charges)

• But many of the job gains have been part-time jobs

• Most survey respondents suggested that wages have been stagnant with job growth excepting regional changes in minimum wage
Other Issues Highlighted by LMI Survey Reports

• A number of labor market issues continue to challenge LMI workers
  – Education, training, and experience needed to advance
  – Childcare
  – Transportation
  – Frequent change in residency
Long-term unemployment has been a considerably more pressing issue than in past recessions and recoveries, but it is easing quickly.

Long-term unemployment has not hit the LMI especially hard.

**Share of unemployed that has been unemployed for more than 26 weeks**

<table>
<thead>
<tr>
<th>Income</th>
<th>Unemployed more than 26 weeks but less than one year</th>
<th>Unemployed for one year or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. (All employed)</td>
<td>23.8%</td>
<td>25.0%</td>
</tr>
<tr>
<td>LMI</td>
<td>19.9%</td>
<td>25.0%</td>
</tr>
<tr>
<td>LMI (District)</td>
<td>19.9%</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Unemployed more than 26 weeks but less than one year</th>
<th>Unemployed for one year or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>No High School Diploma</td>
<td>23.5%</td>
<td>23.0%</td>
</tr>
<tr>
<td>No High School Diploma, No Bachelor's Degree (District)</td>
<td>17.1%</td>
<td>20.9%</td>
</tr>
<tr>
<td>HS Diploma, No Bachelor's Degree (District)</td>
<td>23.0%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Bachelor's or Higher Degree (District)</td>
<td>23.6%</td>
<td>20.9%</td>
</tr>
<tr>
<td>&quot;LMI Occupations&quot;</td>
<td>26.4%</td>
<td>25.1%</td>
</tr>
<tr>
<td>Other Occupations</td>
<td>24.9%</td>
<td>25.1%</td>
</tr>
</tbody>
</table>

A significant share of the employed are working part time for economic reasons, especially among the LMI.

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