

Raising Missouri's Minimum Wage to \$12 by 2023: More Than 100,000 Working Seniors and Near-Retirees Would Benefit

Missouri voters this November will have the opportunity through Proposition B to gradually raise the state's minimum wage from its current level of \$7.85 per hour¹ to \$12 per hour by 2023.² According to analysis by the Economic Policy Institute (EPI), Proposition B would raise wages for 677,000 Missouri residents,³ including more than 100,000 working seniors and near-retirees age 55 and over.⁴ In fact, more than 36,500 working seniors who stand to see a wage increase from Proposition B are past retirement age at 65 and over.⁵ Proposition B could therefore help thousands of Missouri seniors make ends meet and afford retirement.

More Than 100,000 Working Seniors and Near-Retirees Age 55+ Would Benefit From a \$12 Minimum Wage

- According analysis by EPI, Missouri's workforce currently includes about 577,190 working seniors and near-retirees age 55 and over.⁶ More than 100,000 of them would benefit from Proposition B, and they would see, on average, an annual wage increase of \$1,408 by 2023.⁷ More than half of seniors within that group (about 51,660) earn under \$12 an hour and so would directly see their wages increase.⁸ See Figure 1.
- Notably, the share of seniors age 65 and older in Missouri's labor force has grown significantly in recent years. The most recent 2018 Missouri Economic Report noted that "[n]ationally, as well as statewide, the number of older Americans (65+) staying in the labor force is increasing."⁹
- Between 2007 and 2017, the labor force participation rate for seniors age 65 and older in Missouri increased by 42 percent, from 4.5 percent to 6.4 percent.¹⁰ See Figure 2.
- Across the country, more seniors than ever cannot afford to retire and must continue working into their 60s and 70s, often in low-paying jobs.¹¹
- It is projected that "the vast majority of Americans over 65 in the bottom 90 percent of the income distribution will likely have to work longer than the affluent, even as they also expect to die sooner."¹²
- The Social Security Administration assumes that "middle-class 67-year-olds in 2040 will get less of their income from assets and retirement plans and almost twice as much of their income from working as they did 40 years earlier—because they can't afford not to work."¹³

- EPI’s analysis shows that Missouri’s workforce currently includes about 135,489 seniors age 65 and older.¹⁴ More than 1 in 4 (36,574) would benefit from a \$12 minimum wage by 2023.¹⁵

Figure 1. More than 100,000 Missouri Seniors and Near-Retirees (age 55+) Would Benefit from Proposition B¹⁶

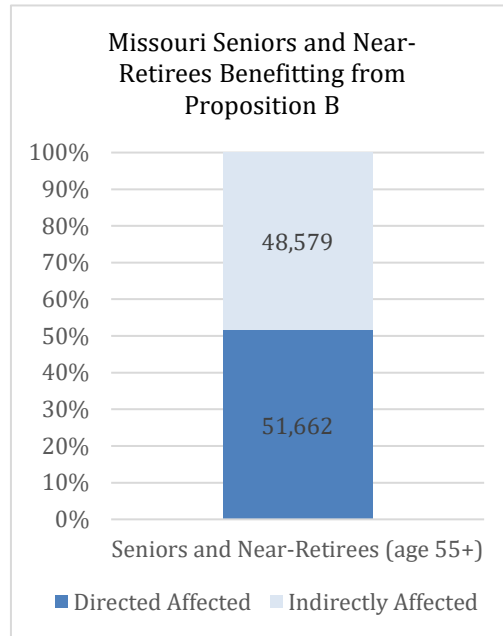
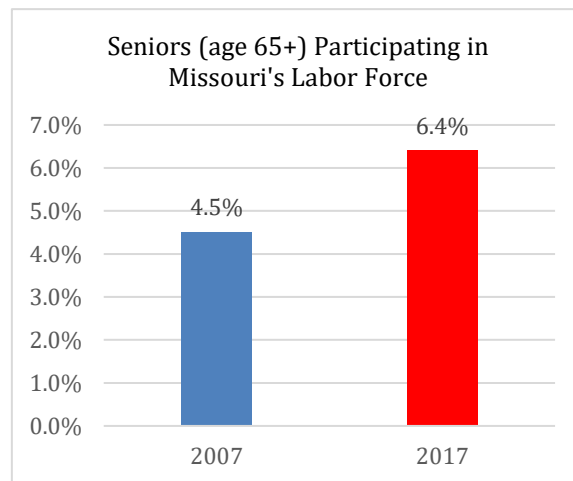


Figure 2. Missouri Seniors’ (age 65+) Labor Force Participation Rate Increased by 42 Percent Between 2007 and 2017¹⁷



Many Missouri Seniors Struggle to Make Ends Meet, and a \$12 Minimum Wage Will Help Missouri Seniors Afford Basic Necessities

- Many seniors in Missouri struggle to make ends meet. According to the Kaiser Family Foundation’s 2016 analysis of poverty data, 9.2 percent of adults in Missouri age 65 and

older live in poverty based on the official poverty measure.¹⁸ When looking at a Supplemental Poverty Measure, more than 1 in 10 (12.7 percent) of Missouri seniors age 65 and older live in poverty.¹⁹ The Supplemental Poverty Measure takes into account “financial resources and liabilities, including taxes, the value of in-kind benefits (e.g., food stamps), and out-of-pocket medical spending . . . , and geographic variations in housing costs.”²⁰

- According to a 2013 Missouri Senior Report published by the University of Missouri Office of Social and Economic Data Analysis, in 2011, almost one-third (29.4 percent) of seniors age 65 and older who are renters or home owners spent 30 percent or more of their household income on housing costs.²¹
- An increase in the minimum wage to \$12 will mean that Missouri seniors employed in low-wage jobs will be better able to afford the basics.

A \$12 Minimum Wage Will Provide an Important Boost to Social Security Benefits and Other Retirement Savings for Missouri’s Seniors

- A \$12 minimum wage could boost wages as well as Social Security income for senior workers by boosting their total employment earnings. And because Social Security benefits are determined by employment earnings over a lifetime, a higher minimum wage that increases workers’ earnings will boost the Social Security benefits available to Missouri seniors in the future.
- A \$12 minimum wage could also increase Missouri seniors’ non-Social Security retirement savings, which are becoming an increasingly crucial source of income. As retirement savings shift from traditional pensions to retirement savings accounts, there is a growing disparity in retirement wealth between high-income and low-income workers.²² Notably, “[f]or many groups—lower-income, black, Hispanic, non-college-educated, and unmarried Americans—the typical working-age family or individual *has no savings at all* in retirement accounts, and for those that do have savings, the median balances in retirement accounts are very low.”²³
- Falling wages and rising housing, higher education, and health care costs today, among other challenges, prevent many workers from saving an adequate amount for retirement. The Economic Policy Institute estimates that “[a]lmost nine in 10 families in the top income fifth had savings in retirement accounts in 2013, compared with less than one in 10 families in the bottom income fifth.”²⁴
- Ultimately, raising Missouri’s minimum wage from its current poverty level of \$7.85 to \$12 by 2023 represents an important step in helping the state’s working seniors better afford basic necessities today, while enabling future generations to increase their Social Security benefits and better save for retirement.

Endnotes

¹ Missouri Department of Labor & Industrial Relations, Minimum Wage, <https://labor.mo.gov/DLS/MinimumWage> (last viewed Sept. 7, 2018).

² Raiseupmo.org, <https://www.raiseupmo.org/> (last viewed Oct. 22, 2018).

³ Economic Policy Institute (EPI) analysis of *Current Population Survey* Outgoing Rotation Group microdata (2016) and *CBO Economic Projections* (June 2017) (the total of 677,000 includes workers who will be both directly and indirectly affected).

⁴ Economic Policy Institute (EPI) analysis of *Current Population Survey* Outgoing Rotation Group microdata (2016) and *CBO Economic Projections* (June 2017) (the total of over 100,000 includes workers who will be both directly and indirectly affected).

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* (this estimate includes worker who will be both directly and indirectly affected).

⁸ Id.

⁹ Missouri Economic Research and Information Center – Missouri Department of Economic Development, 2018 Missouri Economic Report, https://www.missourieconomy.org/pdfs/2018_MO_Economic_Report.pdf.

¹⁰ Id. (including workers who will both be directly and indirectly affected).

¹¹ See, e.g., Alana Semuels, “This is What Life Without Retirement Savings Looks Like,” *The Atlantic*, Feb. 22, 2018, <https://www.theatlantic.com/business/archive/2018/02/pensions-safety-net-california/553970/>; Mitchell Hartman, “Many boomers can’t afford to retire,” *Marketplace*, Aug. 3, 2015, <http://www.marketplace.org/2015/08/03/economy/many-boomers-cant-afford-retire>.

¹² Teresa Ghilarducci, “Senior Class: America’s Unequal Retirement,” *The American Prospect*, Apr. 24, 2015, <http://prospect.org/article/senior-class-americas-unequal-retirement>.

¹³ Id.

¹⁴ EPI analysis of Current Population Survey Outgoing Rotation Group microdata (2016) and CBO Economic Projections (June 2017).

¹⁵ Id.

¹⁶ Economic Policy Institute (EPI) analysis of *Current Population Survey* Outgoing Rotation Group microdata (2016) and *CBO Economic Projections* (June 2017) (the total of over 100,000 includes workers who will be both directly and indirectly affected).

¹⁷ Missouri Economic Research and Information Center – Missouri Department of Economic Development, 2018 Missouri Economic Report, https://www.missourieconomy.org/pdfs/2018_MO_Economic_Report.pdf.

¹⁸ Juliette Cubanski et al., Kaiser Family Foundation, How Many Seniors Are Living in Poverty? National and State Estimates Under the Official and Supplemental Poverty Measures in 2016 (Tables) (Mar. 2016), <https://www.kff.org/report-section/how-many-seniors-are-living-in-poverty-national-and-state-estimates-under-the-official-and-supplemental-poverty-measures-in-2016-tables/>.

¹⁹ Id.

²⁰ Juliette Cubanski et al., Kaiser Family Foundation, How Many Seniors Are Living in Poverty? National and State Estimates Under the Official and Supplemental Poverty Measures in 2016 (Key Findings) (Mar. 2016), <https://www.kff.org/medicare/issue-brief/how-many-seniors-are-living-in-poverty-national-and-state-estimates-under-the-official-and-supplemental-poverty-measures-in-2016/>.

²¹ Missouri Senior Report 2013, Browse Data, http://www.missouriseniorreport.org/report.php?c=29000&m=PctOver65|FoodStampsOver60|PctFoodStampsOver60|MedHHInc65_74|MedHHIncOver75|PoorOver65|PctPoorOver65|PctSSIOver65|WorkforceOver65|PctWorkforceOver65|AvgMonthlyEarningsOver65|CBRe nterOver65|PctCBRe nterOver65|CBOwnerOver65|CBRe nterOwnerOver65|PctCBRe nterOwnerOver65&y=2006|2007|2008|2010|2011 (last viewed Oct. 22, 2018).

²² See Monique Morrissey, Economic Policy Institute, The State of American Retirement: How 401(k)s have failed most American workers (March 3, 2016), <https://www.epi.org/publication/retirement-in-america/>.

²³ Id. (emphasis in original).

²⁴ Id.

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