The State of Working Kentucky 2019

Jason Bailey
September 10, 2019
Recovery Continuing, But Not Yet Complete

Kentucky Still Lacks 20,100 Jobs Compared to 2007


Kentucky Center for Economic Policy | kypolicy.org
This Recovery Especially Based in Metro Areas

After Growing Together in the 1990s, Job Growth Has Taken Off in Metro Kentucky Since 2010 and Stagnated in Non-Metro Kentucky

Cumulative percent change in total employment since 1990

Source: Economic Policy Institute analysis of Quarterly Census of Employment & Wages data.

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This Recovery Especially Based in Metro Areas

Change in Employment Over Last Ten Years

Percent change in number of people employed, June 2009-June 2019

- EKCEP: -24%
- TENCO: -13%
- Cumberlands: -8%
- West Kentucky: -6%
- Green River: -3%
- Lincoln Trail: 2%
- South Central: 7%
- Northern Kentucky: 9%
- Bluegrass: 11%
- United States: 12%
- Kentuckiana Works: 14%

This Recovery Especially Based in Metro Areas

Employment Still Down In Many Rural Counties

Source: KCEP analysis of LAUS data.
Manufacturing Jobs Growing But Haven’t Recovered

Thousands of Kentucky Manufacturing Jobs


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Passage of Right to Work Didn’t Spur Manufacturing Job Growth

Manufacturing Job Growth Faster Before Right to Work

Percent job growth

30 Months Before: 6.2%
30 Months Since: 4.1%

Passage of Right to Work Didn’t Spur Total Job Growth

Total Job Growth Faster Before Right to Work

Percent job growth

30 Months Before: 3.1%
30 Months Since: 2.2%

What Industries Are Adding Jobs?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehousing and Storage</td>
<td>30.3</td>
<td>14.1</td>
<td>87%</td>
</tr>
<tr>
<td>Motor vehicle manufacturing</td>
<td>22.1</td>
<td>9.8</td>
<td>80%</td>
</tr>
<tr>
<td>Motor vehicle parts manufacturing</td>
<td>36.8</td>
<td>13.3</td>
<td>57%</td>
</tr>
<tr>
<td>Social assistance</td>
<td>38.7</td>
<td>8.9</td>
<td>30%</td>
</tr>
<tr>
<td>Services to buildings and dwellings</td>
<td>26.8</td>
<td>6.1</td>
<td>29%</td>
</tr>
</tbody>
</table>

## Weakest Sectors Since 2010

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment June 2018</th>
<th>Employment Change Since June 2010</th>
<th>Percent Employment Change Since June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal mining</td>
<td>5.9</td>
<td>-10.1</td>
<td>-63%</td>
</tr>
<tr>
<td>Federal government</td>
<td>36.2</td>
<td>-9.2</td>
<td>-20%</td>
</tr>
<tr>
<td>Heavy and civil engineering production</td>
<td>11.6</td>
<td>-1.4</td>
<td>-11%</td>
</tr>
<tr>
<td>Information</td>
<td>22.7</td>
<td>-2.1</td>
<td>-8%</td>
</tr>
<tr>
<td>Educational services</td>
<td>27.1</td>
<td>-2.5</td>
<td>-8%</td>
</tr>
</tbody>
</table>

Construction Employment in Kentucky Is Still Down

Total Construction Employment
In thousands

Sample of Recent Closing and Layoffs

- Toyota engineering/manufacturing in Boone (648 jobs)
- Trane in Lexington (600)
- Delta airlines at NKY (305)
- American Greetings in Bardstown (275)
- Ledvance in Versailles (260)
- AK Steel in Boyd (260)
- Dana in Barren (191)
State & Local Government Has Been Cutting Jobs

State and Local Government Employment in Kentucky

Thousands of jobs

Jobs needed to keep up with population growth

Actual jobs

## Jobs Men More Likely to Do Have Declined

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent Male</th>
<th>Change in employment 2000-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal Mining</td>
<td>95.3%</td>
<td>-48.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>92.5%</td>
<td>-10.8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>70.2%</td>
<td>-18.8%</td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>52.8%</td>
<td><strong>6.3%</strong></td>
</tr>
</tbody>
</table>


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Kentucky Center for Economic Policy | kypolicy.org
Where People Work in Urban and Rural Kentucky

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share of metro employment</th>
<th>Industry</th>
<th>Share of non-metro employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eating and drinking places</td>
<td>6.8%</td>
<td>Elementary and secondary schools</td>
<td>7.0%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>5.5%</td>
<td>All construction</td>
<td>6.5%</td>
</tr>
<tr>
<td>Elementary and secondary schools</td>
<td>5.4%</td>
<td>Eating and drinking places</td>
<td>5.7%</td>
</tr>
<tr>
<td>Motor vehicles and motor vehicle equipment</td>
<td>3.7%</td>
<td>Hospitals</td>
<td>5.3%</td>
</tr>
<tr>
<td>Colleges and universities</td>
<td>3.2%</td>
<td>Motor vehicles and motor vehicle equipment</td>
<td>3.7%</td>
</tr>
<tr>
<td>Trucking service</td>
<td>3.1%</td>
<td>Colleges and universities</td>
<td>2.9%</td>
</tr>
<tr>
<td>Insurance</td>
<td>2.5%</td>
<td>Health services, not elsewhere classified</td>
<td>2.5%</td>
</tr>
<tr>
<td>Health services, not elsewhere classified</td>
<td>2.4%</td>
<td>Justice, public order, and safety</td>
<td>2.4%</td>
</tr>
<tr>
<td>Grocery stores</td>
<td>1.9%</td>
<td>Trucking service</td>
<td>2.3%</td>
</tr>
<tr>
<td>Justice, public order, and safety</td>
<td>1.8%</td>
<td>Department stores</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Employment Levels Improved, But Could Be Better

Prime-age Kentucky Employment Has Only Just Caught Up After the Great Recession

Kentucky prime-age (25-54) employment to population ratio 2000-2018

### Retirement-Age Kentuckians Make Up Growing Share of the Population

<table>
<thead>
<tr>
<th>Noninstitutionalized Kentucky population</th>
<th>2006</th>
<th>2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentuckians age 16-59</td>
<td>2,560,502</td>
<td>2,525,689</td>
<td>-34,813</td>
</tr>
<tr>
<td>Kentuckians age 60 and above</td>
<td>711,573</td>
<td>900,459</td>
<td>188,886</td>
</tr>
<tr>
<td>Percent of Kentuckians over 16 who are age 60 and above</td>
<td>21.7%</td>
<td>25.8%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Source: KCEP analysis of 2006 and 2017 ACS 1 year estimates in Kentucky.
More Older Workers Are Still Hanging On to Jobs

![Employment to Population Ratio]


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Labor Force Participation Is an Issue of Lack of Jobs in Rural Kentucky

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**Kentucky’s Prime-Age Labor Force Participation Rate Is Near the National Average in Metro Kentucky, Far Below Average in Rural Kentucky**

<table>
<thead>
<tr>
<th></th>
<th>Kentucky</th>
<th>United States</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>80.8%</td>
<td>81.7%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Non-metro</td>
<td>70.6%</td>
<td>76.6%</td>
<td>-6.0%</td>
</tr>
</tbody>
</table>

Wages Remain Flat

Median Wage in Kentucky Has Not Gone Up

Hourly real median wages

Gains of Productivity Not Shared With Workforce

Growth of real hourly median compensation for production/nonsupervisory workers and productivity, 1979-2015

Where Has Income Growth Been Going in Kentucky?

1945-1973
- Top 1%: 7.2%
- Bottom 99%: 93%

1973-2015
- Top 1%: 46%
- Bottom 99%: 54%

Source: KCEP analysis of Kentucky data.
Return to Pre-Great Depression Level of Inequality

The Share of All Income in Kentucky Held by Top 1 Percent

Inequities Persist Based on Race and Gender

Barriers Hold Back Wages for African American Kentuckians

Median hourly wages in Kentucky for 2018

$17.79

$14.56

White

African American


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Inequities Persist Based on Race and Gender

Median Real Wage by Gender in Kentucky

What Are Kentuckians Making at the Bottom?


10th Percentile: $9.88
20th Percentile: $11.14
30th Percentile: $13.09
1 in 4 Kentucky Workers Makes Below Poverty for Family of Four

Share of Kentucky Workers Making Below Poverty Line

Source: Kentucky Center for Economic Policy | kypolicy.org
Wages for Many Not Enough for Basic Family Budget

Wages Compared to Basic Family Budget in Owensboro

Union Workers Make 20% More in Kentucky

Median Wages by Union Status in Kentucky

Union Membership Flat to Declining

Share of Kentucky Workers Who Are Union Members


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Minimum Wage Hasn’t Kept Up

After the longest period in history without an increase, the federal minimum wage today is worth 17% less than 10 years ago—and 31% less than in 1968.

Real value of the minimum wage (adjusted for inflation)

1968
Peak value of minimum wage
$10.54
$21,923/yr

2009
Last minimum wage increase
$8.70
$18,096/yr

Today
2019
$7.25
$15,080/yr

17% less than in 2009
$3,016 in annual earnings lost
31% less than in 1968
$6,843 in annual earnings lost

All values are in June 2019 dollars, adjusted using the CPI-U-RS.
Source: Fair Labor Standards Act and amendments

Economic Policy Institute
Fewer Kentucky Workers Getting Health Insurance Through Work

Share of Private Sector Kentucky Workers with Employer-Provided Health Insurance


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Fewer Kentucky Workers Getting Retirement Benefits Through Work

Share of Private Sector Kentucky Workers with Employer-Provided Retirement Plan

### Other Recent Policies & Issues Affecting Job Quality

<table>
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<tr>
<th>State</th>
<th>Federal</th>
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</thead>
<tbody>
<tr>
<td>• Repeal of prevailing wage</td>
<td>• Lack of investment in infrastructure</td>
</tr>
<tr>
<td>• Misclassification as independent contractors, wage theft</td>
<td>• Labor/collective bargaining enforcement</td>
</tr>
<tr>
<td>• Limits in access to workers compensation</td>
<td>• Lack of immigration reform</td>
</tr>
<tr>
<td>• Prohibiting workers from taking franchisors to court for wage and hour violations</td>
<td>• Decreased antitrust enforcement, growing market concentration</td>
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<td></td>
<td>• Abandoned overtime rule change</td>
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<td></td>
<td>• Trade policies &amp; trade deficit</td>
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</table>
What’s in the Near Future?

<table>
<thead>
<tr>
<th>Challenges</th>
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<tbody>
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<td>• Are we headed to recession or slowdown?</td>
</tr>
<tr>
<td>• How will trade tensions be resolved?</td>
</tr>
<tr>
<td>• How will federal fiscal policy and the Fed respond if there is a recession or slowdown?</td>
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<tr>
<td>• How will ongoing state budget problems affect the economy?</td>
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