



FEDERAL RESERVE BANK *of* KANSAS CITY

Low- and Moderate-Income Labor Force Conditions and Issues

Workforce Development Leaders Forum
Kansas City, MO

September 9, 2015

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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

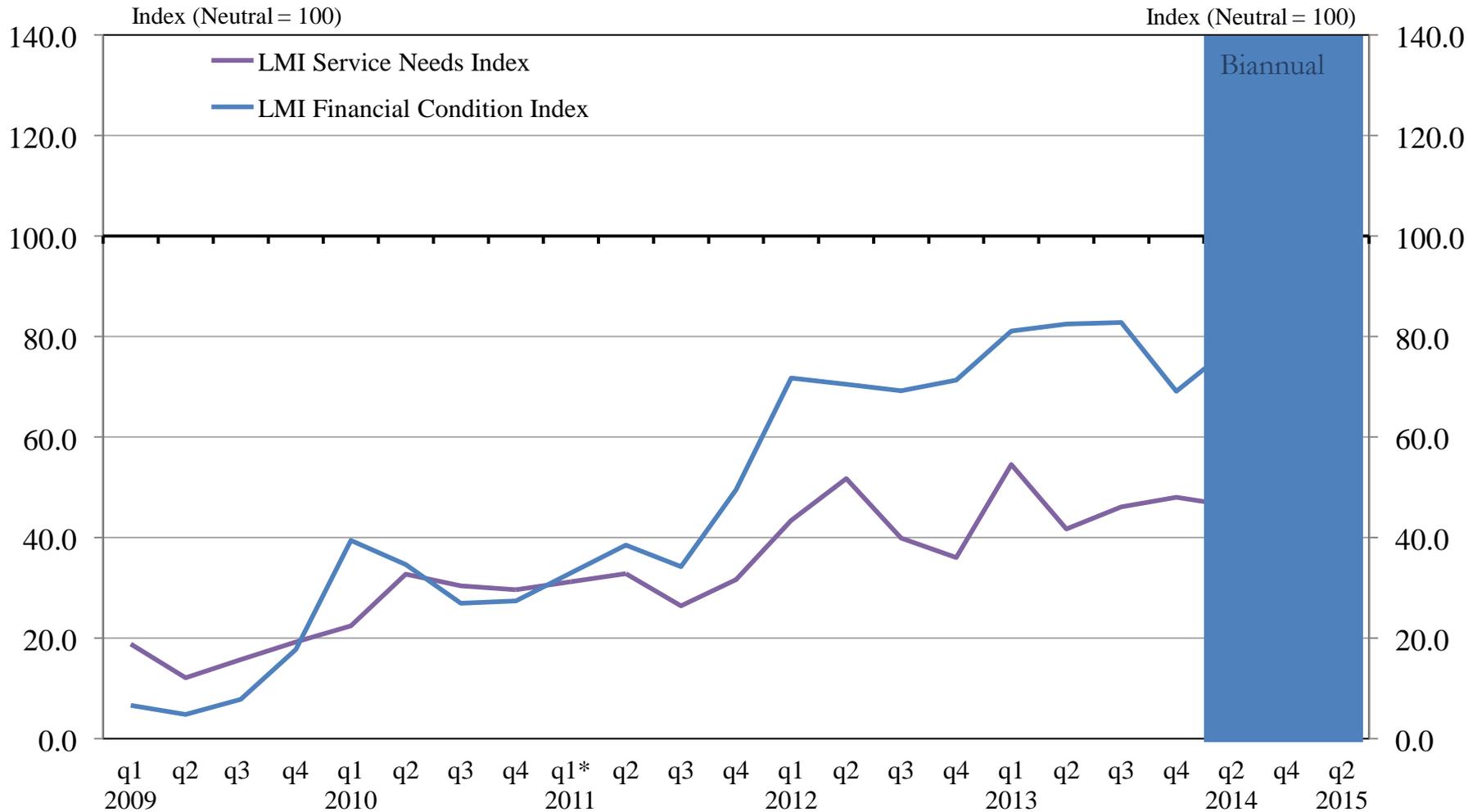
Macroeconomic Overview

- 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 increase 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.

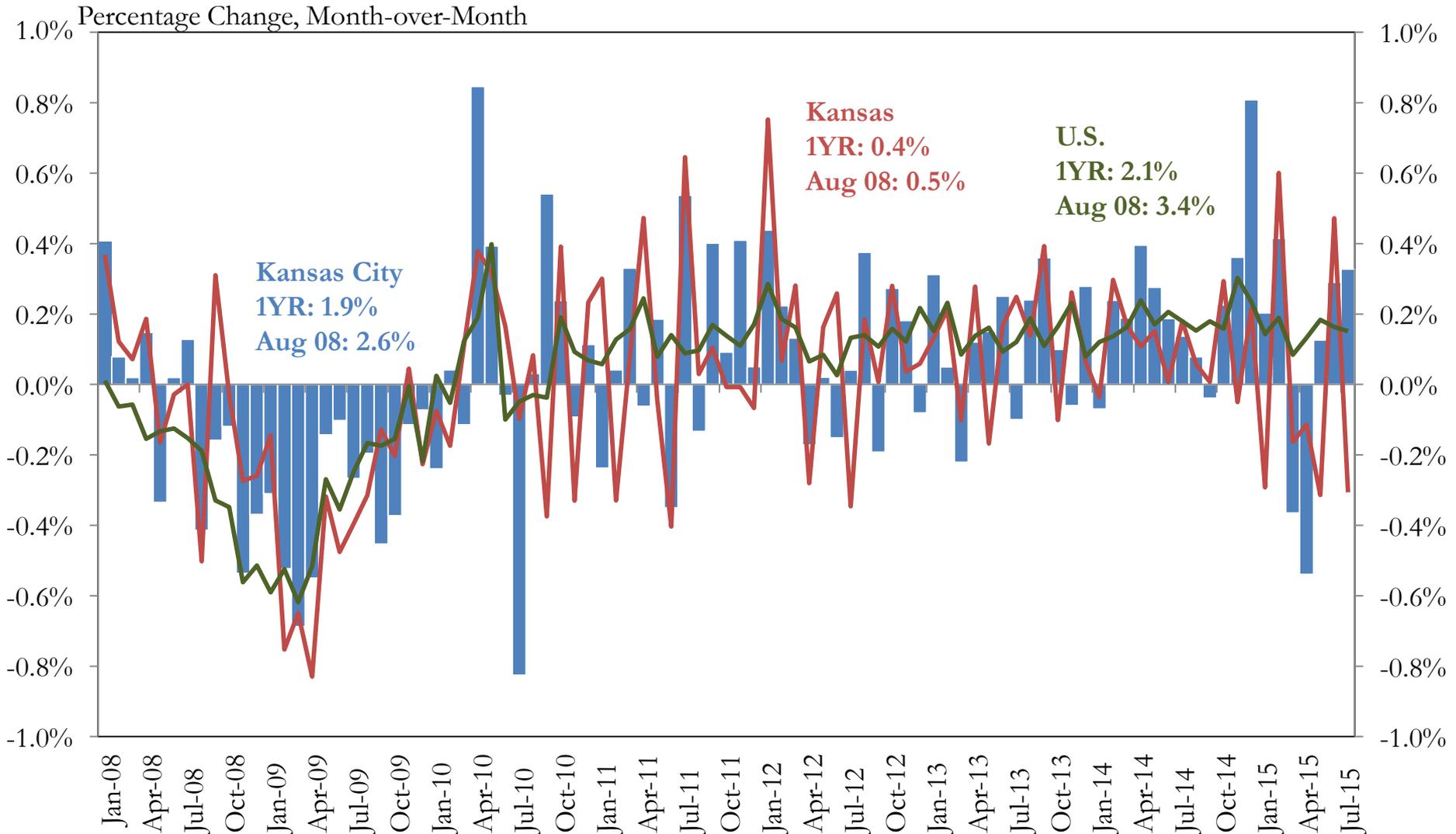


Source: Federal Reserve Bank of Kansas City

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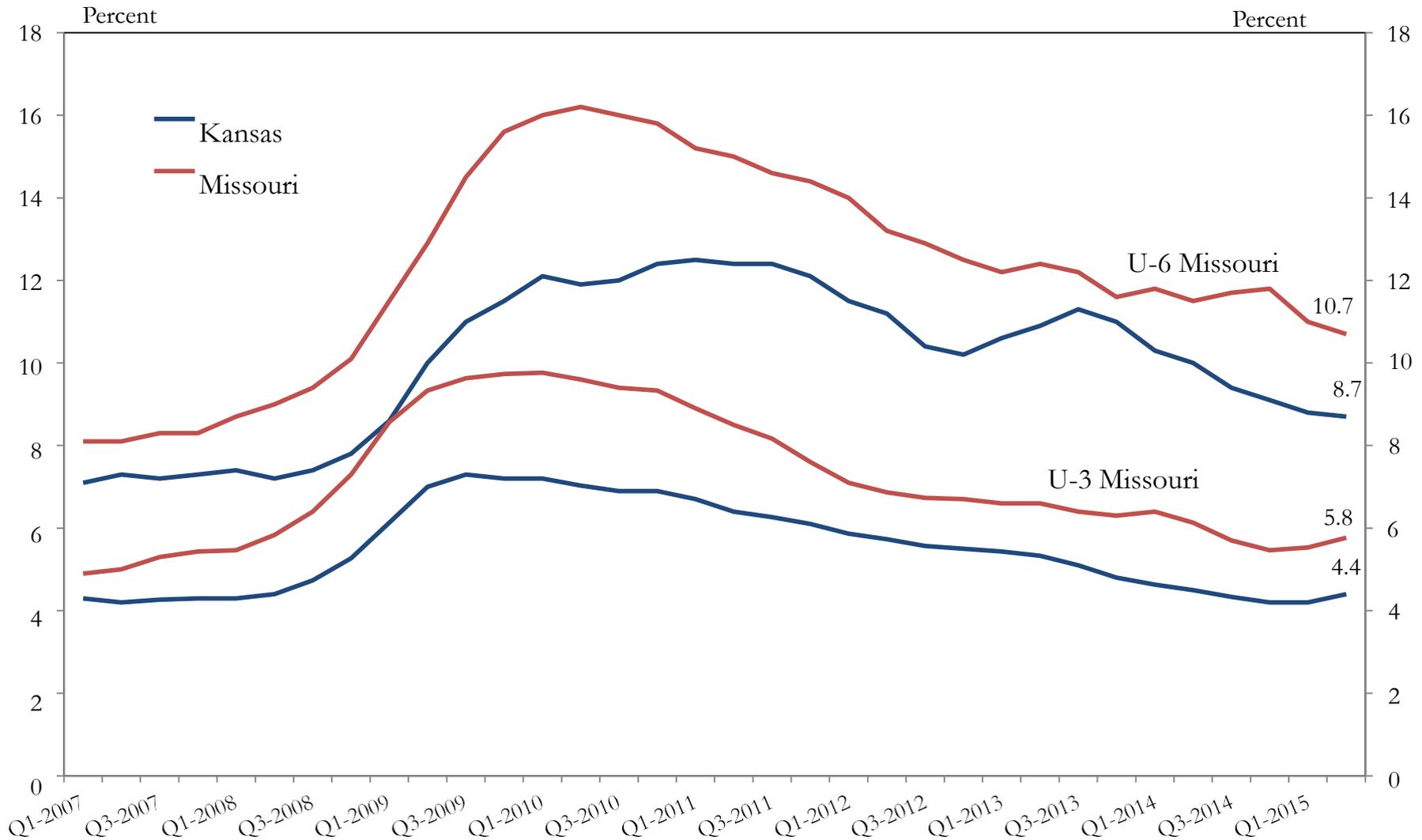
LABOR MARKET TRENDS

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.



Source: U.S. Bureau of Labor Statistics; Haver Analytics

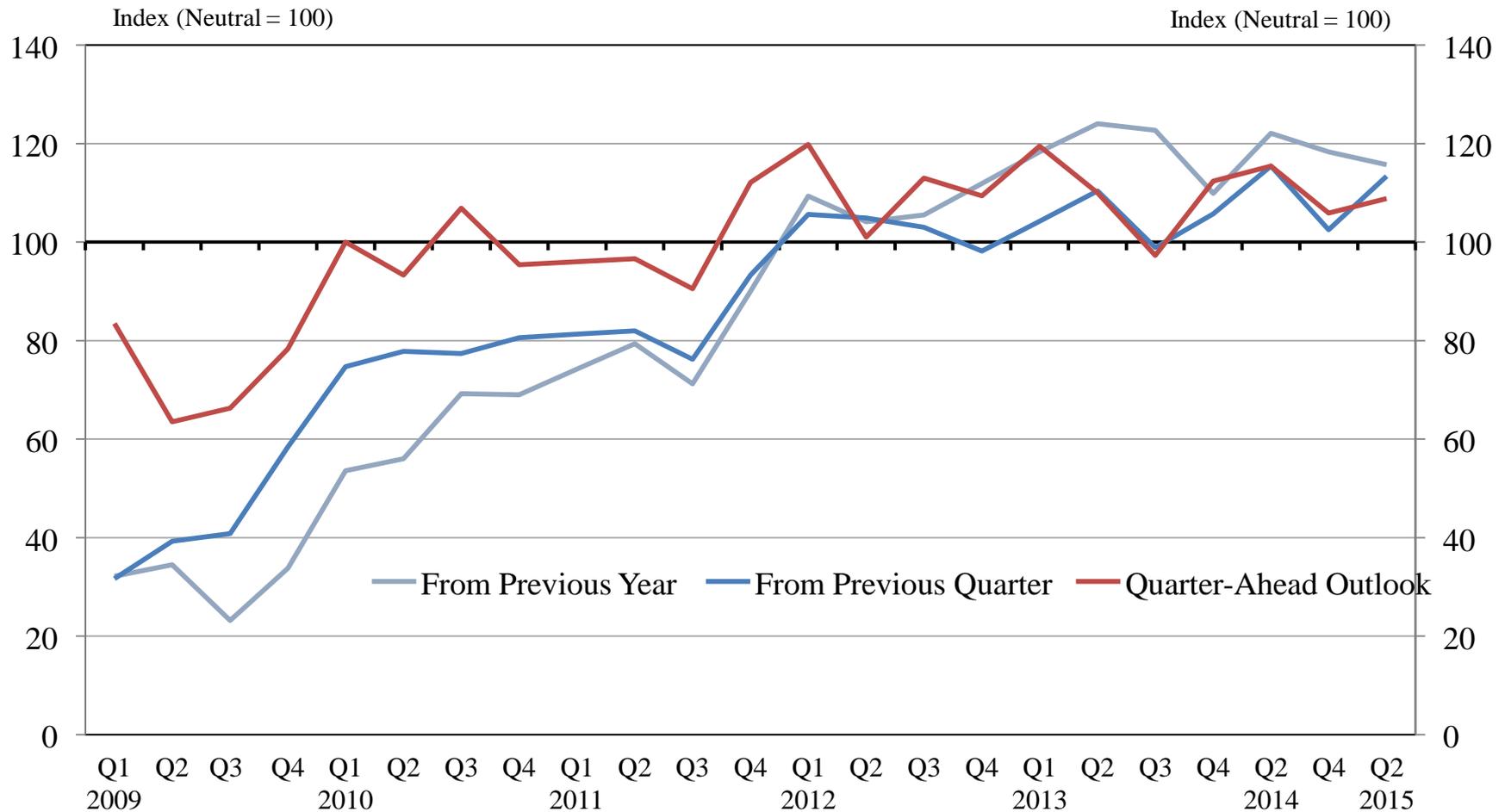
Low- and Moderate-Income Labor Force Conditions and Issues

LMI LABOR FORCE AND LABOR MARKET CONDITIONS



- 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.



Source: Federal Reserve Bank of Kansas City, "Tenth District LMI Economic Conditions," August, 2015

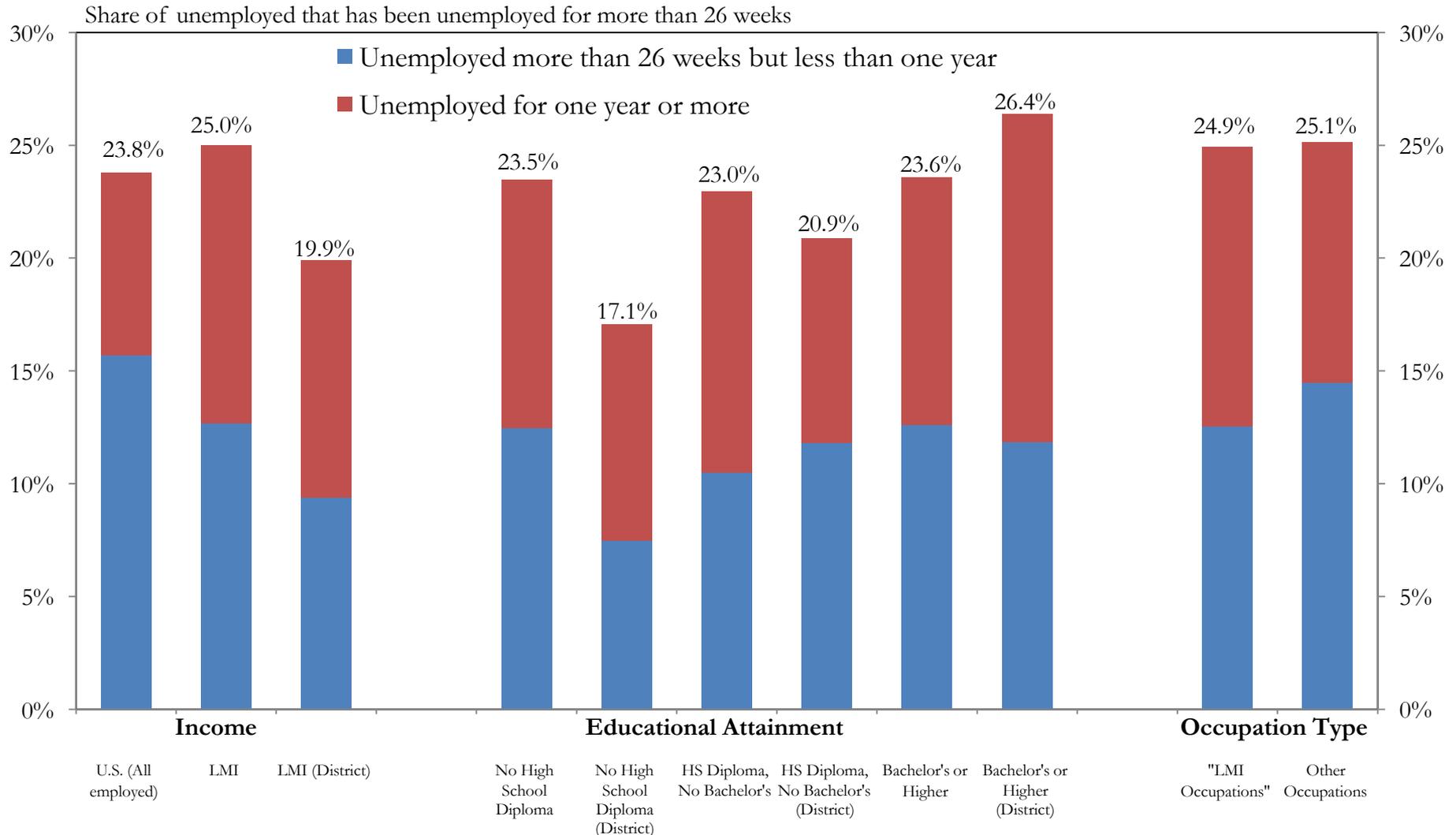
Other Issues Highlighted by LMI Survey Reports

- 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

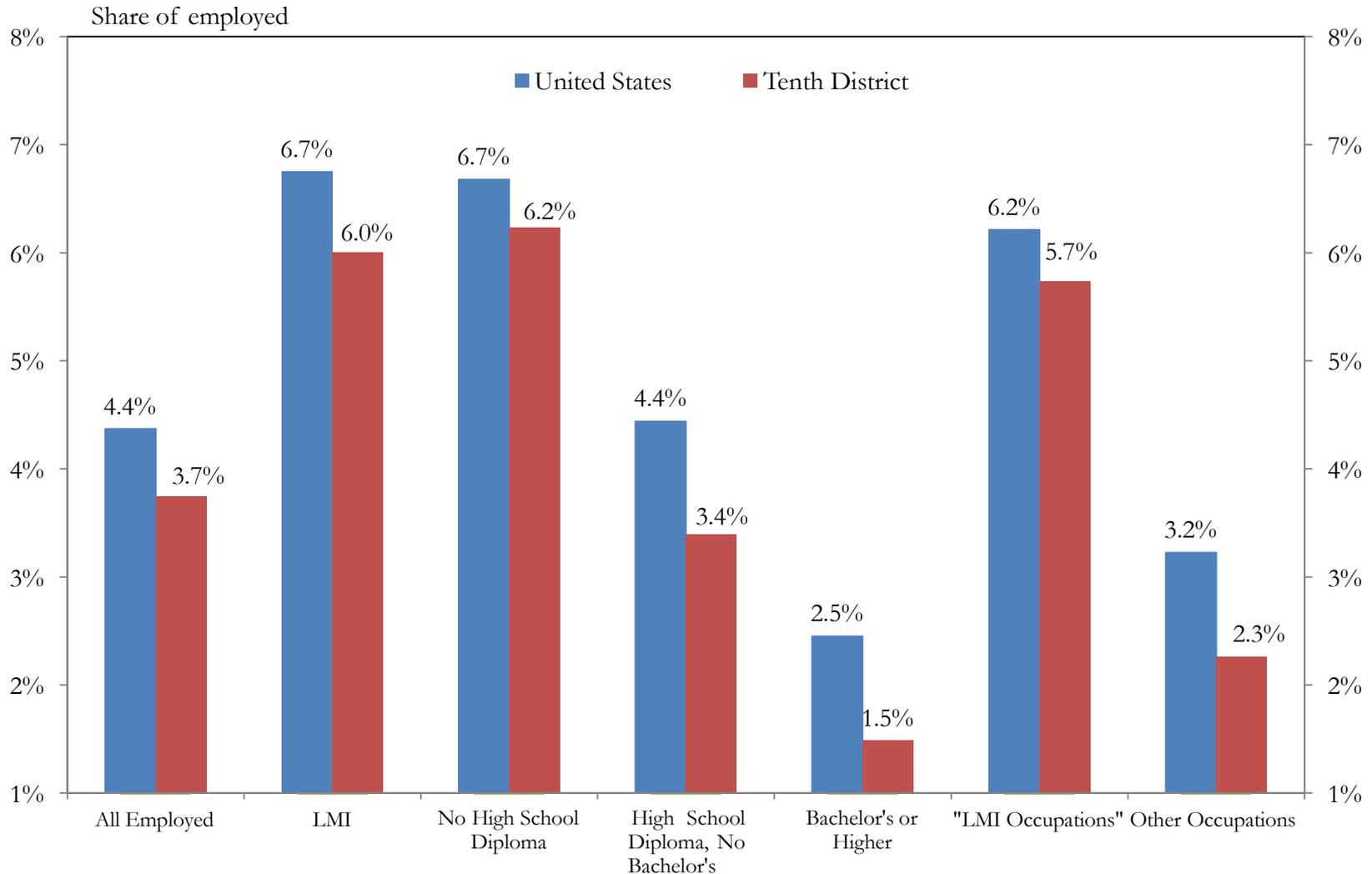
- A number of labor market issues continue to challenge LMI workers
 - Education, training, and experience needed to advance
 - Childcare
 - Transportation
 - Frequent change in residency

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.



Source: Federal Reserve Bank of Kansas City, "Tenth District LMI Economic Conditions," August, 2015

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



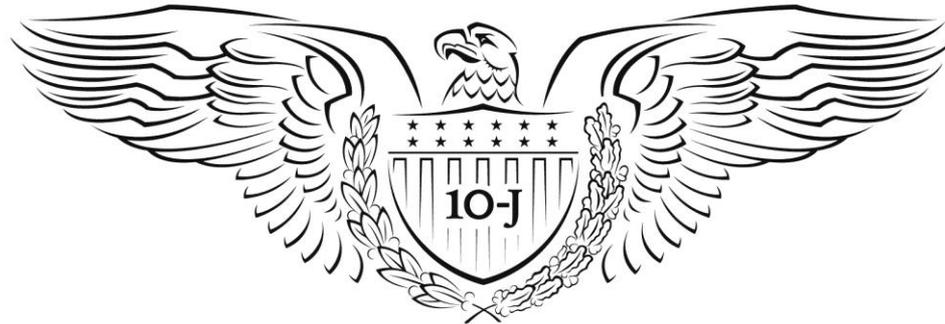
Source: Federal Reserve Bank of Kansas City, "Tenth District LMI Economic Conditions," August, 2015



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