

State of Working Arkansas 2017

Opening the door to career success for all Arkansans



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Opening the door to career success for all Arkansans

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Unemployment is low and getting lower. That's true across the nation, and it is especially true in Arkansas. That is a positive and welcome change for working families in our state because it means jobs are easier to come by and wages are going up. Economically, things are changing for the better. However, some things are not changing very much at all. The gender wage gap remains in Arkansas. Black and Hispanic workers in Arkansas still work for lower wages and have a harder time finding employment than other groups. These gaps are stubborn stains on the good news of our economic recovery. These stains can either be ground in or lifted out depending on the policy choices of lawmakers at the State Capitol.

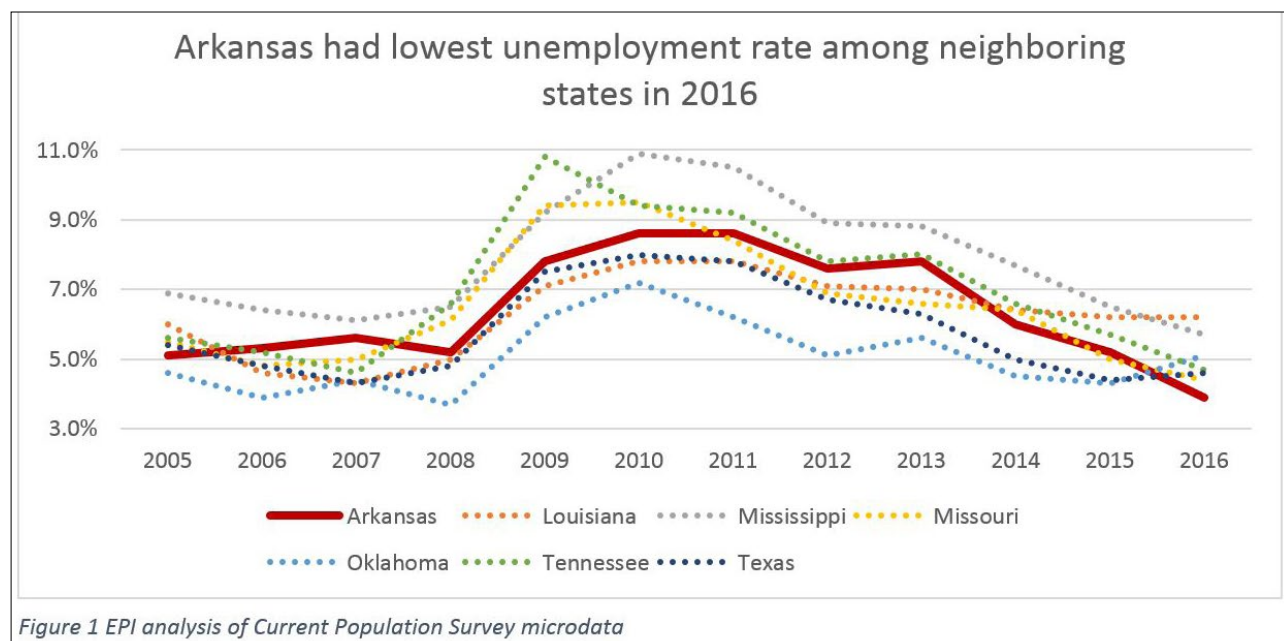
STATE OF WORKING ARKANSAS

Low unemployment is a good thing because it indicates a strong job market and a healthy economy. When unemployment is low, we feel like we have better job security, and a better shot at higher wages because it indicates a higher "demand" for labor. This higher

demand, of course, means that employees would theoretically be able to ask for higher wages. A low unemployment rate says to workers, "There are plenty of jobs to go around; you can be sure of your job and you might even see a raise!"

Because of this, many people are feeling good about Arkansas's shrinking unemployment rates. Our state's unemployment rate fell to 3.9 percent in 2016, compared to a national unemployment rate of 4.9 percent for that year. Most recently, Arkansas unemployment was pegged at a steady 3.4 percent, still a full percentage point lower than the national rate. That is remarkably low, even for our region. While we've been roughly in the middle of the pack among our neighboring states in the past, we have recently shot into first place for low unemployment numbers.

Arkansans have seen steadily increasing median wages that coincide with our dropping unemployment rates, as expected. However, when compared to the nation



and our neighboring states, these wage gains are not as impressive as our employment measures. Arkansas has been historically near the bottom in terms of regional median wage. Arkansas and Mississippi have been trading places between last and second-to-last in this metric for decades. While Arkansas wages are slowly improving, they are still too low. About [one in five Arkansans](#)¹ still lives in poverty, and the poverty rate for children is even higher at [27 percent](#)². Hopefully our very low unemployment rates will continue to push wages up, but we can see that our workers are still behind their peers in other states in this important job quality measure.

AGE, RACE, EDUCATION, AND GENDER INFLUENCE OPPORTUNITIES

A low unemployment rate is meaningful because it implies upward pressure on wages, economic growth and job security. That's certainly true overall, but improvements to wages and job opportunities have not been the same for everyone.

Young Workers

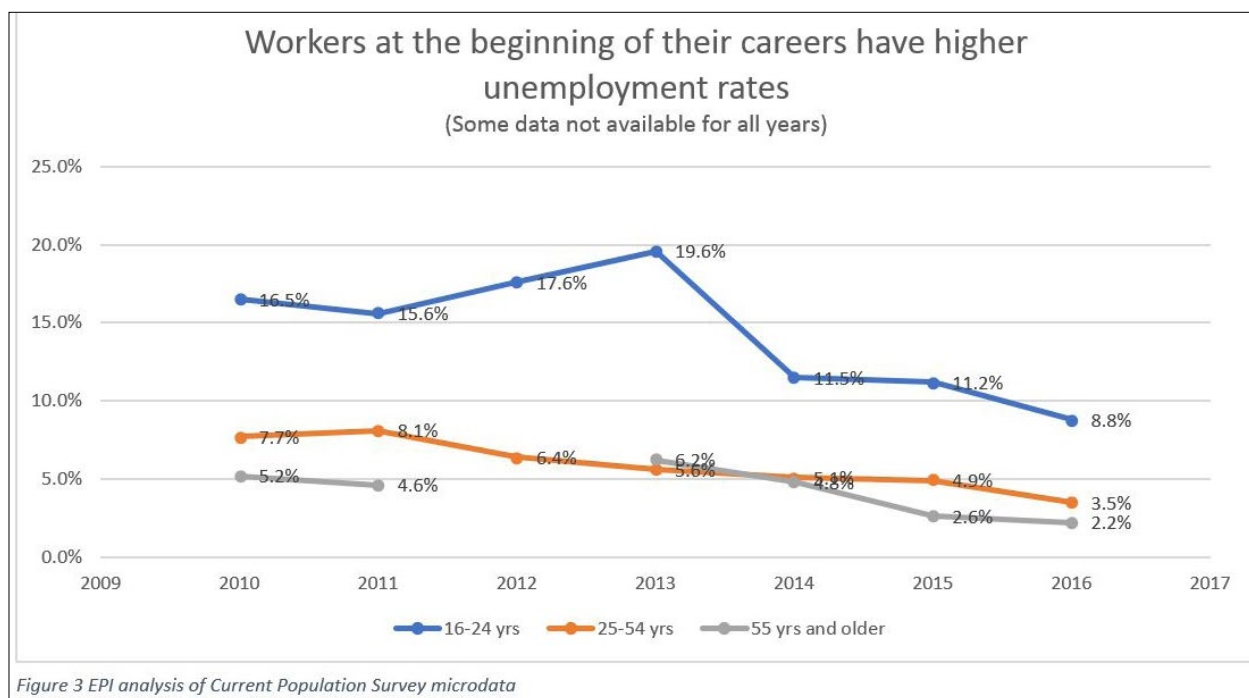
Some of these differences are logical and expected. For example, workers at the beginning of their career are more vulnerable to changes in the job market. The newly hired intern may be among the first to go in a layoff, as opposed to the veteran with decades of institutional knowledge. This vulnerability is apparent from the figure below. Here, we can see that younger workers are not only more likely to be unemployed, but also see greater fluctuations in employment as a group.

If we had more robust unemployment benefits in Arkansas, we could make sure that recent graduates and families who are new to the workforce can make it through the next inevitable downturn with strong careers and finances. Arkansas, however, is going in the wrong direction. Not long ago, in 2011, Arkansas had 26 weeks of unemployment benefits. During the 2017 legislative session, Arkansas weakened its benefits from 20 weeks to just [16 weeks](#)³, far below most other states.

Racial Gaps in Economic Equity

Arkansas had [131 national merit semifinalists](#)⁴ in 2017. Our state is the headquarters of the company with the highest sales in the world. It's even home to the reigning Miss America. We certainly have a lot to offer in our state, but our resources are not distributed evenly. African-American students are more likely to attend under-resourced and [poorly performing schools](#)⁵ concentrated in low-income areas of Arkansas. Their parents are more likely to get turned down for jobs and make lower wages. All of this contributes to the structural problem that African-American kids are more likely to [grow up in poverty in Arkansas](#)⁶.

When kids face barriers like these, hard work isn't always enough to keep them from falling through the cracks and experiencing racial gaps in employment and earnings as adults. Although employment is improving for all groups, racial minorities, through no fault of their own, have a harder time finding work and fare worse during recessions. Despite economic improvements overall, African-Americans in Arkansas still have an unemployment rate 2.5 times higher than that of whites.



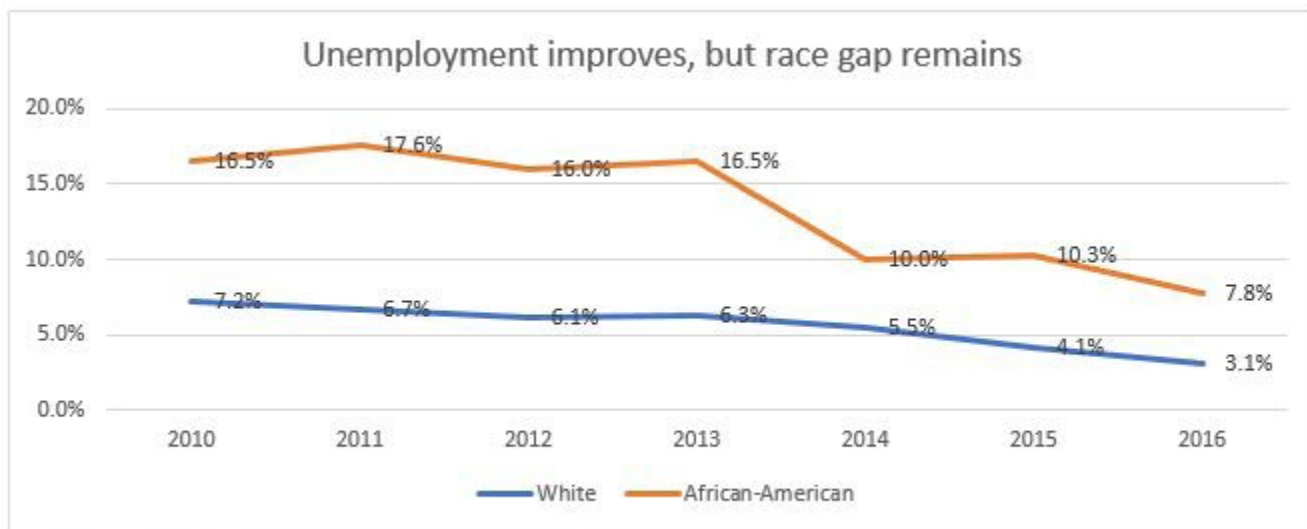


Figure 4 EPI analysis of Current Population Survey microdata

Policymakers should acknowledge these differences, and the potential to improve outcomes for everyone by closing education gaps and reducing child poverty rates. Like young workers, minority populations are also more [vulnerable to economic shifts](#)⁷, such as those that result in unemployment.

A strong public safety net protects the economy by dampening the effects of the next inevitable downturn. Because the negative effects of the next recession are likely to impact low-income and minority groups the most, a strong safety net also protects our communities against inequality. A well-functioning unemployment insurance program is therefore an important step toward racial equity and economic prosperity.

Education is Important for Employment Opportunities

There is a long-running gap between the employability of workers with just a high school degree and workers who did not complete high school. This is another clear example of how a low unemployment rate across the state may not indicate a strong labor market for all groups. Workers without a high school diploma are more than three times as likely to be unemployed in Arkansas compared to those with a bachelor's degree or higher.

These differences in employment outcomes based on education also highlight the importance of public policies that ensure equal opportunities to succeed for all children. A quality education starts early, and that means that state investments in pre-K are a critical first step. Other policies, like investments in SNAP (the Supplemental Nutrition Assistance Program),

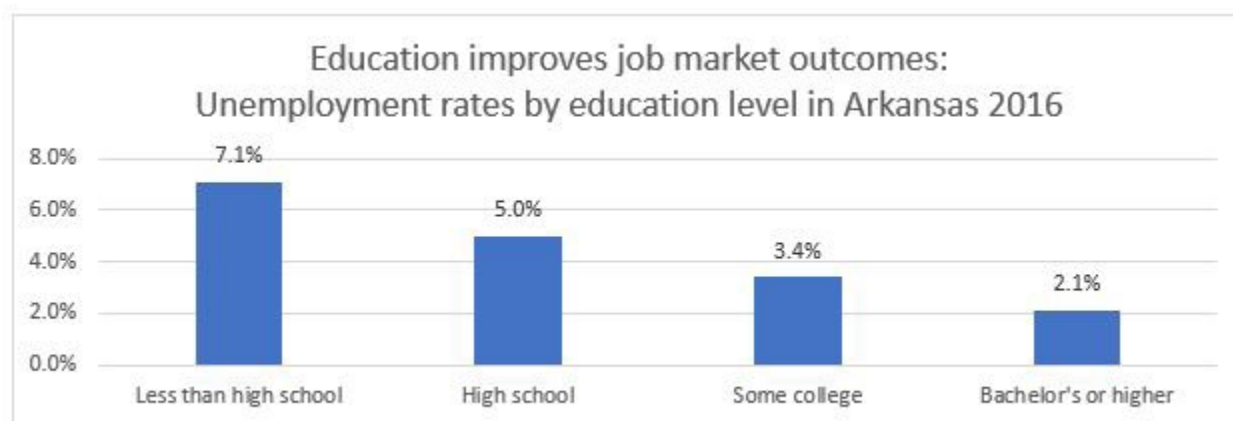


Figure 5 EPI analysis of Current Population Survey microdata

school breakfast, and community eligibility programs ensure that all kids go to school ready to learn instead of hungry, regardless of their economic background. Policies like these lay the foundation for closing education gaps, and promoting equity in educational outcomes for all students.

Wages Differ Across Groups

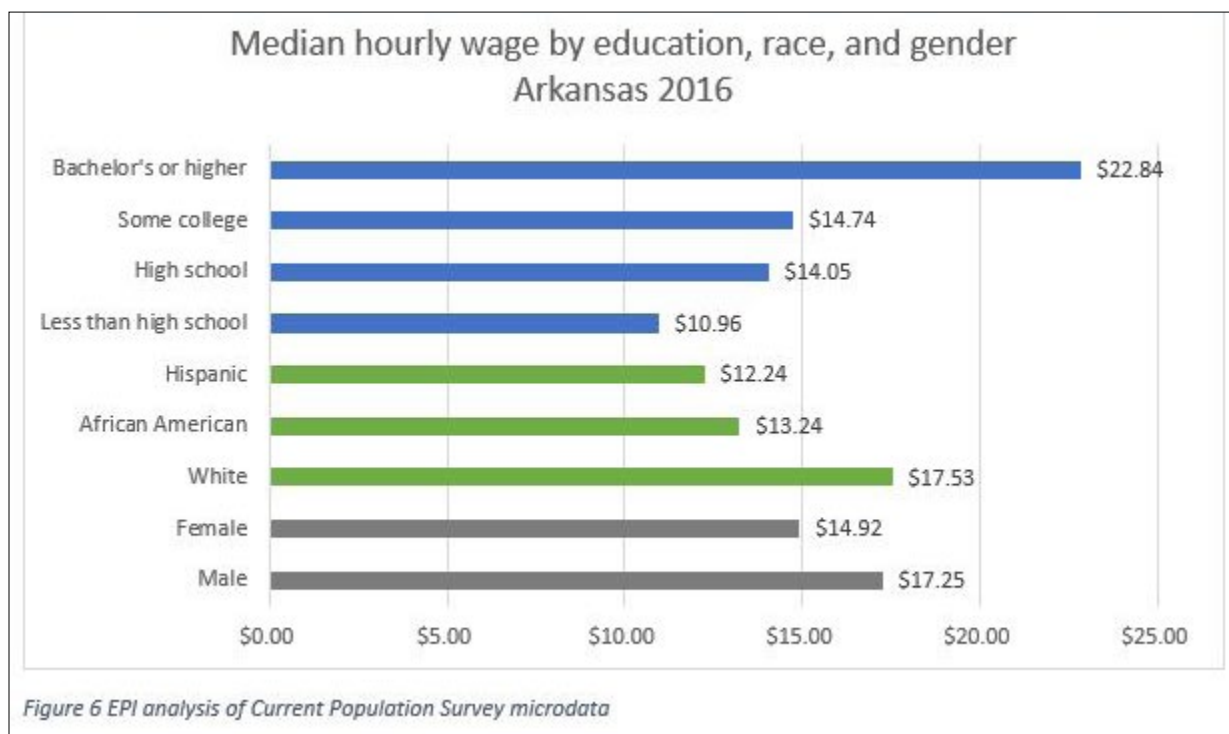
Not surprisingly, the education, race, and gender gaps in unemployment statistics are also present in how much money these groups make. Those with bachelor's degrees or higher in Arkansas enjoy a median wage that is more than twice that of someone without a high school degree. White workers in Arkansas also make much higher wages than their Hispanic and African-American neighbors.

These wage trends are mirrored at the national level. Total inequality among race, gender, education levels, and income groups is still wide, and in some instances, getting worse in the U.S. This generally means that for Americans, those who fared well during the recession are doing exceptionally well now, and those who struggled the most during lean times are barely getting back to where they were before. Remarkably, at the national scale, the wage gap between white workers and black workers is wider now [than it was in 2000](#)⁸.

Arkansas has made a big, positive policy change for low-income workers, though, by voting to increase our minimum wage to \$8.50. This was important for many of our low-wage workers. In 2016, wages for low-income workers grew [twice as fast](#)² in states that increased their minimum wage. Because a higher proportion of women work at minimum wage jobs, this measure also helps to dampen the gender wage gap.

INVESTING IN OUR FUTURE

Policy choices drive changes in wage and employment gaps. Cuts to unemployment protections disproportionately impact minorities and undereducated workers in Arkansas, and therefore amplify the problem of inequality in our state. Less educated people, younger people, and people of color in Arkansas receive lower wages, and they benefit far less from improvements to the economy. When the economy is doing well overall, but still doing poorly for these sub-groups (like right now), we should focus on public policies like education, nutrition support, and safety net programs that bridge gaps and improve outcomes for the whole state.





Notes

1. <http://datacenter.kidscount.org/data/tables/52-population-in-poverty?loc=5&loct=2#detailed/2/any/false/573,869,36,868,867/any/339,340>
2. <http://datacenter.kidscount.org/data/tables/43-children-in-poverty-100-percent-poverty?loc=5&loct=2#detailed/2/any/false/573,869,36,868,867/any/321,322>
3. <http://www.aradvocates.org/wp-content/uploads/unemployment-report-final-web.pdf>
4. <http://www.compassprep.com/national-merit-semifinalists-by-state/>
5. <http://www.aradvocates.org/wp-content/uploads/Education-in-the-Post-Lake-View-Era-2.12.2015.pdf>
6. <http://datacenter.kidscount.org/data/tables/44-children-in-poverty-by-race-and-ethnicity?loc=5&loct=2#detailed/2/5/false/573/10,11,9,12,1,185,13/324,323>
7. <http://www.epi.org/blog/the-black-unemployment-rate-returns-to-historic-low-but-not-really/>
- 8, 9. <http://www.epi.org/publication/the-state-of-american-wages-2016-lower-unemployment-finally-helps-working-people-make-up-some-lost-ground-on-wages/>

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