Social Trends Influencing Families in Missouri: Whither the Middle Class?

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Jefferson City, Missouri

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Office of Social & Economic Data Analysis (OSEDA)
University of Missouri
Overview

• What’s Middle Class?
  – Class, Status and Power
• Large Scale Trends
• Trends in Missouri
• Discussion
Recent Books

War on the Middle Class:
How the Government, Big Business, and Special Interest Groups are Waging War on the American Dream and how to Fight Back
By Lou Dobbs
Published by Viking, 2006

Rich Dad, Poor Dad
By Robert T. Kiyosaki, Sharon L. Lechter 2000

The Two-income Trap: Why Middle-class Mothers and Fathers are Going Broke
by Elizabeth Warren, Amelia Warren Tyagi, 2003

The Great Risk Shift: The Assault on American Jobs, Families, Health Care ...
by Jacob S. Hacker - Social Science - 2006

Percentage rating...

Note: Based on ratings of your life today compared with your life five years ago. “Same” responses not shown.
Source: Surveys from 1964 to 1985 by Gallup.
## The Middle Class Blues
Compared with five years ago, is it more or less difficult for middle class people to maintain their standard of living?

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Upper class</th>
<th>Middle class</th>
<th>Lower class</th>
</tr>
</thead>
<tbody>
<tr>
<td>More difficult</td>
<td>79</td>
<td>72</td>
<td>78</td>
<td>89</td>
</tr>
<tr>
<td>Less difficult</td>
<td>12</td>
<td>15</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>About the same (VOL.)</td>
<td>6</td>
<td>11</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Don’t know/Refused</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

**Number of respondents** 2413 522 1276 588

**Note:** Based on respondents who identified themselves as belonging to the lower, middle, or upper class.

*Source: Pew Research Center, 2008*
The Census Bureau does not have an official definition of the "middle class," but it does derive several measures related to the distribution of income and income inequality.
Up then Flat, but still Squeezed

- Real median annual household income has declined since 2000.
- Since 1970, median household income has risen by 41%.
Middle Income Squeeze

• The upper-income households outperformed the middle
  – (150%+ -- 75% and 150%)

• From 1983 to 2004, the median net worth of upper-income families more than doubled, while the median net worth of middle-income families grew by just 29%.

Source: Pew Foundation
Falling Back

• Shrinking middle class
• Increased inequality
• Working class majority

Inflation adjusted percent increase in after-tax household income by income Quintiles 1979-2005

CBO, retrieved 2007
### Income Range by Fifths and Five Percent, 2007

<table>
<thead>
<tr>
<th>Range of Incomes</th>
<th>Households (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$ 20,291</td>
</tr>
<tr>
<td>$ 20,291</td>
<td>23,357</td>
</tr>
<tr>
<td>$ 39,100</td>
<td>$ 39,100</td>
</tr>
<tr>
<td>$ 62,000</td>
<td>23,357</td>
</tr>
<tr>
<td>$100,000</td>
<td>$ 62,000</td>
</tr>
<tr>
<td>$177,000</td>
<td>23,357</td>
</tr>
<tr>
<td>Highest</td>
<td>Highest</td>
</tr>
</tbody>
</table>

Source: U.S. Census
### Historical Comparison Income

**Source:** U.S. Census

**In 2007 Dollars**

<table>
<thead>
<tr>
<th>Year</th>
<th>Hlds</th>
<th>Lowest</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
<th>Top Five Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>116,783</td>
<td>$20,291</td>
<td>$39,100</td>
<td>$62,000</td>
<td>$100,000</td>
<td>$ 177,000</td>
</tr>
<tr>
<td>1970</td>
<td>64,778</td>
<td>$17,574</td>
<td>$33,667</td>
<td>$48,968</td>
<td>$ 69,863</td>
<td>$ 110,435</td>
</tr>
</tbody>
</table>

**Diff**

- $ 2,717
- $ 5,433
- $13,032
- $ 30,137
- $ 66,565
• Changes in the labor market
  – “Globalization”

• Household composition (living arrangements)
  – shift away from married-couple households to single-parent families and nonfamily households
How flat the world is depends on where your standing..

• *The World is Flat* – “new oil wells”
  -- Thomas Friedman

• *Making Globalization Work*
  -- Joseph Stiglitz

• *Networking Diverse Assets, especially human capital…”collaboration” is hard*
## Breakout of Household Type

<table>
<thead>
<tr>
<th>Source: U.S Census</th>
<th>Household Type</th>
<th>Number in Fourth</th>
<th>Number in Fifth</th>
<th>Percent in Fourth</th>
<th>Percent in Fifth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Family households</td>
<td>77,873</td>
<td>18,813</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Married-couple families</td>
<td>58,370</td>
<td>15,705</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male householder</td>
<td>5,100</td>
<td>1,058</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female householder</td>
<td>14,404</td>
<td>2,050</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nonfamily households</td>
<td>38,910</td>
<td>4,545</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>
Increased Household Income by Increasing Household Workers

- Female Labor Force Participation + 50%
- Real male earning flat since 1971
But Families Still Squeezed Expenditures (see Warren)

- Costs Down
  - Clothes
  - Food
  - Appliances

- Costs UP
  - Houses (price)
  - Mortgages (payments)
  - Debt (credit cards)
  - Insurance
Credit is the worst thing ever imagined. "SPEND WHAT YOU DON'T HAVE!" What a terrible concept. (YouTube)

No, spending it on what you don’t need.
Percent Population Change in Missouri, by County
2000-2007

Source: Population Division, U. S. Census Bureau, Annual Estimates, April 1, 2000 - July 1, 2007
Prepared by: University of Missouri Extension, Office of Social and Economic Data Analysis (OSEDA)
Map Generated on: 20 Mar 2008
Natural Increase in Missouri Population by County
2000-2007

Missouri = 168,856

Prepared by: University of Missouri Extension, Office of Social and Economic Data Analysis (OSEDA)
Map Generated on: 24 Mar 2008
Net Migration in Missouri Population by County
2000-2007

Prepared by: University of Missouri Extension, Office of Social and Economic Data Analysis (OSEDA)
Map Generated on: 24 Mar 2008
Camden Co. August 2007 3.9% --- August 2008 5.3%
Wage and salary employment growth by industry sector, projected 2004-2014

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Projected Employment Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td>67,521</td>
</tr>
<tr>
<td>Educational Services</td>
<td>29,587</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>25,427</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>22,343</td>
</tr>
<tr>
<td>Waste Management &amp; Remediation Services</td>
<td>21,520</td>
</tr>
<tr>
<td>Construction</td>
<td>17,026</td>
</tr>
<tr>
<td>Professional, Scientific, &amp; Technical Services</td>
<td>17,204</td>
</tr>
<tr>
<td>Government</td>
<td>12,689</td>
</tr>
<tr>
<td>Other Services (Except Government)</td>
<td>12,056</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>9,053</td>
</tr>
<tr>
<td>Real Estate &amp; Rental &amp; Leasing</td>
<td>6,692</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>5,835</td>
</tr>
<tr>
<td>Arts, Entertainment, &amp; Recreation</td>
<td>2,833</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>2,646</td>
</tr>
<tr>
<td>Management of Companies &amp; Enterprises</td>
<td>2,326</td>
</tr>
<tr>
<td>Information</td>
<td>1,110</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing &amp; Hunting</td>
<td>-51</td>
</tr>
<tr>
<td>Utilities</td>
<td>-502</td>
</tr>
<tr>
<td>Mining</td>
<td>-548</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-9,556</td>
</tr>
</tbody>
</table>

Missouri
Projected Employment Growth by Sector
2004-2014

Source: MERIC
New Businesses per 1,000 Population, 2006

Source: MERIC
Retail Pull Factors

Legend:
- Green: Gain (PF of Greater than 1.00)
- Yellow: Moderate Loss (PF 0.60 to 0.99)
- Red: Large Loss (PF Less than 0.59)
Missouri “Sustainable Wages”

• Two Working Family with Insured Infant, Preschooler & School age child

<table>
<thead>
<tr>
<th>County</th>
<th>Hourly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jackson</td>
<td>$13.29</td>
<td>$55,283</td>
</tr>
<tr>
<td>Livingston</td>
<td>$10.04</td>
<td>$41,756</td>
</tr>
<tr>
<td>Maries</td>
<td>$10.36</td>
<td>$43,079</td>
</tr>
<tr>
<td>St. Charles</td>
<td>$13.63</td>
<td>$56,684</td>
</tr>
<tr>
<td>Cost Component</td>
<td>Jackson</td>
<td>Maries</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Childcare</td>
<td>$18,369.00</td>
<td>$11,288.86</td>
</tr>
<tr>
<td>Food</td>
<td>$7,965.75</td>
<td>$7,965.75</td>
</tr>
<tr>
<td>Housing</td>
<td>$10,488.00</td>
<td>$6,804.00</td>
</tr>
<tr>
<td>Medical</td>
<td>$3,378.03</td>
<td>$3,378.03</td>
</tr>
<tr>
<td>Telephone</td>
<td>$340.00</td>
<td>$340.00</td>
</tr>
<tr>
<td>Transportation</td>
<td>$5,121.95</td>
<td>$5,804.46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$55,283.10</strong></td>
<td><strong>$43,079.16</strong></td>
</tr>
<tr>
<td>Pct Child Care</td>
<td>33%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Change in the Hispanic Population 2000 - 2006

• Percent Change: U.S. 6.4% -- Hispanic 25.5%.
• Hispanics (44.3 million)
• Blacks (38.3 million)
• Missouri Hispanic Population 2006
  – 164,194
  – 38.4% gain since 2000
Undocumented immigrants make up 30% of the nation’s foreign-born population of more than 39 million people. More than four-in-ten of the nation’s unauthorized immigrants—5.3 million people—have arrived since the decade began.

*Note: Estimates are based on residual methodology; see appendix. Bars indicate low and high points of the estimated 90% confidence interval (Table 1). The symbol * indicates that the change from previous year is statistically significant.*

*Source: Pew Hispanic Center estimates, 2008, based on March Supplements to the Current Population Survey (CPS).*
### Enrollment Change

**From 1.4% to 2.8% in 5 years**

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2005</th>
<th>Change</th>
<th>Pct Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>896,910</td>
<td>894,855</td>
<td>-2,055</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>12,633</td>
<td>25,166</td>
<td>12,533</td>
<td>99.2%</td>
</tr>
</tbody>
</table>
Hispanic Population in Missouri, 2006

Prepared by: University of Missouri Extension, Office of Social and Economic Data Analysis (OSED)
Percent Missouri Population Age 65+: 1990-2020

SOURCE: Census Bureau/NCHS. Projection algorithm, programming by OSEDA
Chart Prepared by: University of Missouri Extension, Office of Social and Economic Data Analysis
24March2006
Percent of Missouri’s Population, 2005:
Age 65 and Older

Source: USDC, Bureau of the Census, 2000 Decennial Census
Produced by: University of Missouri Extension, Office of Social and Economic Data Analysis
Map generated on 28 June 2007
Figure 4-5.
Labor Force Participation Rates for the Population Aged 55 to 64 by Sex: 1950 to 2003

Note: The reference population for these data is the civilian noninstitutionalized population.
Source: Bureau of Labor Statistics, 2004c. For full citation, see references at end of chapter.
Missouri Senior Report 2006

Composite Rank
- 1 - 23
- 24 - 46
- 47 - 69
- 70 - 92
- 93 - 115

Consider Columbia!
Whether it’s settling down or moving up, Columbia is for you.

Prepared by: Office of Social and Economic Data Analysis (OSEDA), 7/06

OSEDA Office of Social and Economic Data Analysis
University of Missouri Extension
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