



May 2021

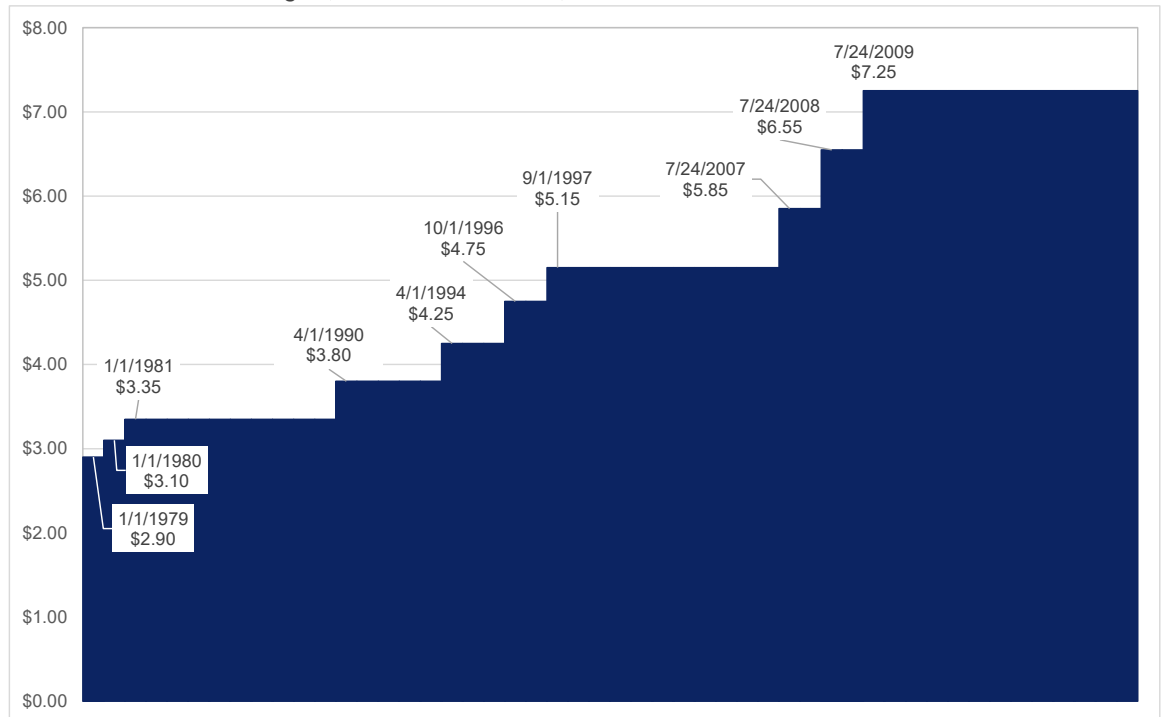
KENTUCKY LABOR FORCE UPDATE

Minimum Wage Workers in Kentucky

Recently, KYSTATS was asked how many workers in Kentucky are in jobs that pay minimum wage. The Kentucky Longitudinal Data System (KLDS) contains information on employers and workers collected by the Office of Unemployment Insurance (UI) in the Kentucky Labor Cabinet. For each employer in Kentucky, the UI data contain information on location, industry, employees, and wages paid. It does not contain information on the number of hours each employee works. Therefore, an hourly wage cannot be estimated. To answer this question, KYSTATS used two external data sources to provide insights on Kentucky's minimum wage workers.

The current federal minimum wage was set at \$7.25 per hour on July 24, 2009. According to the U.S. Bureau of Labor Statistics (BLS), there were approximately 73.3 million workers age 16 and older in the U.S. that were paid hourly during 2020. This group represents 55.5 percent of all wage and salary workers. Of those, 247,000 earned exactly the prevailing federal

Federal Minimum Wage (in current dollars), 1979 to 2021



Source: BLS, *Characteristics of Minimum Wage Workers, 2020*

minimum wage of \$7.25 per hour in 2020. In addition, about 865,000 workers had wages below the federal minimum.* Together, these 1.1 million workers with hourly wages at or below the federal minimum wage made up 1.5 percent of all workers paid hourly.

In Kentucky, the minimum wage is the same as the federal rate. The BLS estimates that 17,000 workers were paid at or below minimum wage during 2020. That represents 1.7 percent of Kentucky workers that were paid hourly. Though slightly higher than the U.S. share, the share of hourly workers at or below minimum wage in Kentucky has been decreasing over time.

* There are several exemptions to the federal minimum wage law allowing employers to pay less than minimum wage for specific groups such as tipped employees, full-time students, and certain disabled workers among others.



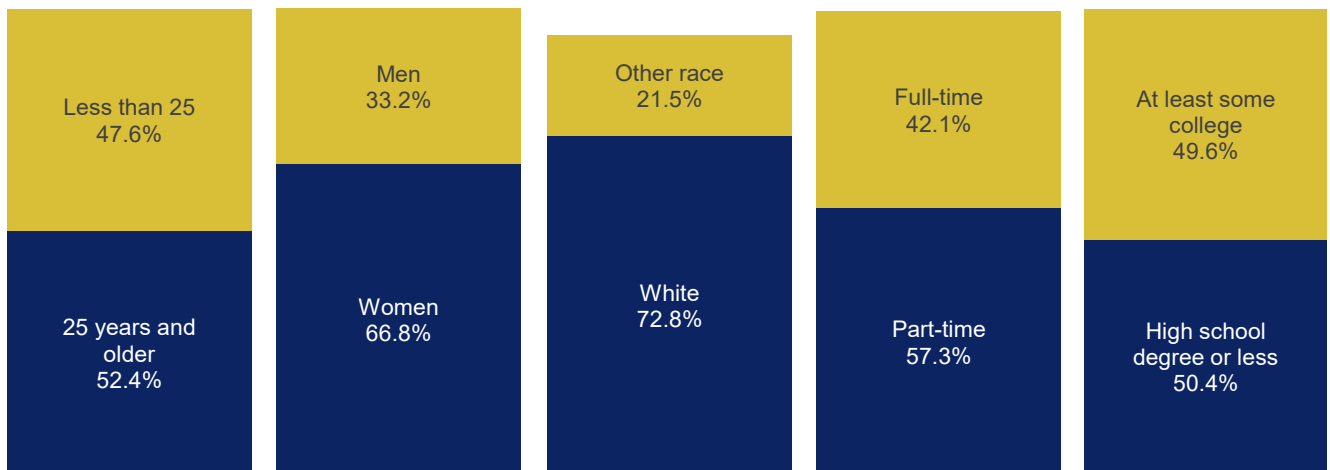
Minimum Wage Workers in Kentucky

According to the BLS report, *Characteristics of Minimum Wage Workers, 2020*, nationally, the majority of workers paid hourly at or below the minimum wage were older than 25, female, white and working part-time (less than 35 hours per week). In addition, they have the following characteristics:

- Nearly 60 percent worked in the Leisure and Hospitality sector.
- Nearly 55 percent worked in Food Preparation and Serving Related Occupations.
- Slightly more than half did not attend school past high school.
- Nearly one in seven (14.6 percent) had a Bachelor's degree or higher.



Characteristics of Hourly Workers Paid at or Below Minimum Wage in the U.S., 2020



Note: Estimates by race do not sum to 100% because data are not presented for all races. In addition, the data on full- and part-time workers will not sum to 100% because the status on the principal job is not identifiable for a small number of multiple job holders.

Source: BLS, *Characteristics of Minimum Wage Workers, 2020*

The BLS analysis uses data from the Current Population Survey (CPS) which provides information on the labor force, employment, and unemployment. The CPS is a monthly household survey conducted by the U.S. Census Bureau for the BLS using a nationally representative sample of about 60,000 eligible households in all 50 states and the District of Columbia. Due to small sample sizes, characteristics of Kentucky's minimum wage workers are not available.

The American Community Survey (ACS) is a much larger household survey conducted by the U.S. Census Bureau reaching about 3.5 million household addresses annually. Since the sample sizes are larger, more detailed analysis is possible.

Both the CPS and ACS collect information on the labor force; however, results differ. This can be attributed to differences in the questionnaires, frequency of data collection, modes of data collection, how variables are defined, the treatment of missing data, and other factors. As a result, estimates regarding minimum wage workers will differ and should not be compared.



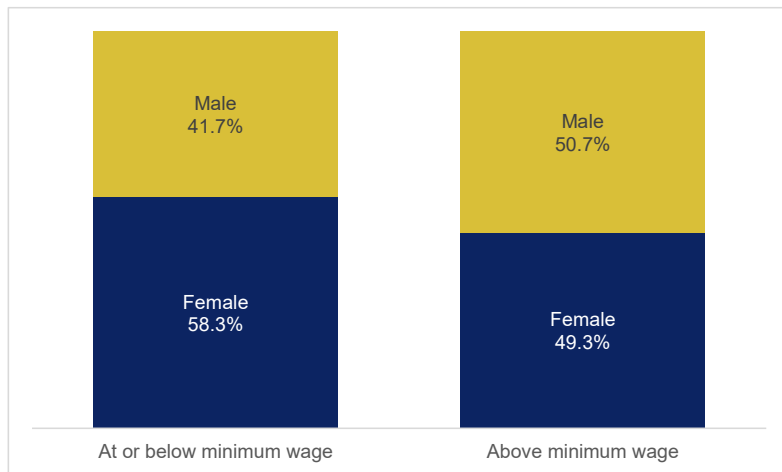
Minimum Wage Workers in Kentucky

The ACS includes information on all workers in Kentucky, those paid hourly and salaried, whereas the BLS analysis on minimum wage workers focused solely on workers paid hourly rates. Like the report published by the BLS, the following analysis utilizing ACS data focuses only on those over the age of 16, in the labor force and employed, full- or part-time, in Kentucky in either the private or public sector with wages or salary income in the last 12 months. It excludes the self-employed, those working without pay in a family business or farm, and those in the Armed Forces. Hourly wages were estimated using wages for the past 12 months as well as the usual hours worked per week and weeks worked.

More than one in ten people employed in Kentucky during 2019 earned at or below the minimum wage according to data from the American Community Survey.

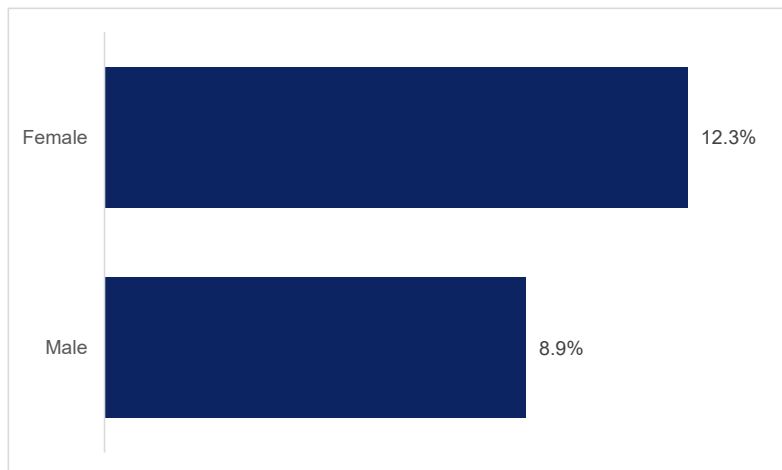
Characteristics of Hourly Workers Paid at or Below Minimum Wage in Kentucky, 2019

Gender



In 2019, 10.6 percent of those

employed earned at or below the minimum wage in Kentucky. Although women made up a slight majority of all workers in the state (50.3 percent), they were over-represented among those making at or below minimum wage, comprising 58.3 percent of all minimum wage workers but only 49.3 percent of workers with earnings exceeding the minimum wage.



Among all female workers, 12.3 percent were employed in minimum wage jobs compared to 8.9 percent of male workers.

Source: American Community Survey, 1-Year Estimates, 2019

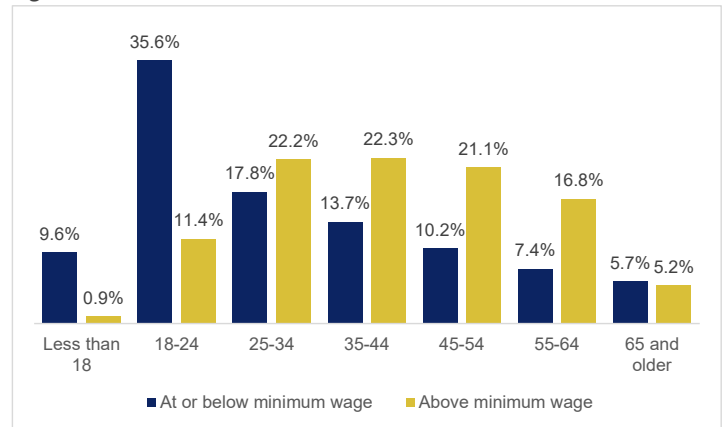


Minimum Wage Workers in Kentucky

Younger (less than 25) and older (55 and older) workers were also over-represented among minimum wage workers. Workers under the age of 25 made up 45.2 percent of minimum wage workers. One in eight (13.1 percent) minimum wage workers was over the age of 55.

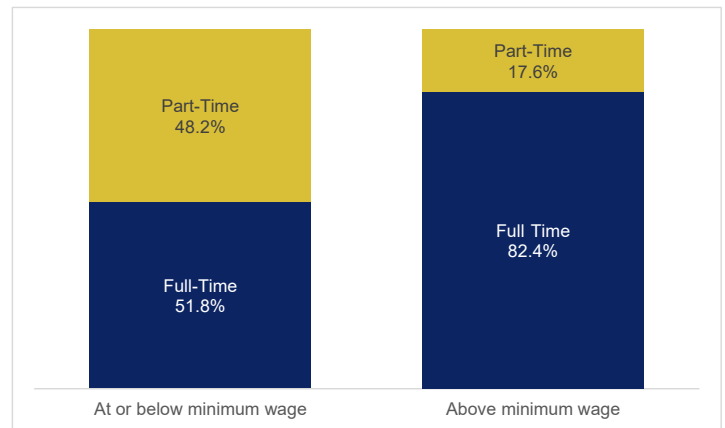
Characteristics of Hourly Workers Paid at or Below Minimum Wage in Kentucky, 2019

Age



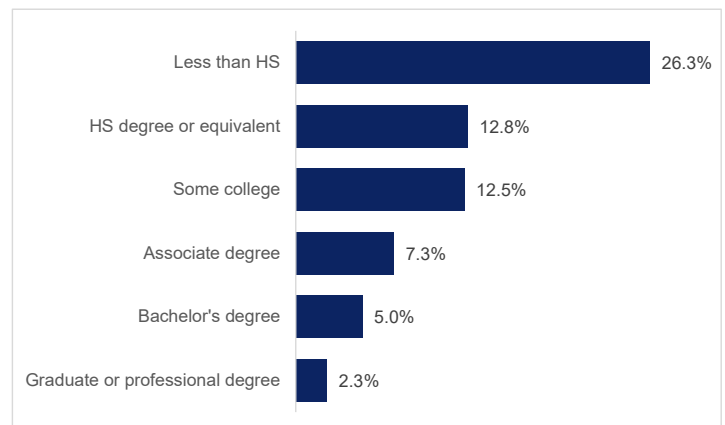
More than 82 percent of workers making more than minimum wage were employed full-time (i.e., 35 or more hours per week). That compares to 51.8 percent of those making less than the minimum wage.

Full-Time and Part-Time Status



Workers with higher levels of education were more likely to be paid more than minimum wage. Among all Kentucky workers, more than one-quarter of those with less than a high school diploma, 26.3 percent, were paid at or below a minimum wage. By contrast, the percentage of high school graduates earning minimum wage was less than half of that at 12.8 percent. Those with an Associate degree or higher were even more likely to be earning more than minimum wage. However, there are workers in Kentucky with a college degree or higher employed in jobs at or below minimum wage.

Educational Attainment



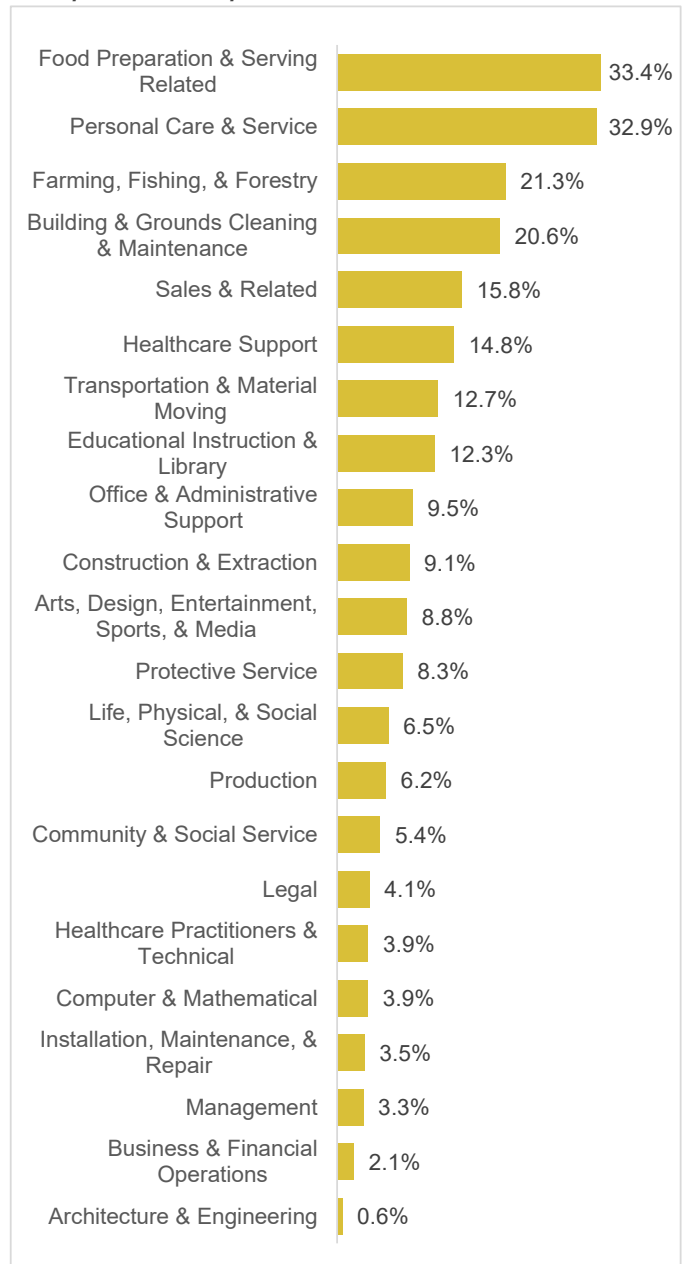
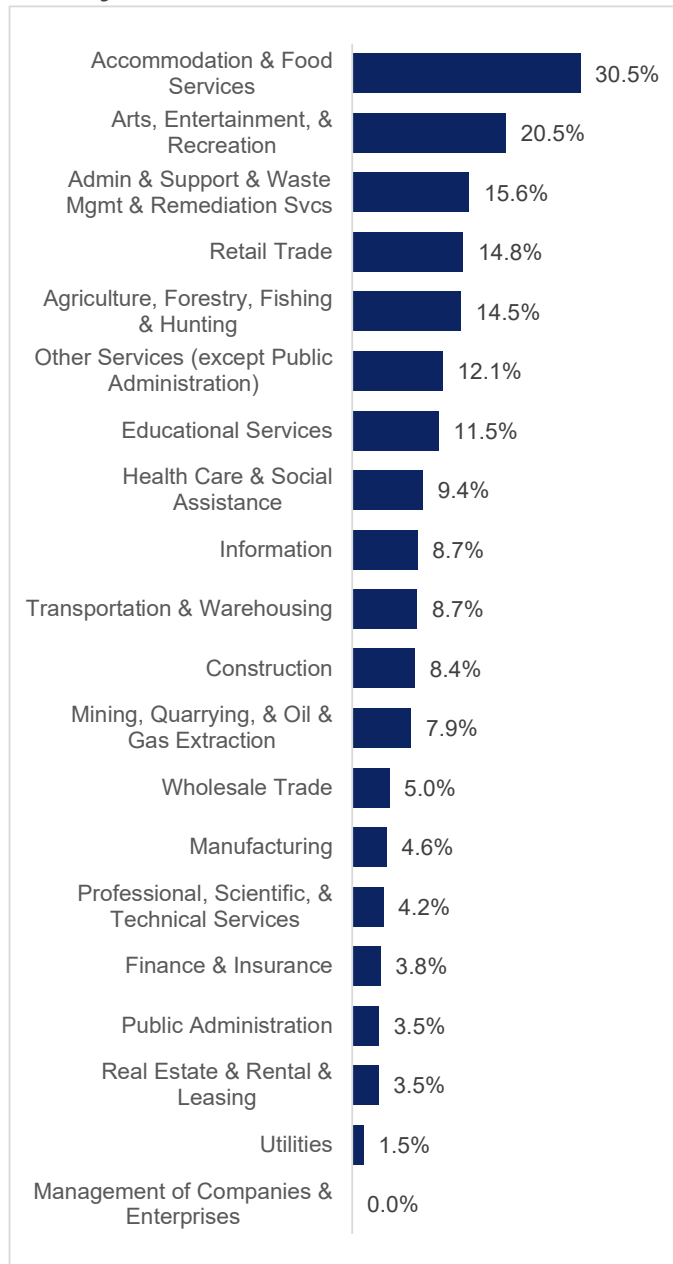
Source: American Community Survey, 1-Year Estimates, 2019



Minimum Wage Workers in Kentucky

The following charts show the share of workers by industry and occupation group earning at or below the minimum wage in Kentucky. The industry sectors with the largest share of minimum wage workers include Accommodation & Food Services (30.5 percent) and Arts, Entertainment & Recreation (20.5 percent). In 2019, one-third of workers in Food Preparation & Serving Related occupations and one-third of workers in Personal Care and Service occupations earned up to \$7.25 per hour.

Share of Kentucky Workers Earning at or Below Minimum Wage by Industry and Occupation Group, 2019



Source: American Community Survey, 1-Year Estimates, 2019

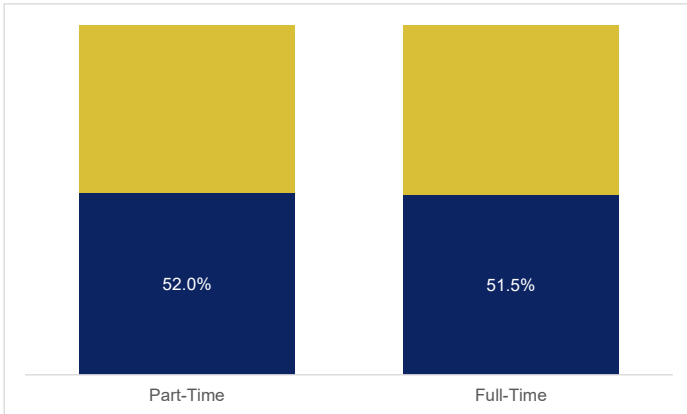


Minimum Wage Workers in Kentucky

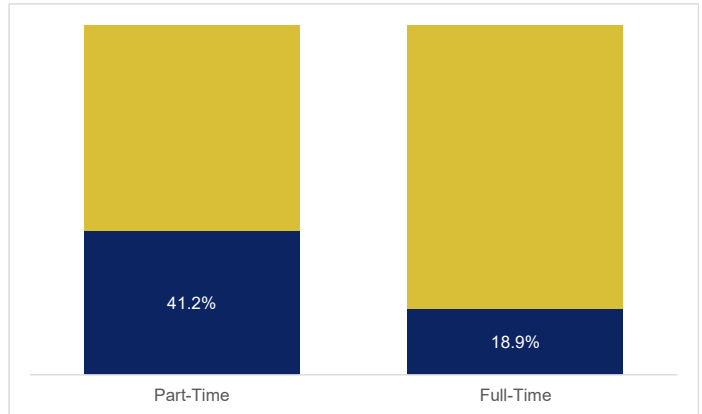
Less than half (48.5 percent) of Kentucky's full-time minimum wage workers had employer provided health insurance, compared to 81.1 percent of full-time workers who were making more than the minimum wage.

Share of Kentucky Workers Receiving Employer Provided Health Insurance, 2019

Workers Earning at or Below Minimum Wage



Workers Earning More than Minimum Wage

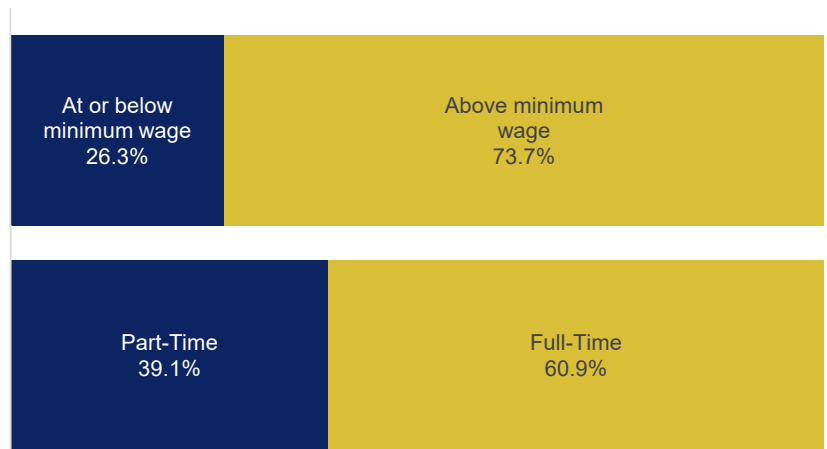


■ No employer provided health insurance ■ Employer provided health insurance

Source: American Community Survey, 1-Year Estimates, 2019

For those working full-time and earning the minimum wage of \$7.25 per hour, the annual salary is \$15,080 assuming a 40 hour work week. In 2019, less than one percent (0.6 percent) of workers in Kentucky indicated that they received some form of public assistance income in the previous 12 months. This includes both general assistance and Temporary Assistance for Needy Families (TANF) made available to low-income families or individuals. It does not include payments for hospital or medical care, Supplemental Security Income (SSI) or non-cash benefits such as Supplemental Nutrition Assistance Program (SNAP). Of those who worked and received public assistance income, 26.3

Characteristics of Kentucky Workers that also Received Public Assistance, 2019



Source: American Community Survey, 1-Year Estimates, 2019

percent worked in jobs that paid at or below minimum wage and 73.7 percent worked in jobs that paid more than the minimum wage. Among workers who received public assistance during 2019, 60.9 percent worked full-time.

Despite the differences in datasets, methodologies, geographies and years, there were some similarities between minimum wage workers in the U.S. and Kentucky. The majority of workers in Kentucky making at or below minimum wage during 2019 were older than 25, female, had a high school degree or less and worked full-time. Minimum wage workers were concentrated in Food Preparation & Serving Related occupations and Personal Care and Service occupations.



IN THE NEWS



Broadband Speed Test

<https://kystats.ky.gov/Reports/Tableau/SpeedTest>

In January, Lt. Governor Jacqueline Coleman announced the launch of the Kentucky Broadband Speed Test, part of the Kentucky Broadband Initiative to expand internet access and build a stronger digital infrastructure in urban and rural communities across the commonwealth. The Speed Test collects data about broadband speed which will be used to create maps for communities that can be used to help their efforts to receive grants and other support to improve broadband. Kentuckians can take the free, anonymous speed test here: <https://educationcabinet.ky.gov/Initiatives/Pages/KBI.aspx>. KYSTATS has mapped the results by county in an interactive dashboard with daily updates.



Skills U Feedback Report

https://kystats.ky.gov/Reports/Tableau/2021_KSUFR

This dynamic report provides a general and detailed overview of adult education in Kentucky. It includes information on outcomes of adults that enrolled for the first time in adult education in FY 2016-2018



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Kentucky Labor Force Update

A monthly publication of the
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Published 5/27/2021