

The State of Working Arkansas 2011

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April 2011

The Arkansas economy continues to strain under the recession that has swept the nation. The Great Recession's toll on Arkansas workers has been particularly heavy for those who started behind during better times, including minority and low-income families. For them, jobs are still scarce, wages are low, the cost of living is rising and vital programs on which they rely to get by are stretched thin.

Despite an Arkansas unemployment rate that has been below the national average throughout the recession, the demand for public support systems such as unemployment benefits and food and child care assistance have skyrocketed.

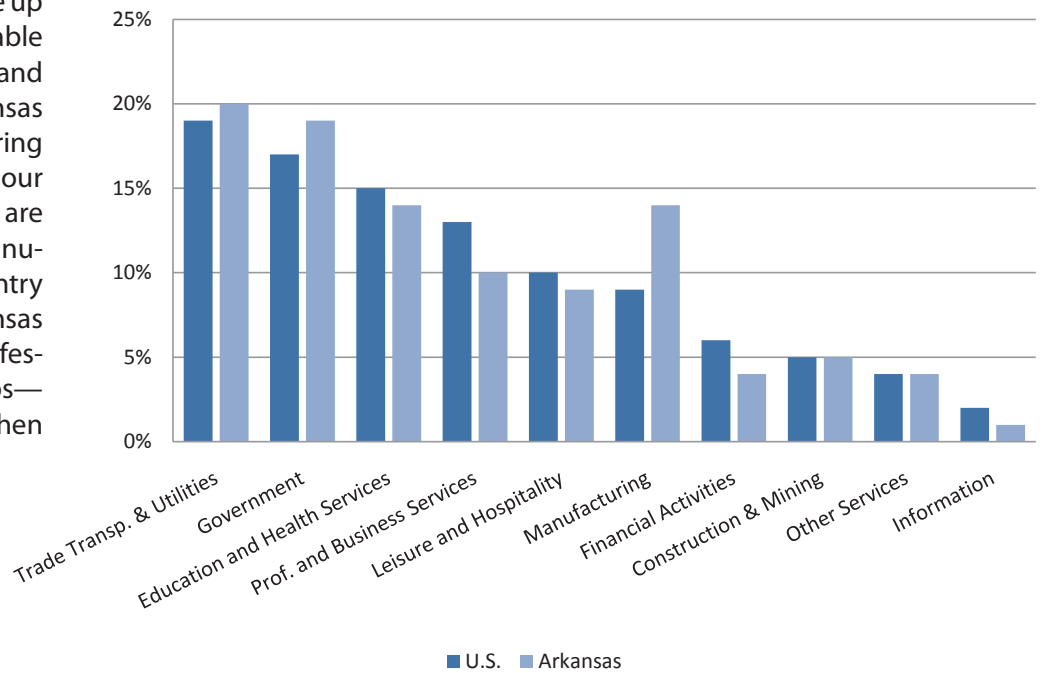
This is the fifth edition of Arkansas Advocates for Children and Families' The State of Working Arkansas. In 2000, 2002, 2005 and 2008 we identified major issues that need to be addressed in order to move families forward. This 2011 report highlights issues that continue to hurt the Arkansas economic recovery and the ability of working families to stay afloat or improve their economic situation.

Unless otherwise noted, we've used the most recent data available from the Current Population Survey (CPS), a national survey of households conducted by the U.S. Census Bureau for the Bureau of Labor Statistics. Most data is available through 2009. CPS data was compiled by the Economic Policy Institute (EPI), a non-profit economic research organization based in Washington, D.C. For the past two decades, EPI has produced its own State of Working America report every two years. We gratefully acknowledge their support in making this data available.

Arkansas' Economy Differs from Our Neighbors

Both Arkansas and the U.S. depend on a variety of industries to make up our economy. But we have notable differences between the nation and our neighboring states. Arkansas depends more on manufacturing jobs than many other states in our region. Even though these jobs are normally higher-paying, the manufacturing sector across the country has been suffering. Also, Arkansas has the lowest percent of professional and business services jobs—second only to Mississippi—when compared to our neighbors.

1: Composition of Non-Farm Employment in Arkansas vs. U.S., 2009

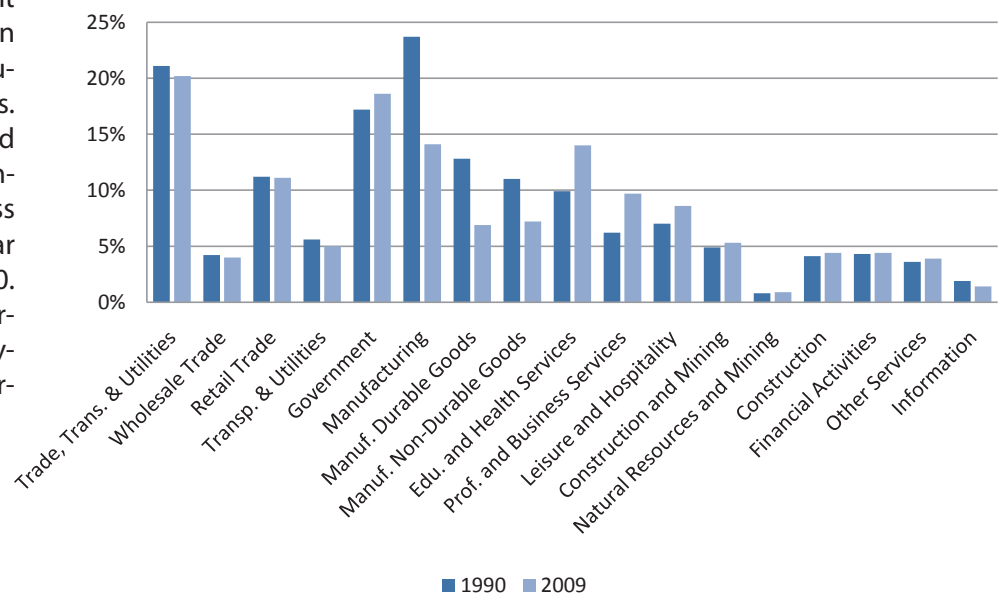


Source: Economic Policy Institute (EPI) analysis of Current Employment Statistics data.

Professional Sector Rises

Non-Farm jobs have increased in Arkansas by more than 25 percent since 1990. However, we have seen losses in jobs in both the manufacturing and information sectors. Even though Arkansas lags behind our neighboring states in the number of professional and business services jobs, we have seen a near doubling of these jobs since 1990. These jobs make up about 18 percent of Arkansas' non-farm employment. That's a little below the average for neighboring states.

2: Total Non-Farm Employment by Sector in Arkansas, 1990-2009 (in Thousands)

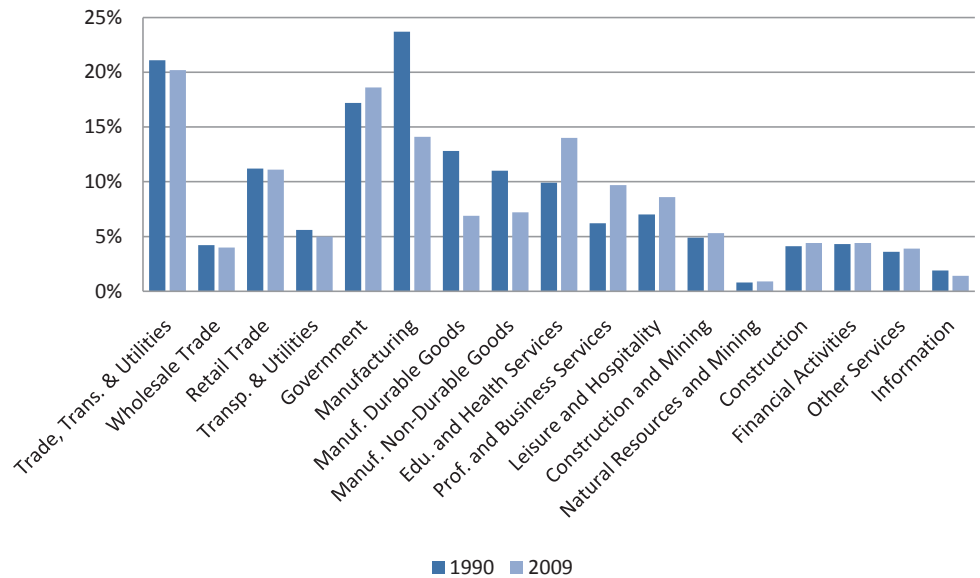


Source: AACF calculations using EPI analysis of Current Employment Statistics data.

Manufacturing Continues to Decline

Arkansas jobs in the professional and business services sector have seen more growth than other sectors since 1990. Education and health services jobs come in second. Leisure and hospitality jobs have seen a marked increase in Arkansas but still fall behind our six neighboring states. The increase of the professional and business service sector as well as education and health services sector means that more higher paying jobs are available to Arkansans. However, it also means that to qualify for these jobs, workers need more education than for other sectors.

3: Change in Arkansas Employment in Selected Sectors, 1990-2009

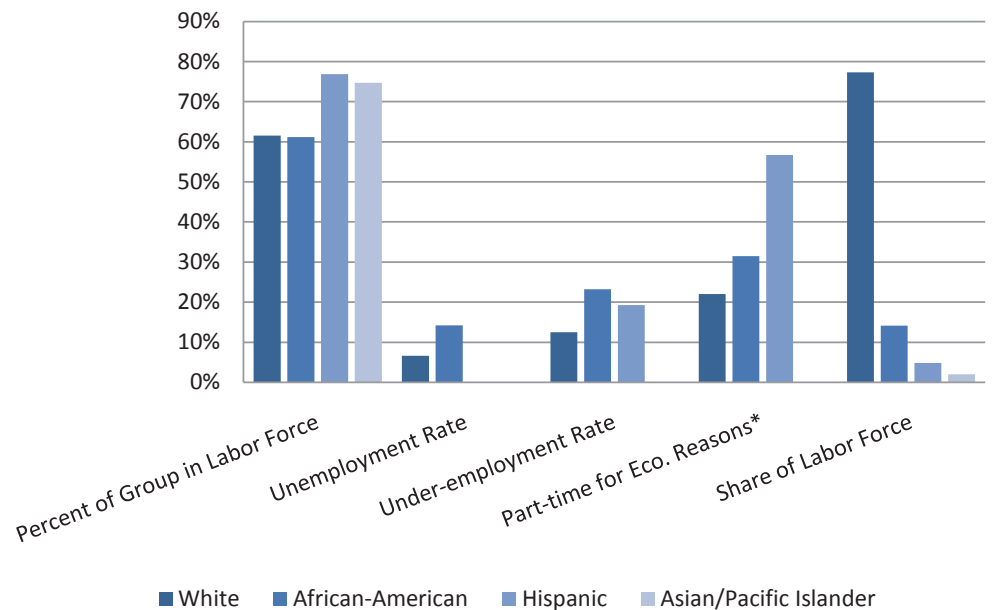


Source: EPI analysis of Current Employment Statistics data.

The Arkansas Workforce is Changing

Hispanic workers comprised 4.8 percent of the workforce in 2009, increasing from 1.1 percent of the workforce in 1995. They are also far more likely than African-American and White workers to hold part-time jobs even though they are looking for full-time jobs.

4: Characteristics of Arkansas' Workforce, 2009, By Race and Ethnicity

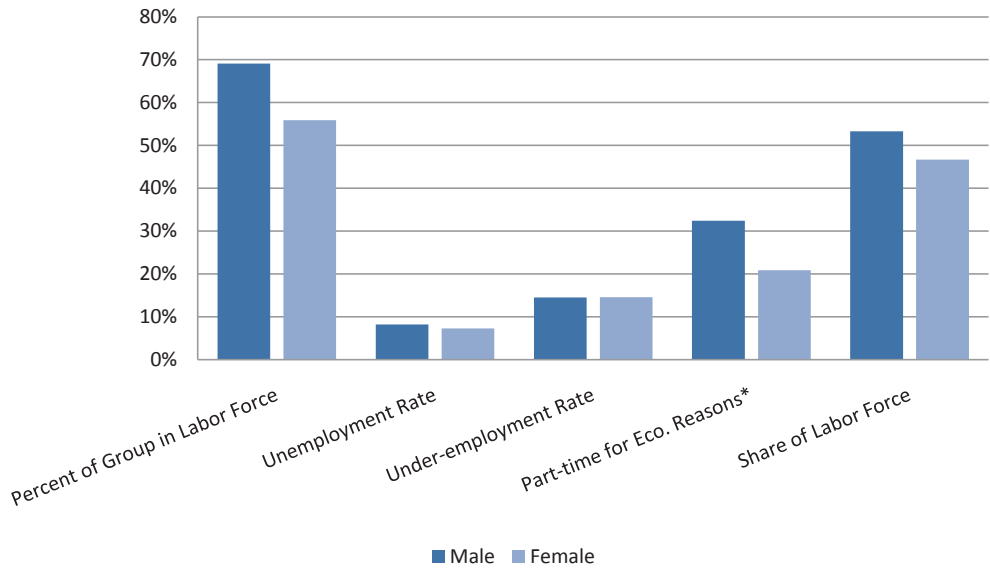


Source: EPI analysis of Current Population Survey data.
*The percentage of part-time workers who could not find full-time employment but were still actively seeking it.

The percentage of men in the workforce who have to settle for a part-time job has doubled, with 32.4 percent in 2009 taking part-time jobs for economic reasons, compared to 16 percent of men in 1995. Most of this increase was within the past few years, probably due to the loss of male-dominated manufacturing jobs. Men were also more likely to lose their jobs during the recession.

The number of women settling for part-time jobs has increased as well, but not nearly as dramatically. In 2009, 20.9 percent of women had a part-time job for economic reasons, compared to 14 percent in 1995.

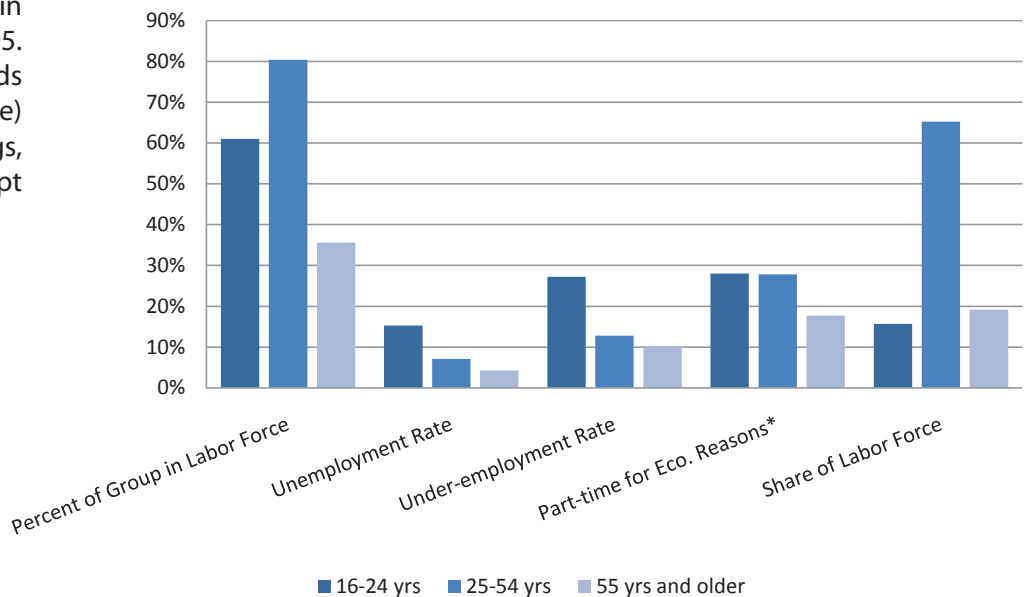
5: Characteristics of Arkansas' Workforce, 2009, By Gender



Source: EPI analysis of Current Population Survey data.
*The percentage of part-time workers who could not find full-time employment but were still actively seeking it.

The percent of workers who are 55 years or older was 19.2 percent in 2009, up from 12.7 percent in 1995. With the cost of necessary goods (such as food, gas and health care) rising much faster than earnings, many older Arkansans have kept working instead of retiring.

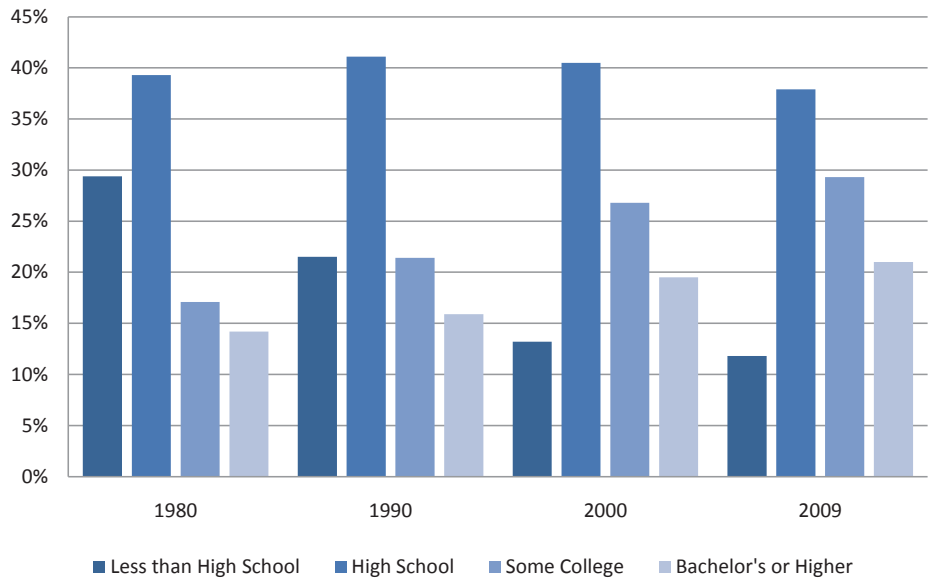
6: Characteristics of Arkansas' Workforce, 2009, By Age



Source: EPI analysis of Current Population Survey data.
*The percentage of part-time workers who could not find full-time employment but were still actively seeking it.

Education is increasingly the key to success in the workforce. The number of workers with less than a high school diploma is decreasing and those with some college and a bachelor's degree or higher are becoming more common. This could be representative of two things: First, the jobs that are available in Arkansas have been changing to require a higher level of education and second, more Arkansans are seeking higher education than in the past.

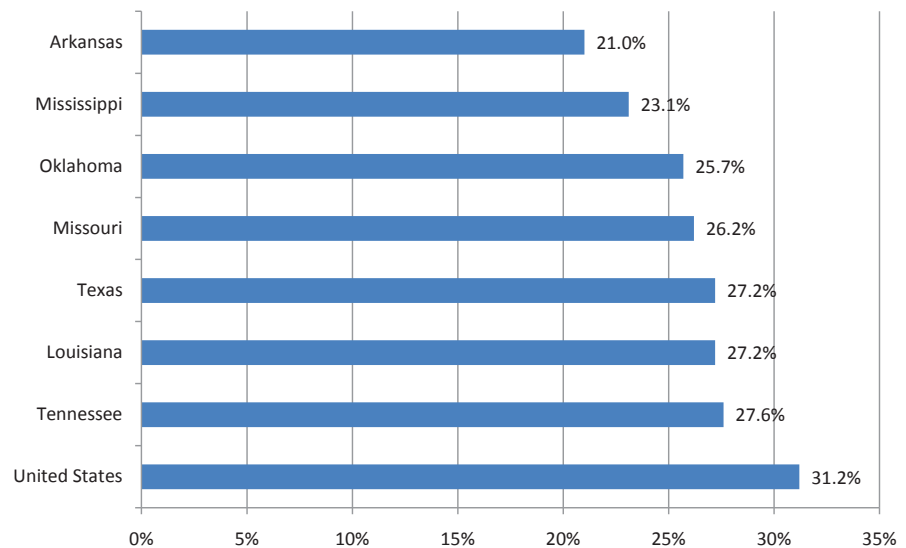
7: Educational Attainment of Arkansas Workforce



Source: EPI analysis of Current Population Survey data.

Even though the number of Arkansans in the workforce with a Bachelor's degree or higher has increased, we still lag behind our surrounding states. In fact, we are tied with Wyoming as having the smallest percentage of workers with Bachelor's degrees or higher. In order to be competitive for jobs to come to our state, we will need to increase the number of workers who have advanced degrees and training.

8: Percentage of Workforce with a Bachelor's Degree or Higher, 2009

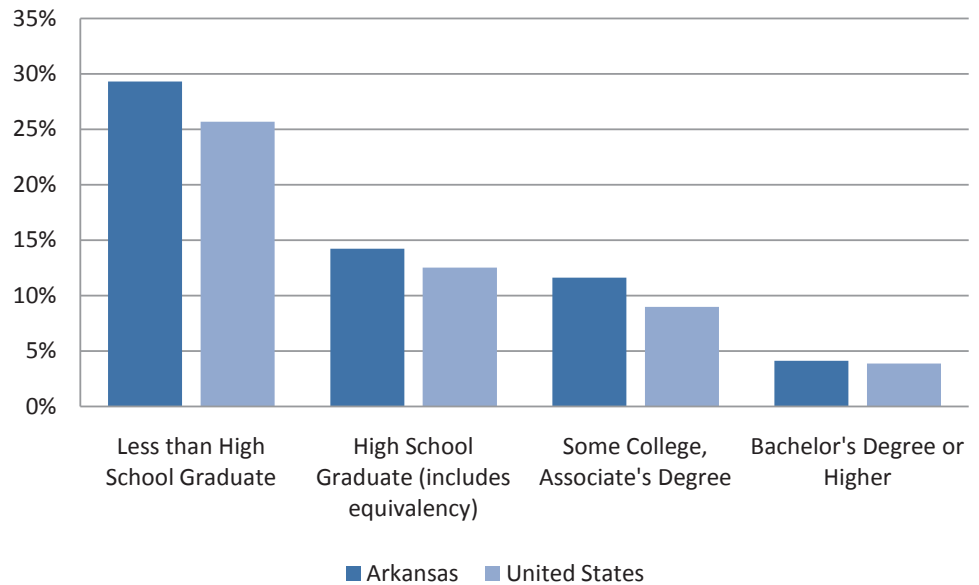


Source: EPI analysis of Current Population Survey data.

Education and Poverty are Intimately Linked

Having a college degree not only means access to more jobs as the economy continues to change, but a degree also means that a worker is less likely to live in poverty. In the future, our economy will continue to demand more training and education for jobs and workers without college degrees will continue to fall behind other workers in both earnings and employment.

9: Poverty Rate by Educational Attainment*

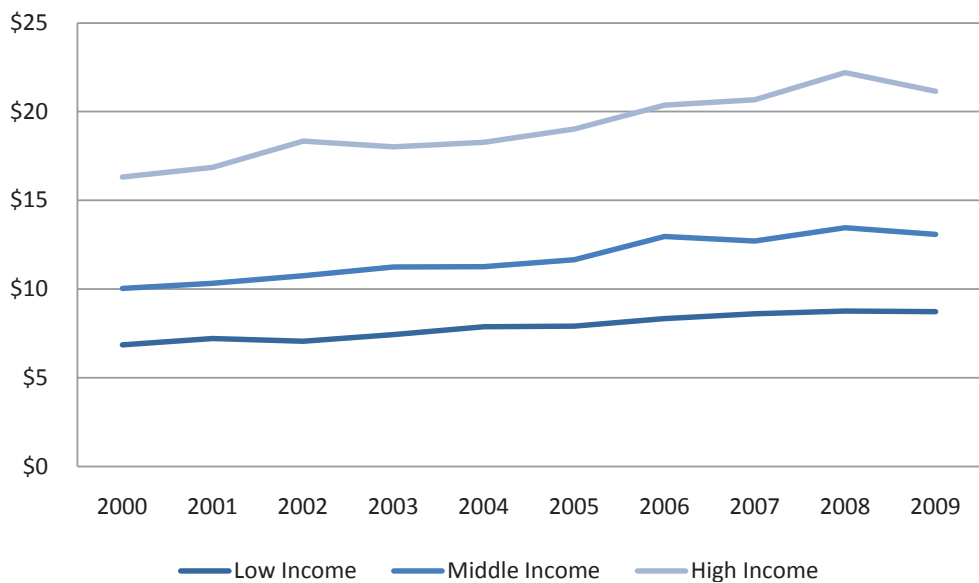


Source: U.S. Census Bureau, 2009 American Community Survey, Table B17003
 *Educational attainment is determined for individuals 25 years and older.

Wages have Remained Stagnant

Wages at different earning levels decreased in Arkansas between 2008 and 2009, most likely due to the recession. For low-income earners, wages were less than 1 percent lower than the previous year. For the middle-income earners, their wages decreased by nearly 3 percent. The high-income earners saw the largest wage decrease with almost a 5 percent drop. However, we must keep in mind that the sample size used to estimate this data may lead to variations that are not quite in line with what is going on in the state.

10: Average Hourly Wages by Year in Arkansas (in 2009 dollars)

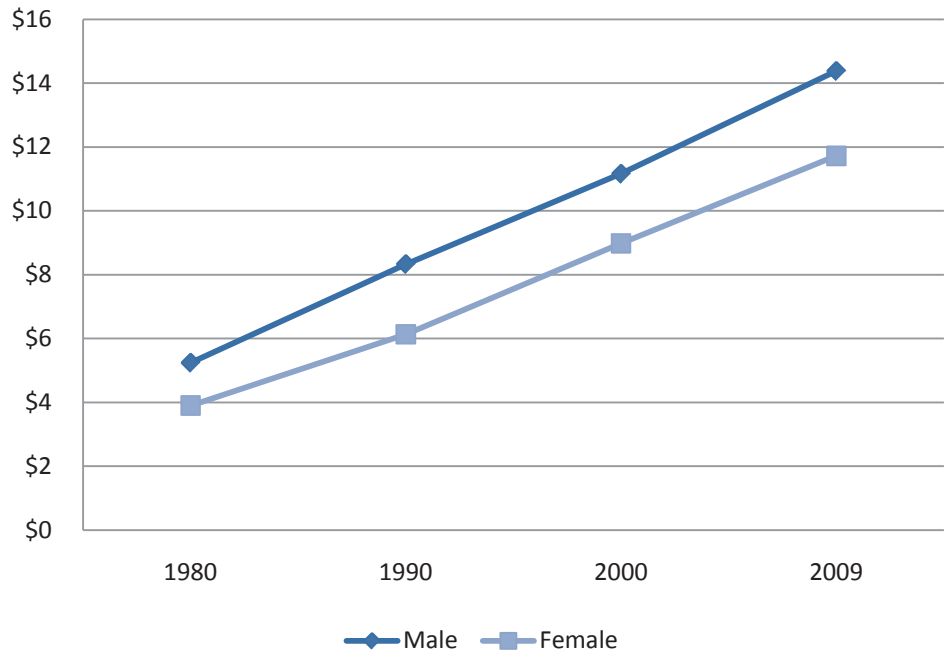


Source: EPI analysis of Current Population Survey data, using Consumer Price Index Research Series Using Current Methods (CPI-U-RS).

Wages are Lower for Women and Minorities

There is marked wage gap between men and women in Arkansas. Women earned almost 20 percent less than men in 2009. This gap has closed slightly since the 1980s and 1990s, when women earned 25 percent less than their male counterparts. The gap means that single mothers have an even a tougher time paying for basic necessities for their families.

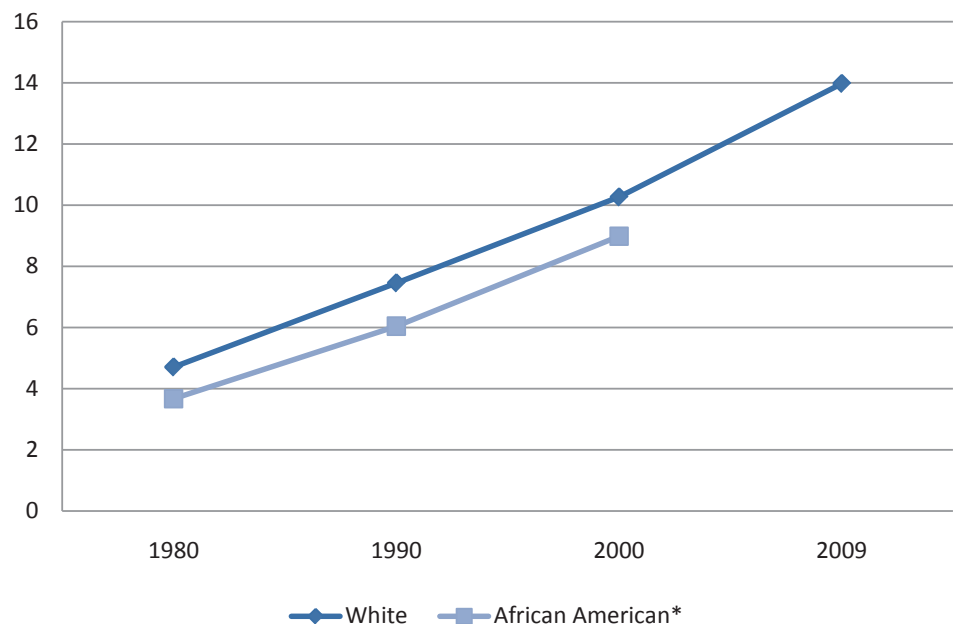
11: Median Wages for Men and Women in Arkansas



Source: EPI analysis of Current Population Survey data.

A wage gap can be seen between workers of different races. African American workers earned approximately 22 percent less in 1980, 19 percent less in 1990, and 12.5 percent less in 2000 than white workers. This gap appears to be closing slowly but at a greater rate than the wage gap between men and women. Even with the gap getting smaller, African American families have paychecks that don't go as far in meeting many basic necessities as a paycheck will for a white family.

12: Median Wages by Race in Arkansas

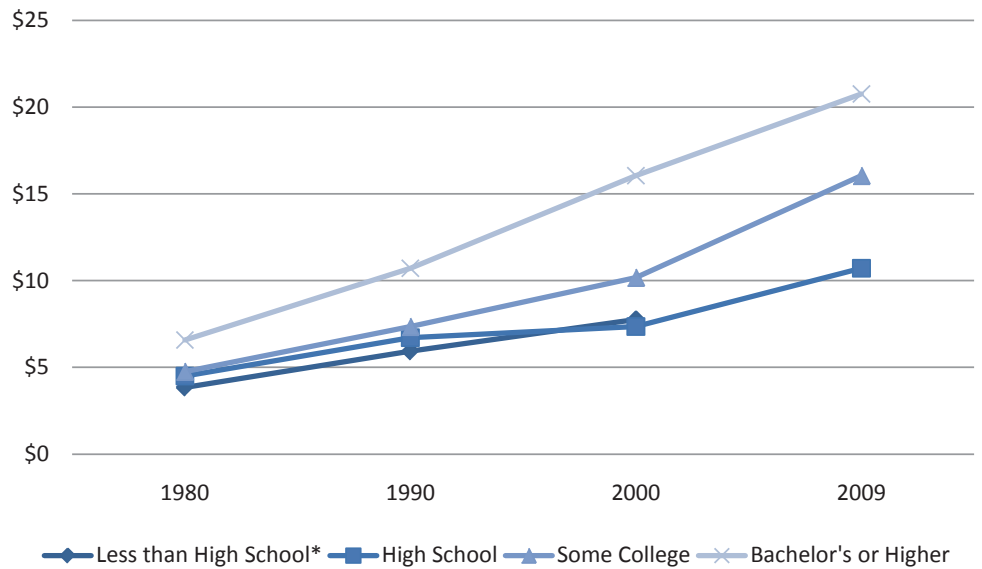


Source: EPI analysis of Current Population Survey data.
*Data for 2009 was not available due to insufficient sample size.

More Education Means Higher Wages

A college education continues to be the key to earning higher wages in Arkansas. In 2009, workers with a bachelor's degree or higher earned 29 percent more than those with only some college and 34 percent more than those with a high school degree.

13: Median Wages by Educational Attainment in Arkansas



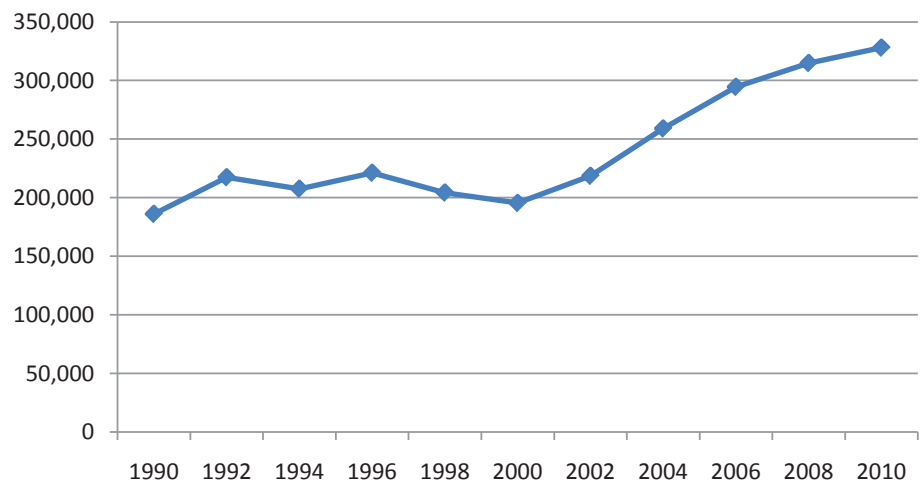
Source: EPI analysis of Current Population Survey data.

* Data for 2009 was not available due to insufficient sample size.

Adults Requiring SNAP Benefits Rises

As the recession has deepened, the number of adults in Arkansas receiving Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) benefits has been on the rise. This could come from the rising cost of food and the fact that wages have not been growing at the same rate as the cost of many basic necessities. Also, these benefits have been in higher demand as workers have had their hours cut back or have lost their jobs.

14: Adults Receiving Supplemental Nutrition Assistance (SNAP)

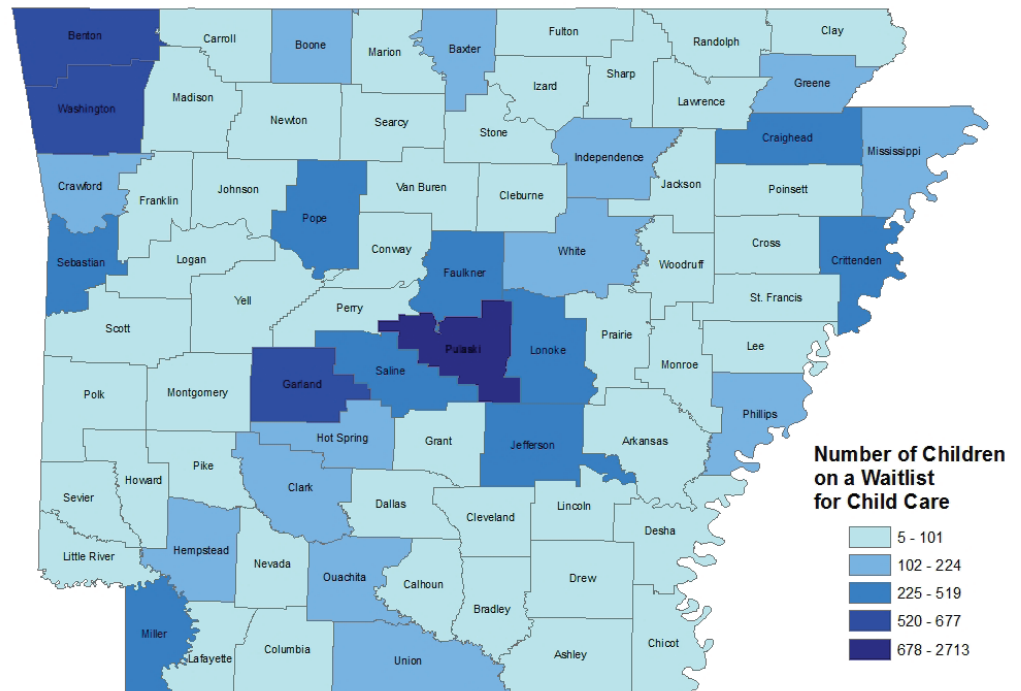


Source: Arkansas Department of Human Services, Annual Statistical Report.

Without Access to Childcare, Work is Harder to Obtain

Wages have been stagnant and are not keeping up with the cost of living for working Arkansans. On top of that, the waiting list for subsidized childcare is causing many families to struggle to work. Without a safe place for your children to be while you're at work, it is hard to keep a job at all.

15: Subsidized Childcare Waiting List in December 2010

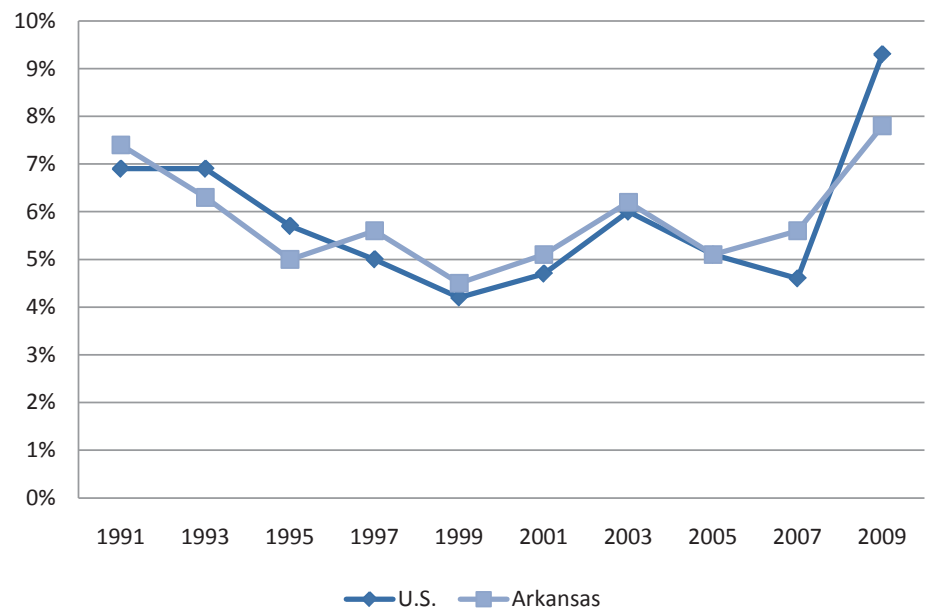


Source: AACF analysis of Arkansas Department of Humans Services, Division of Childcare and Early Childhood Education data.

Unemployment High but Better than the U.S.

The unemployment rate in Arkansas as a rule has been higher than the U.S. rate since the late 1990s. However, that trend changed during the most recent recession. Arkansas' unemployment rate has fallen below the national rate.

16: Unemployment Rate in Arkansas vs. U.S., 1991-2009



Source: EPI analysis of Current Population Survey data.

Arkansas' unemployment rate is in the middle of the pack for our neighboring states (as well as being below the average rate for our region.) This is a change. Before the worst of the recession hit, Arkansas had the second highest rate of unemployment behind Mississippi in our area.

17: Unemployment Rate in Arkansas and Neighboring States, 2000-2009

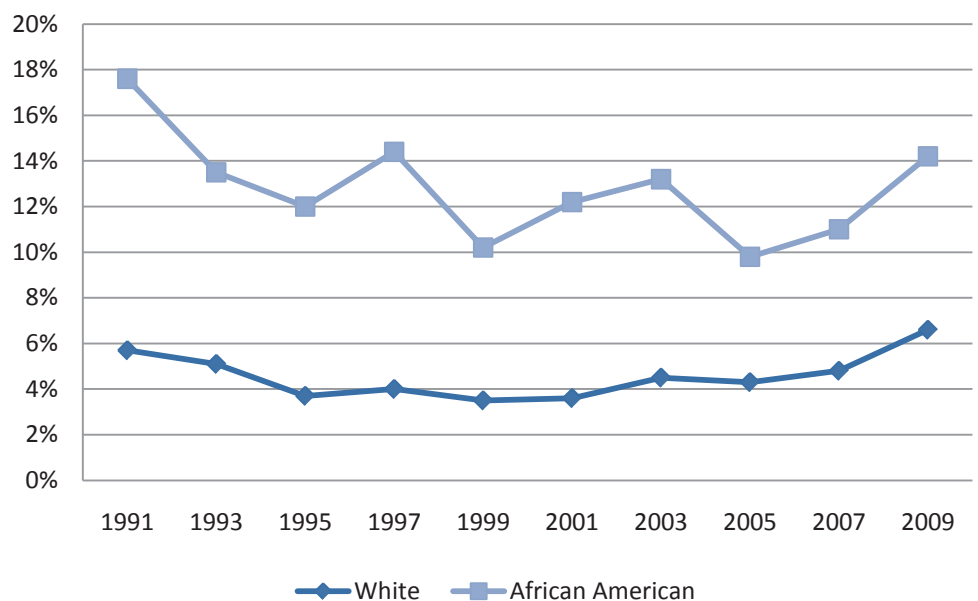
	2000	2005	2009	% Change 2005-2009
Arkansas	4.4%	5.1%	7.8%	2.7%
Louisiana	5.4%	6.0%	7.1%	1.1%
Mississippi	5.6%	6.9%	9.2%	2.3%
Missouri	3.4%	5.5%	9.4%	3.9%
Oklahoma	3.1%	4.6%	6.2%	1.6%
Tennessee	3.9%	5.6%	10.8%	5.2%
Texas	4.2%	5.4%	7.5%	2.1%
United States	4.0%	5.1%	9.3%	4.2%

Source: EPI analysis of Current Population Survey data.

Unemployment Rates are Significantly Higher for Minorities

African American workers in Arkansas have historically had a higher rate of unemployment than their white counterparts. This fact has remained true even through the recession with the African American portion of our labor force experiencing a greater jump in unemployment between 2007 and 2009 than white workers.

18: Unemployment by Race in Arkansas

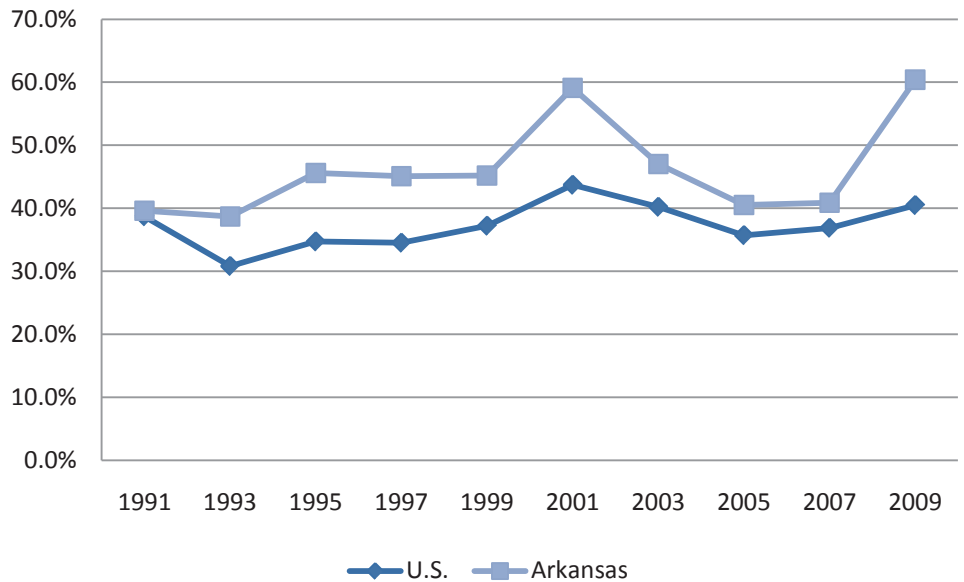


Source: EPI analysis of Current Population Survey data.

Unemployment Insurance (UI) Benefits Have Been a Critical Safety Net for Arkansas Families

The Unemployment Insurance (UI) reciprocity rate is the percent of unemployed workers who are receiving UI benefits. The percent of unemployed workers who are receiving these benefits in Arkansas have jumped dramatically during the recession. The pre-recession numbers may indicate that Arkansas workers were not out of work as long as they are currently. It also might indicate that out-of-work individuals could, in the short term, get help from their friends and family or their churches. However, as the recession deepened, unemployed Arkansans needed to turn to UI benefits because the community and family support they had used in the past had run dry.

19: Unemployment Insurance (UI) Reciprocity Rate in Arkansas vs. U.S., 1991-2009



Source: EPI analysis of Current Population Survey data.

20: Unemployment Insurance (UI) Reciprocity Rates in Arkansas and Neighboring States, 2000-2009

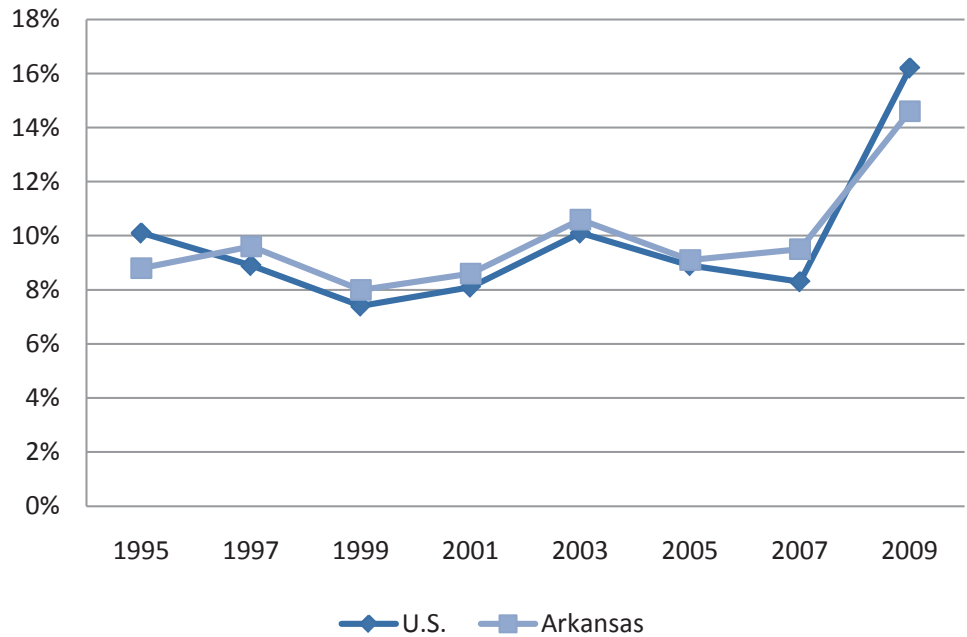
	2000	2005	2009	% Change 2005-2009
Arkansas	45.8%	40.5%	60.4%	19.9%
Louisiana	24.1%	47.4%	39.6%	-7.8%
Mississippi	26.9%	27.9%	35.6%	7.7%
Missouri	44.0%	31.5%	37.1%	5.6%
Oklahoma	24.2%	22.3%	37.1%	14.8%
Tennessee	37.6%	26.9%	26.7%	-0.2%
Texas	24.4%	21.1%	32.4%	11.3%
United States	37.1%	35.7%	40.5%	4.8%

Source: EPI Analysis of Department of Labor data.

Many Arkansans are Underemployed

Underemployment is defined as a worker with specific skills that is working in a low-income job that does not require as much training as they have received. This type of problem has risen greatly during the recession as people have lost their high-paying, skill-related jobs and have had to find employment in other sectors.

21: Underemployment Rate in Arkansas vs. U.S., 1995-2009



Source: EPI analysis of Current Population Survey data.

Outdated Federal Poverty Guidelines Only Hint at the Number of Struggling Families

The Federal Poverty Line is the government's measure of whether or not a family is earning enough to receive certain public assistance benefits. However, this measure is extremely outdated in terms of the expenses that a family must pay for in order to make ends meet. Also, the federal poverty line has not increased since 2008 even though the price of necessary goods and services has continued to increase.

22: 2010 Federal Poverty Guidelines

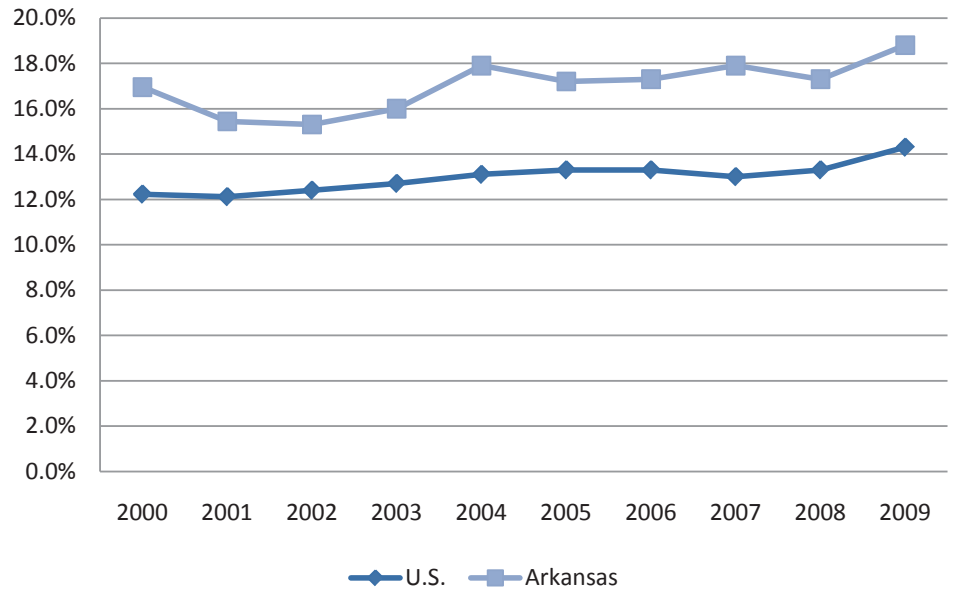
People in family	Poverty level
1	\$10,830
2	14,570
3	18,310
4	22,050
5	25,790
6	29,530
7	33,270
8	37,010

Add \$3,740 for each additional person

Source: U.S. Department of Health and Human Services.
<http://aspe.hhs.gov/poverty/10poverty.shtml>

Arkansas' poverty rate has been higher than the national rate for many years. However, we have seen a sharper increase in families and individuals in poverty during the recession.

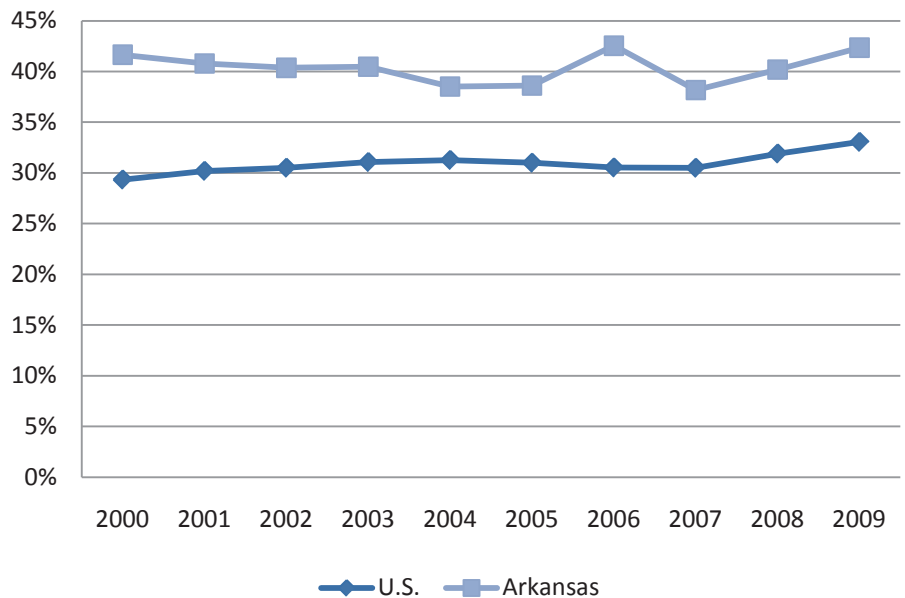
23: Poverty Rate in Arkansas vs. U.S., 2000-2009



Source: EPI analysis of American Community Survey (ACS) data.

A family or individual is still considered to be low-income if they earn two times (or 200 percent) of the federal poverty guidelines. In 2009, over 40 percent of Arkansans earned less than 200 percent of the poverty line, nearly 10 percentage points above the national rate.

24: Percentage of Low-Income Arkansans (Under 200% of Federal Poverty Line), 2000-2009



Source: EPI analysis of Current Population Survey data.

Policy Recommendations for Arkansas

Arkansas workers are continuing to struggle as the effects of the recession endure. State and federal policymakers should put policies in place that help Arkansas families to not only survive, but to help them succeed in the workforce and achieve economic security. AACF's recommendations to them include:

STATE:

- Enacting a refundable state Earned Income Tax Credit.
- Improving access to subsidized childcare.
- Expanding both access and outreach for SNAP benefits.
- Continuing to cut the sales tax on groceries.

FEDERAL:

- Maintaining funding for the Childcare and Development Block Grant, which supports working Arkansas families with childcare programs.
- Protecting SNAP benefits for low-income families.
- Streamlining Medicaid procedures, rather than cutting services to beneficiaries and providers.

In addition, the Arkansas Legislative Taskforce on Reducing Poverty and Promoting Economic Self Sufficiency released a report with 31 policy recommendations to help working families to thrive. Many of them, including some of those listed above, would help ease the burdens of working families so they can move out of poverty. The complete Poverty Taskforce report is available at www.aradvocates.org/poverty.



