

The State of Working Kentucky

Recent economic trends that have emboldened the labor movement in the commonwealth



Dustin Pugel , Policy Director | Kentucky Center for Economic Policy

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The COVID jobs hole was very deep.

The bounce back was steep.

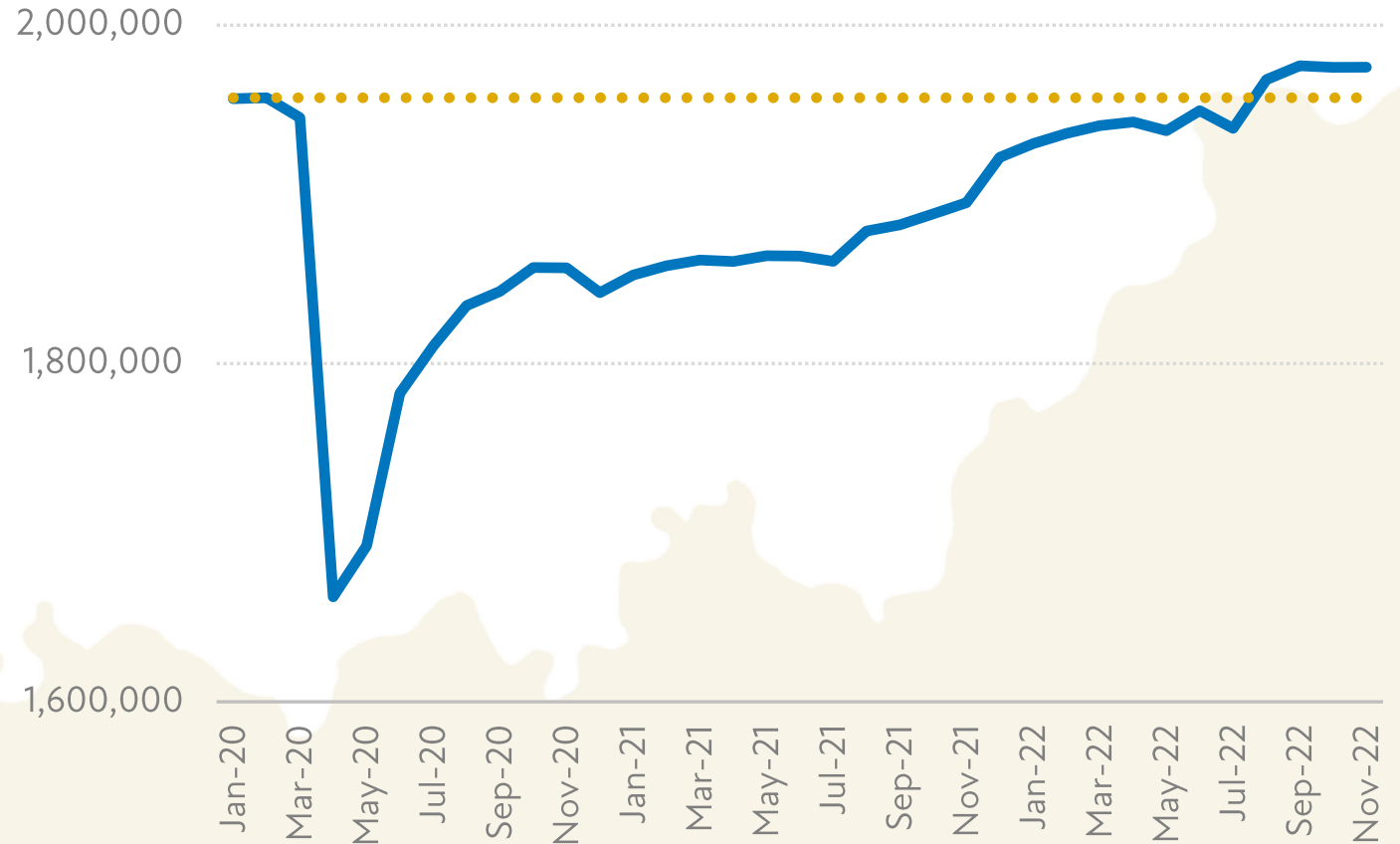
We lost a lot of jobs in the early days of the pandemic.

- Staying home
- Lower demand
- Waiting on a vaccine
- Difficulty finding child care/kids learning from home



The COVID Economy in Kentucky

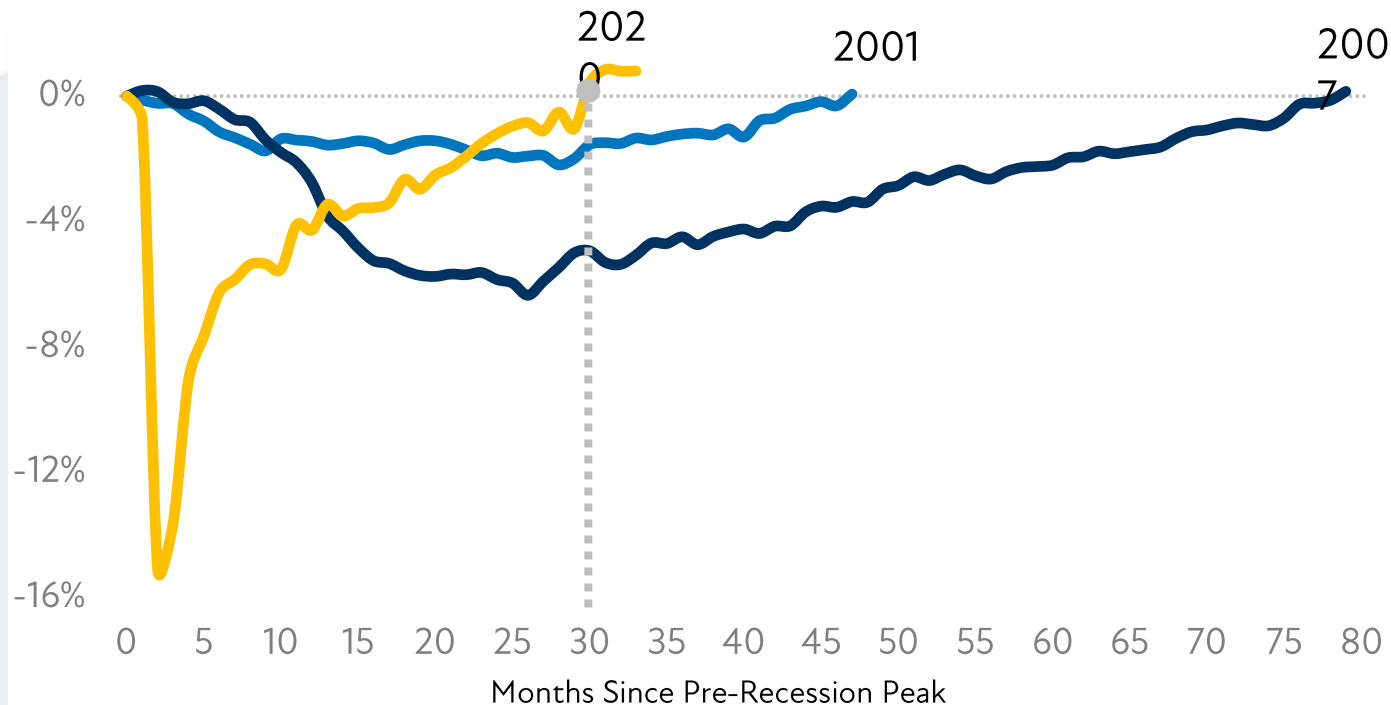
Total non-farm jobs in Kentucky by month from Jan 2020 - November 2022



Source: Bureau of Labor Statistics Current Employment Statistics Survey.

COVID Downturn Fell Deeper Than Past Recessions, Recovering Faster

Seasonally-adjusted employment in Kentucky as a percent of pre-recession peak



Source: KyPolicy analysis of Current Employment Statistics data.

Note: First month corresponds to the national business cycle pre-recession peak as identified by the National Bureau of Economic Research, being July 1981, July 1990, March 2001, December 2007 and February 2020 respectively.

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A Roaring Recovery

Despite the rhetoric, the labor force returned to pre-pandemic levels very quickly

- Most rapid job growth in a recovery
- Kentucky has recovered >300,000 jobs since April 2020
- We're now 0.3% **above** February 2020

Months to recover from Great Recession: **77**

Months to recover from COVID downturn: **30**



Joblessness is far below pre-pandemic levels

Unemployment insurance claims in Kentucky:

Continued Claims as of February 29, 2020

23,733

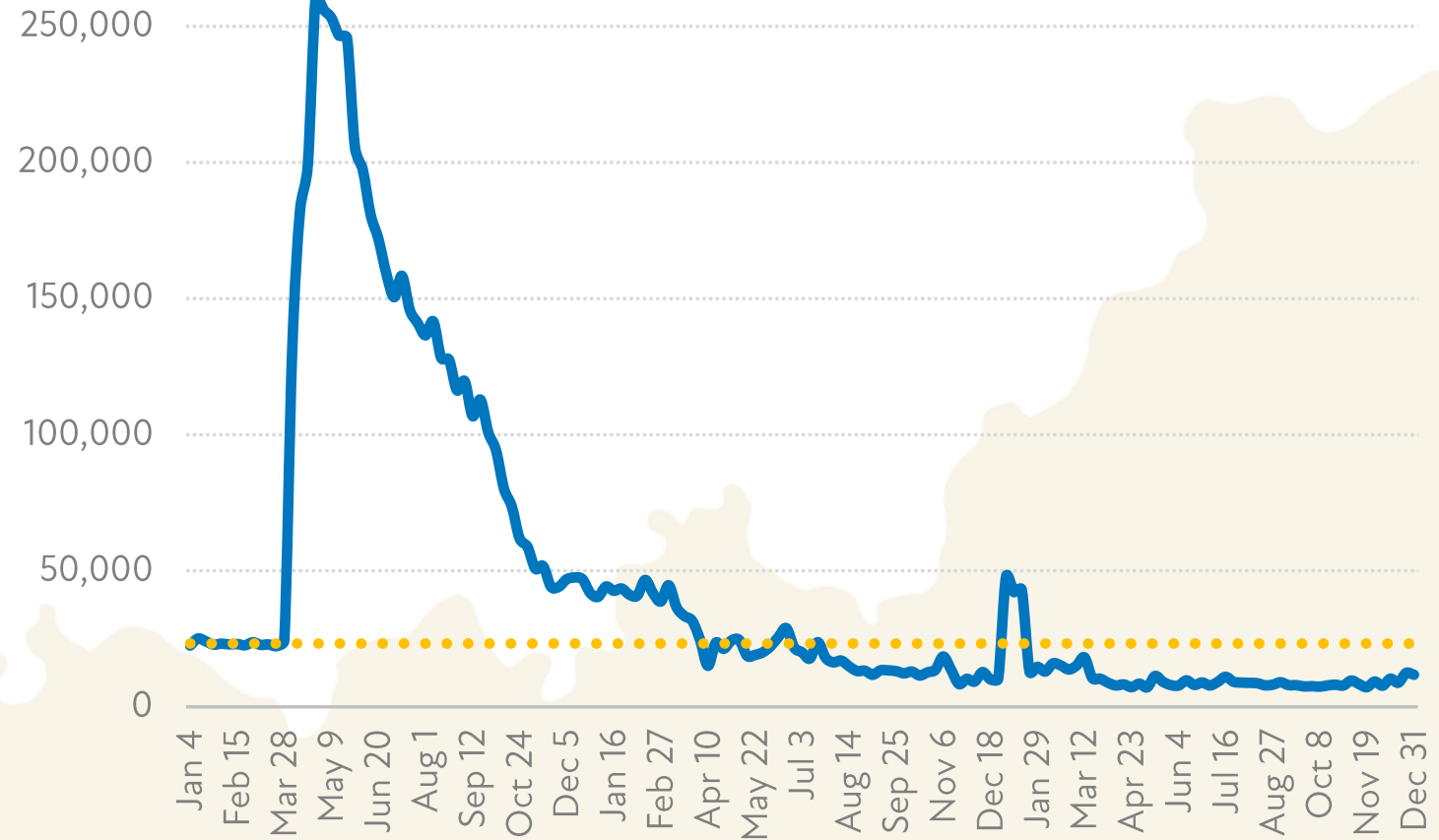
Continued Claims as of December 31, 2022

11,804



Unemployment Insurance Claims Are Really Low Right Now

Continued unemployment insurance claims in Kentucky from Jan. 2, 2020 - Dec. 24, 2022



Source: Bureau of Labor Statistics.

The Jobs Market Has Tightened

Ratio of the number of Kentuckians looking for a job to job openings January 2012 - October 2022



Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey.

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Workers Have Options!

**Tightness =
Openings/Unemployed workers**

Right now there are 2 openings for every 1 unemployed worker

This is what is providing the opportunity for many unionization efforts

This could change quickly, and isn't the case everywhere or for everyone...



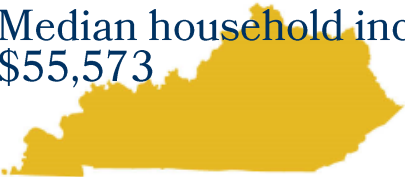
Wages Have Risen for Most

The middle class is earning more

- 20th-70th percentile of earners saw real wage gains (above inflation)
- Those at the very bottom have fallen victim to inflation
- Higher earners have not seen wage growth

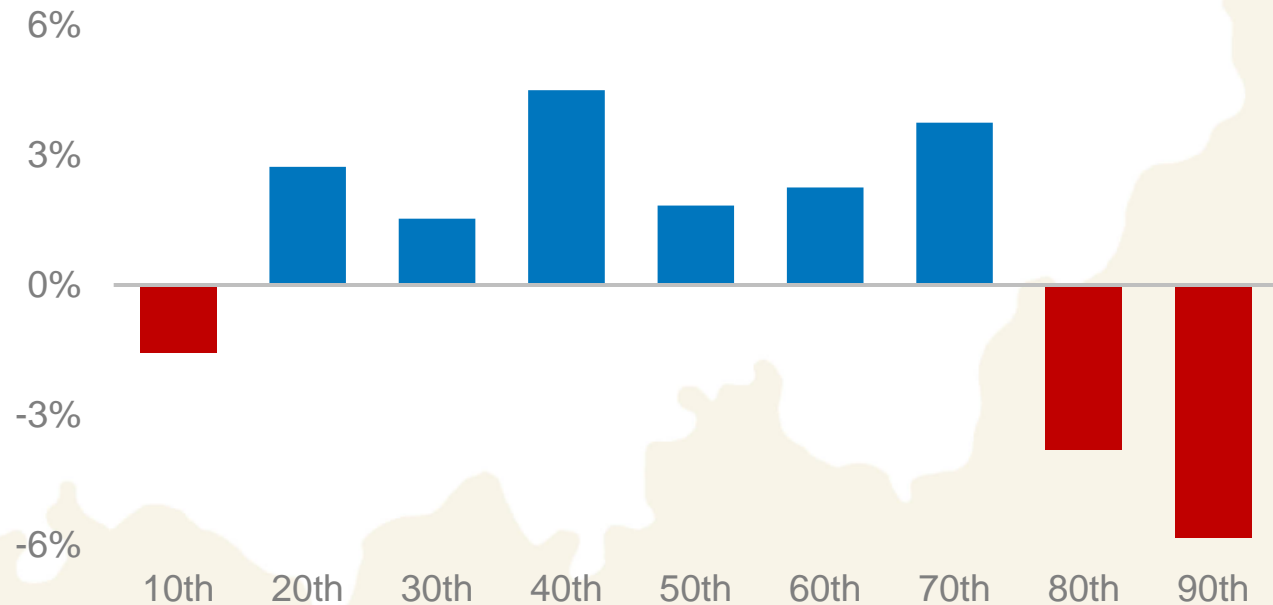
But... wages were not great to begin with:

- Median wage for Kentuckians with earnings was \$34,928 in 2021
- Median household income was \$55,573



Most Working Kentuckians Have Seen Their Hourly Earnings Rise

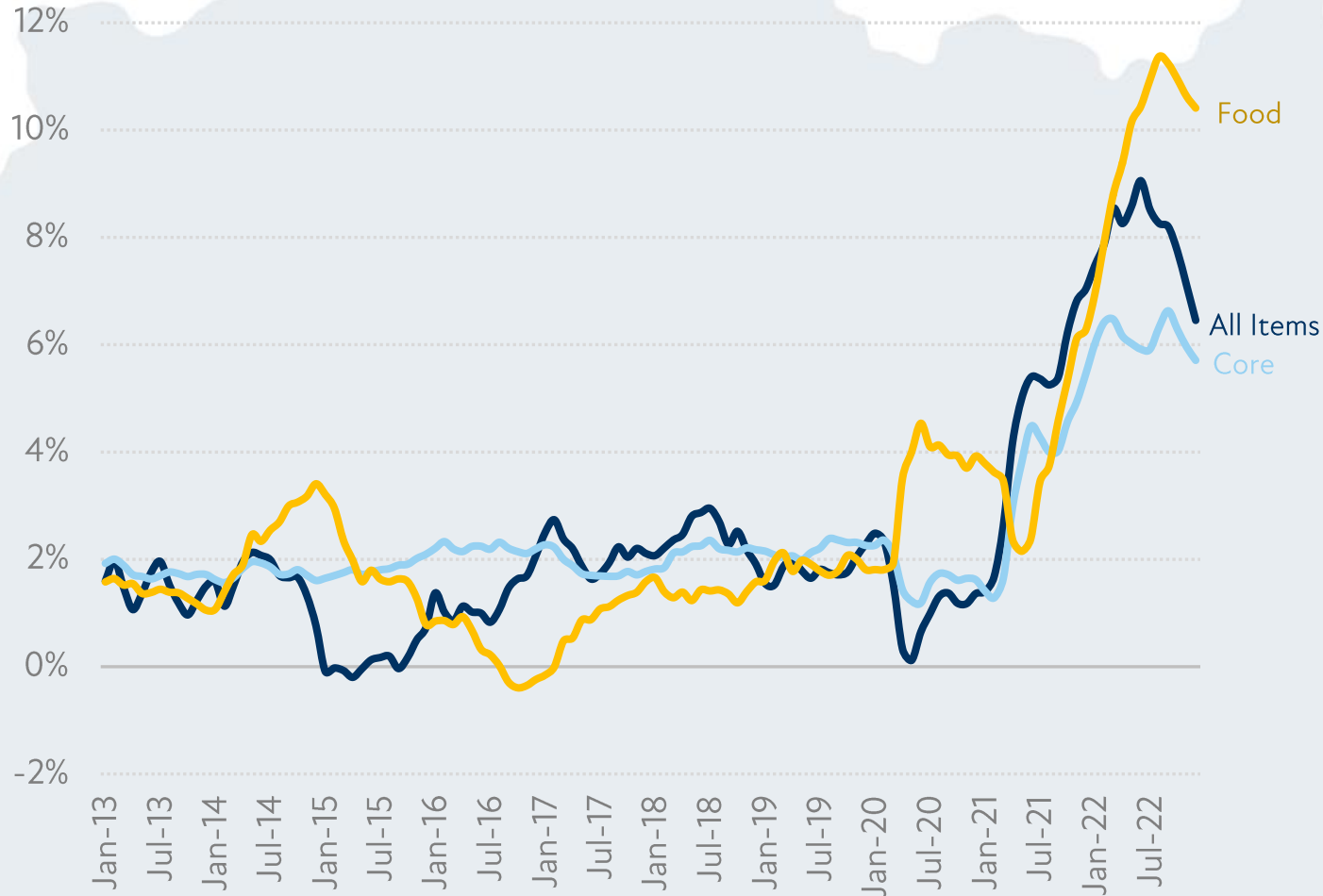
Percent change in inflation-adjusted hourly wages between 2019 and 2021 in Kentucky by decile



Source: Economic Policy Institute analysis of Current Population Survey data.

Things Are More Expensive, Especially Food

Year-over-year percent change in the Consumer Price Index for All Urban Consumers (CPI-U) January 2013 - December 2022



Source: Not seasonally adjusted CPI-U from the Bureau of Labor Statistics.

Consumer Prices Are Still Rising

Its complicated

Supply dropped right as demand rose:
COVID-19 slowed production and transportation
(closed plants and ports)

We started buying fewer services and more goods
(cancelled gym memberships, and bought Peletons)

Russia/Ukraine War is making food/energy more expensive

Disruptions/reductions in Russian oil and natural
gas raising prices for everyone

Ukraine and Russia are in the top-5 wheat
producers of the world. Russia is the top producer
of fertilizer.

No wage-price spiral!



Things Were Already Expensive

Raising kids costs a lot

Making ends meet:

Pre-tax income needed for a single working adult with no kids is \$32,147 - it goes up from there.

A two-working-parent household with two kids needs \$91,250 to get by.

Raising a family isn't cheap:

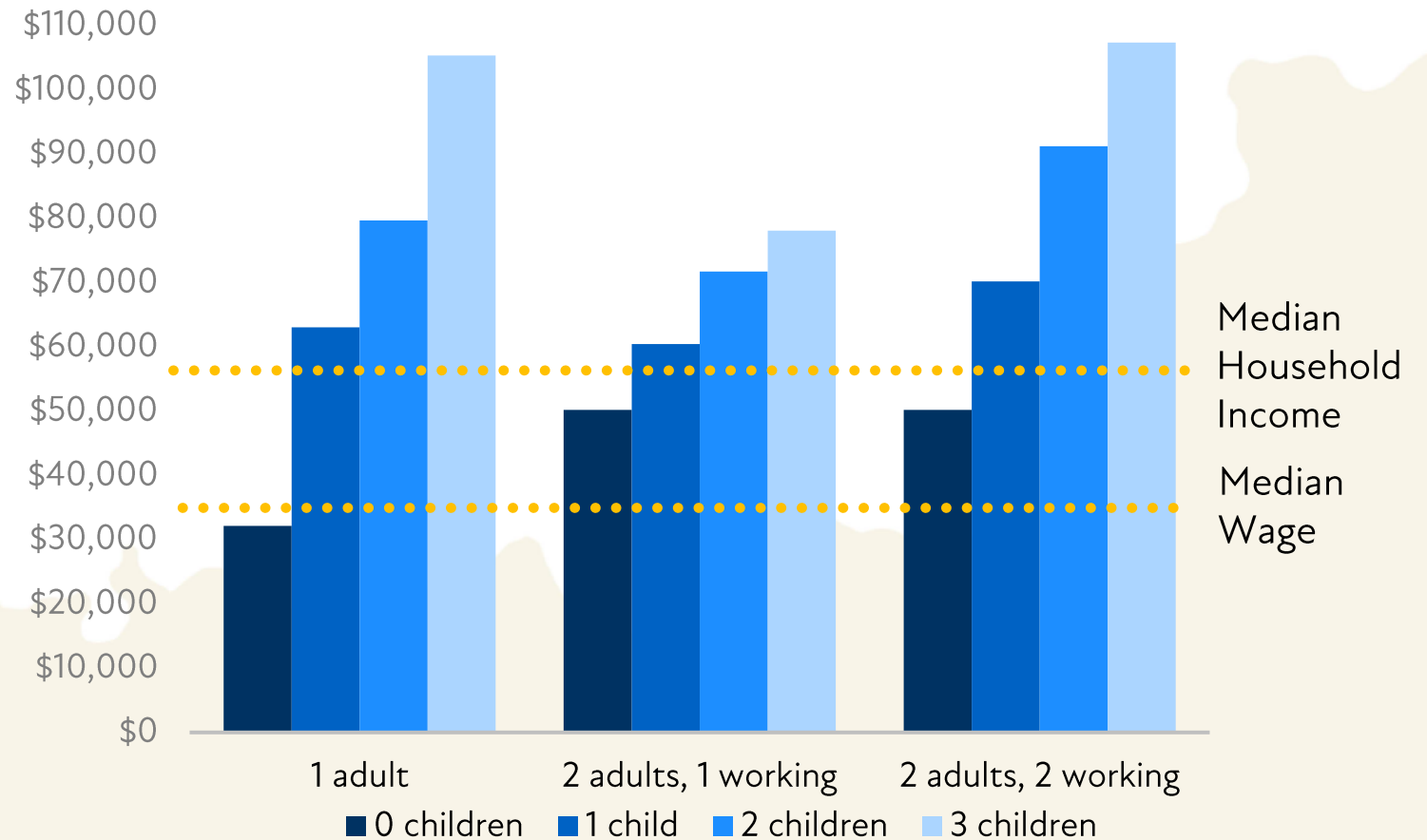
Housing is a major expense, more kids means needing more space.

Child care is often as expensive as housing.

More children means feeding more people.

Living Expenses Are Higher than Wages for Most Families

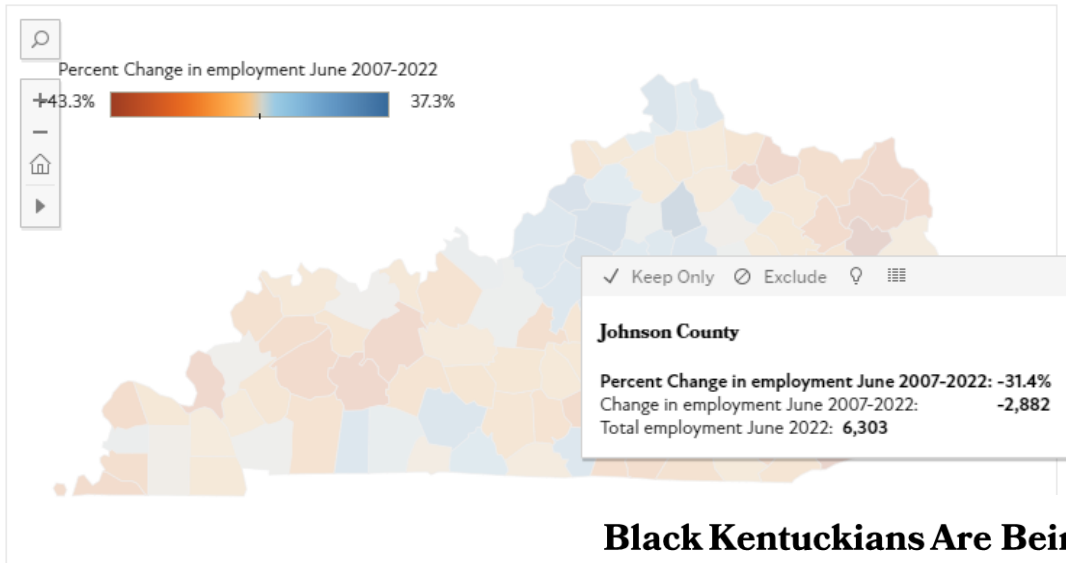
Estimated typical expenses to meet the basic needs of various household sizes in Kentucky



Source: MIT Living Wage Calculator for Kentucky.

Rural Kentucky Never Recovered from the Last Recession

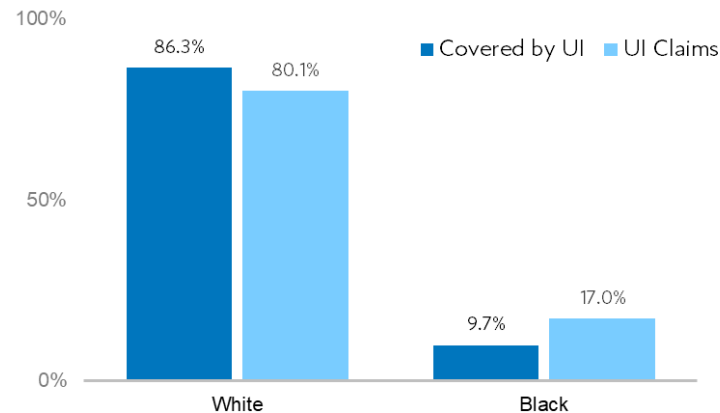
Percent change in employment by county between June 2007 and June 2022



Source: KyPolicy analysis of Local Area Unemployment Statistics.

Black Kentuckians Are Being Laid Off At a Disproportionately High Rate

Percent of the Kentucky workforce in a job potentially eligible for unemployment benefits (covered) compared to the percent of the Kentucky workforce who receive unemployment insurance benefits who are white and Black during the 4th quarter of 2021



Source: Data from the QWI Explorer and the U.S. Department of Labor.

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Not All Workers Are Recovering At the Same Pace

Historic and structural disparities still persist

Kentucky employment since 2007:

- Urban counties: **+9.9%**
- Rural counties: **-9.8%**

Men recovered in Q4 2021, but women still lagged as recently as Q1 2022

Black Kentuckians laid off at a higher rate than white Kentuckians

The private sector returned to pre-pandemic levels in June 2022, the Public Sector still hasn't.



Kentucky's Public Divestment

Less revenue means lower investment in critical public services, and the public workforce.

Since 2008, Kentucky has been cutting its budget, mostly inflation-adjusted, but often outright.

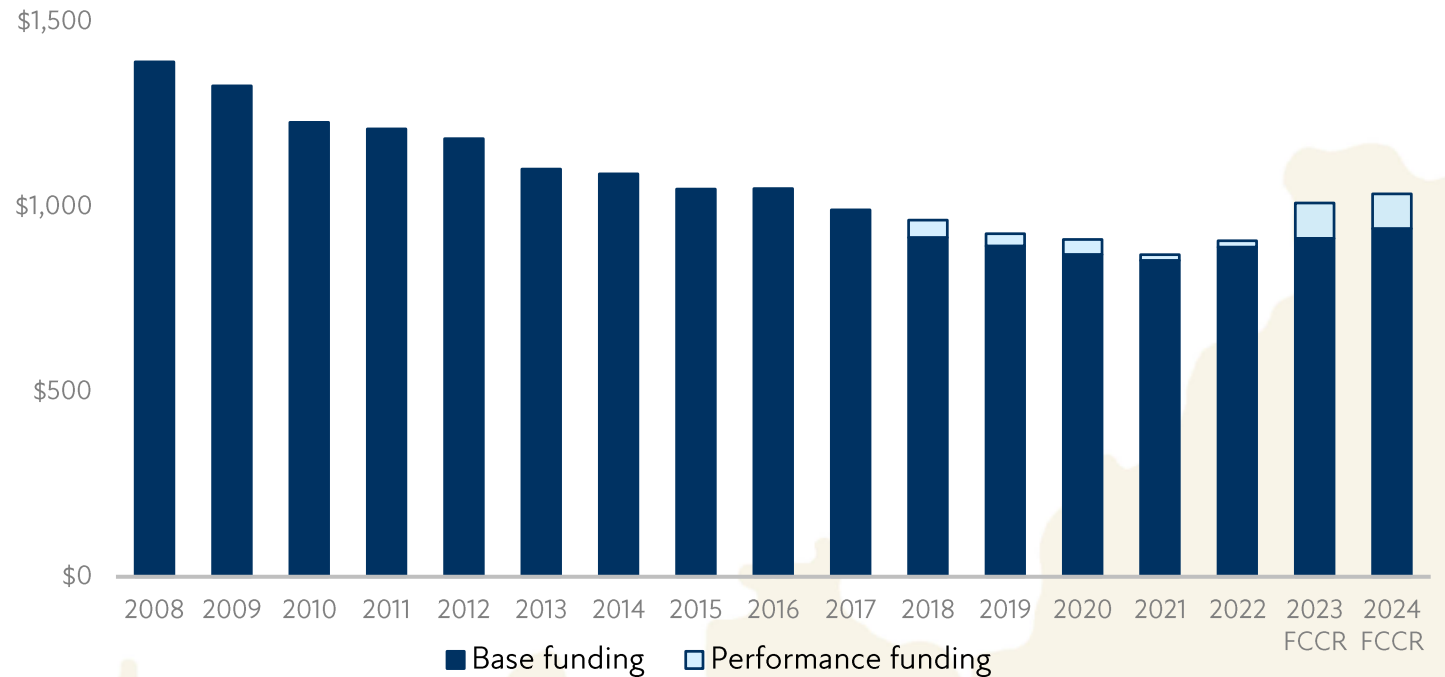
Public sector job quality has tanked:

- Wages have fallen >4% since 2008 (nearly 8,000 still earn under \$15/hr)
- Benefits have been cut (no more defined benefit pension)
- Workload is extreme (Over 7,000 unfilled positions)



State Higher Education Funding: 13 Years of Cuts

Postsecondary education institutions funding in 2022 dollars (millions)



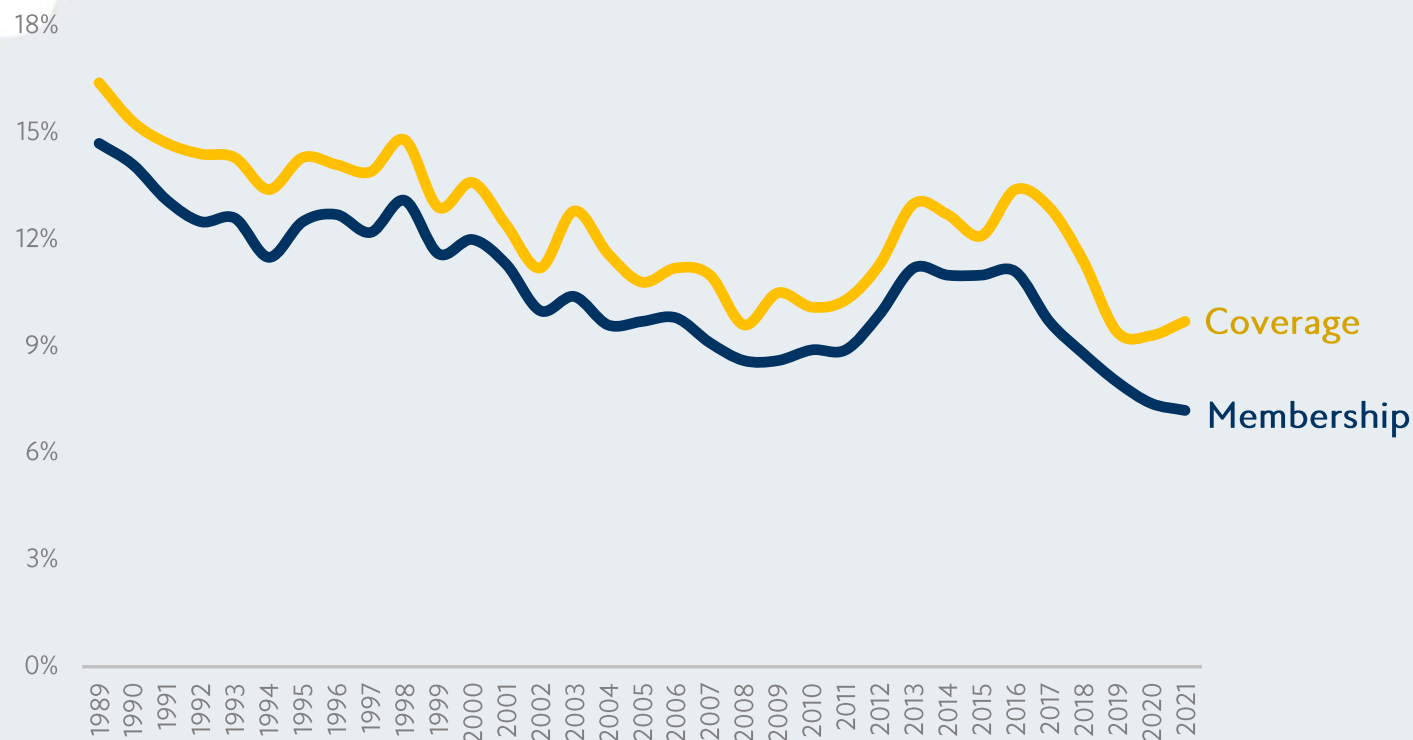
Source: KyPolicy analysis of OSBD data and FCCR.

Note: In 2021, \$20 million of General Fund monies were supplanted by Coronavirus Relief Funds. 2008-2019 numbers are Actual. 2020-2022 are Revised. Performance funding numbers through 2022 are as Enacted.

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Union Membership in Kentucky Has Been Shrinking As a Share of the Labor Force

Percent of Kentucky's workers who are members of a union from 1989-2021



Source: Economic Policy Institute analysis of data from the Bureau of Labor Statistics.

Reversing a Longer-term trend?

Workers are facing headwinds from employers and state government

So-called “right to work” laws, corporate union-busting and worker misclassification have all diluted worker power.

While membership had been falling, union coverage has risen slightly in recent years – more free-riders!

2022 likely saw the membership trend tip-up and reach new industries (warehousing, baristas, tech industry, etc)





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