

2021 ECONOMIC REPORT

MISSOURI

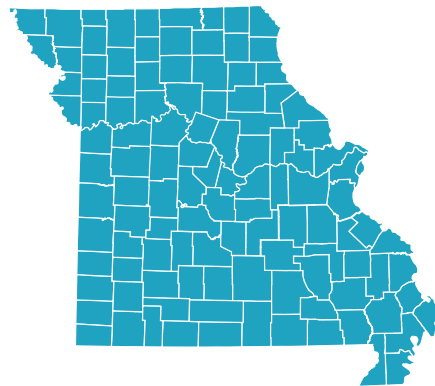
ECONOMY OVERVIEW



GROSS DOMESTIC PRODUCT (GDP)

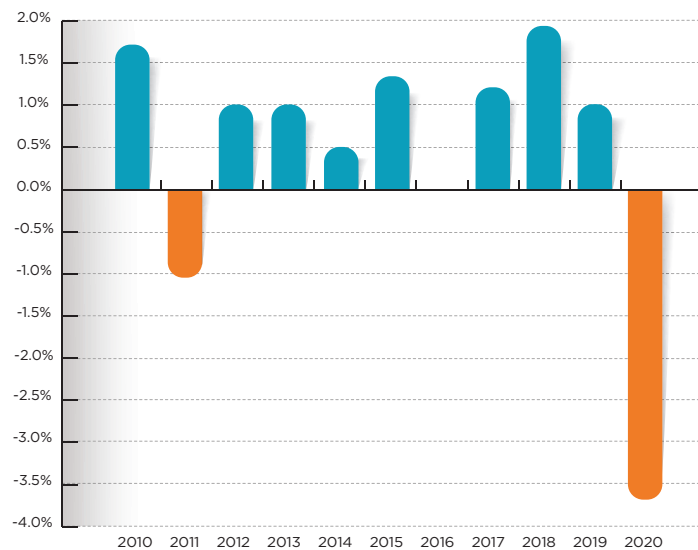
Gross Domestic Product (GDP) is the broadest measure of economic activity. This measure tracks the market value of goods and services produced within a nation or state for a particular period of time. In 2020, Missouri's GDP was \$277.4 billion (in 2012 chained dollars); this is a 3.6 percent decrease from 2019. Nationally, GDP decreased 3.5 percent over the same period. The large GDP decrease from 2019 to 2020 was due to the economic effects of the COVID-19 pandemic.

The percent decline in Missouri's GDP, from 2019 to 2020, is comparable with bordering states. All eight states experienced a decline in GDP, with four states having greater negative growth and four states having less negative growth than Missouri. Oklahoma had the greatest decline, with -6.1 percent, and Nebraska had the least, with -2.1 percent.



\$277.4
BILLION GDP
3.6% ↓
FROM 2019

Missouri Real Gross State Product Annual Growth Rate



SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS, REAL GDP IN 2012 CHAINED DOLLARS

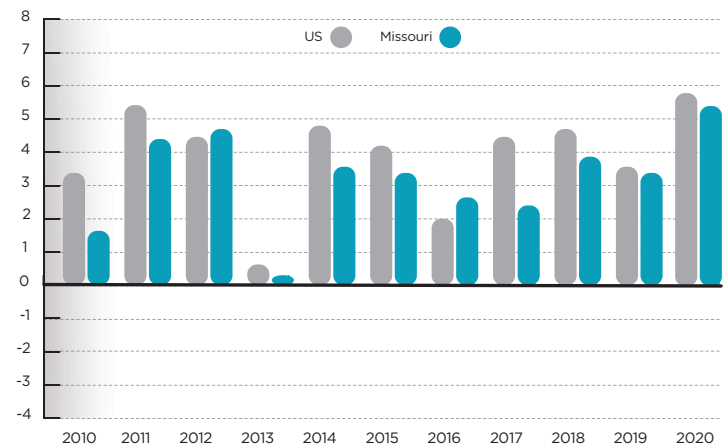
Even though the last year has seen a large decrease in GDP, most industry sectors still experienced positive GDP growth from 2010 to 2020. The greatest gains in the past 10 years have been in the *Professional, Scientific, and Technical Services* industry with a 36.4 percent overall increase or 3.2 percent compound annual growth rate. Other 10-year top trends include a compound annual growth rate in *Management of Companies and Enterprises* at 2.8 percent, *Health Care and Social Assistance* at 1.4 percent, and *Administrative and Waste Services* at 1.3 percent.

In the past year, most industry sectors have experienced negative growth. The *Arts, Entertainment, and Recreation* industry had the largest loss, at 27 percent. *Accommodation and Food Services*, at 20.9 percent, had the next largest negative growth.

In 2010, Missouri produced \$269.1 billion in goods and services whereas in 2020, Missouri produced \$277.4 billion in goods and services.

Missouri grew at an annualized rate of 0.3 percent to equal \$8.3 billion in growth over the past 10 years, or a 3.1 percent GDP increase overall.

Personal Income Annual Growth Rate



SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS, 2020

MISSOURI OVERVIEW

TOTAL PERSONAL INCOME

Total personal income includes the wages and salaries of workers and other income received such as dividends, interest, rent, and transfer payments. Incomes are reported before the deduction of taxes.

Transfer payments are monies paid out by the government to individuals through Social Security, Disability Insurance, Medicare, Unemployment Insurance compensation, Veterans benefits, Education and Training Assistance programs (Pell Grants for example), and low-income assistance benefits (which include SSI, Medicaid, CHIP, and TANF).

In 2020, Missouri's total personal income was \$314.8 billion, a 5.4 percent increase over 2019. The nation's personal income increased 6.1 percent to \$19.7 trillion. California led the nation in total personal income with more than \$2.8 trillion. Texas, New York, Florida, and Pennsylvania were in the top five.

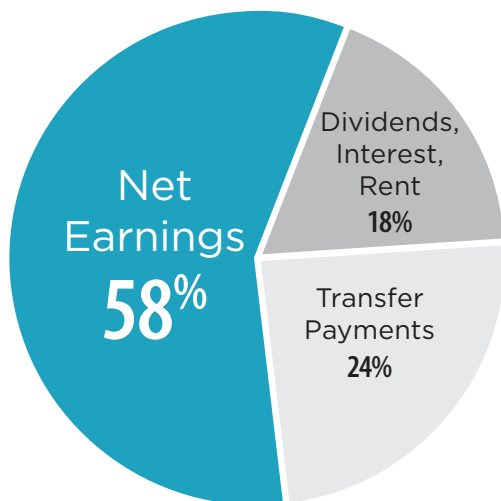
Among surrounding states, Missouri had the sixth largest percent change in personal income from 2019 to 2020. Total personal income in Iowa increased by 6.8 percent, followed by Illinois, Kentucky, and Nebraska, increasing by 6.5 percent each.

The increase in both U.S. and Missouri personal income in 2020 was due to an increase in transfer payments. Transfer payments reflected new government relief payments provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, including increases in state unemployment insurance compensation and economic recovery payments to individuals. As a result, transfer payments increased by 26 percent in Missouri and by 37 percent nationally.

Net earnings accounted for 58 percent of Missouri personal income in 2020. Transfer payments accounted for 24 percent and dividends, interest and rent accounted for 18 percent. In the U.S., 59 percent of personal income was accounted for by net earnings, 22 percent by transfer payments and 19 percent by dividends, interest and rent.

Per capita personal income is a rough indicator of the economic well-being of an area's residents. Per capita income is calculated by dividing an area's total personal income by its population. The per capita personal income of a Missouri citizen in 2020 was \$51,177 and nationally it was \$59,729. While the state's per capita income is lower than the national average, so is the cost of living. In 2020, Missouri ranked sixth in lowest cost of living for all states.

Missouri Components of Personal Income



Component Totals: **\$314 Billion**

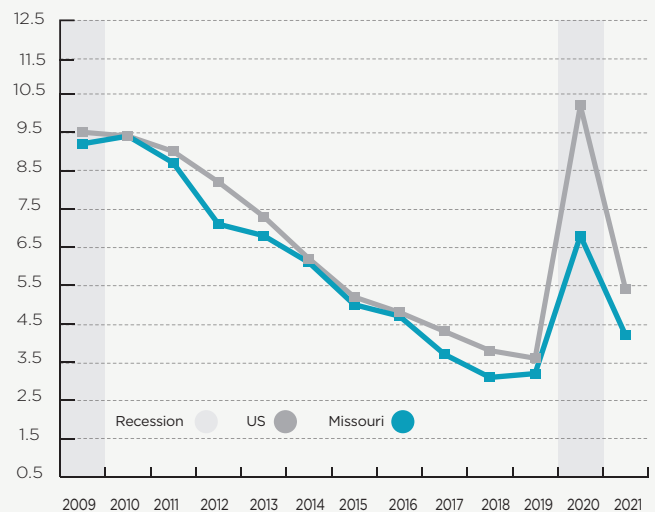
SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS, ANNUAL PERSONAL INCOME AND EMPLOYMENT BY STATE, CURRENT DOLLARS (NOT ADJUSTED FOR INFLATION).

UNEMPLOYMENT

The unemployment rate measures the number of persons out of work but actively seeking employment relative to the civilian labor force. As of July 2021, the nation's unemployment rate was 5.4 percent, a significant decrease from July 2020, reflecting continued recovery from the economic downturn caused by the COVID-19 pandemic during 2020. Similarly, Missouri's unemployment rate was 4.2 percent, an improvement from 6.8 percent in July 2020.

Prior to the COVID-19 pandemic, Missouri and the nation were experiencing record low unemployment numbers and a tight labor market. Unemployment spiked during the second quarter of 2020, as COVID-19 related shutdowns and layoffs impacted the economy in the U.S. and around the world. Missouri's unemployment rate rapidly declined, as more Missourians were able to return to work, but has not yet reached pre-COVID levels.

Unemployment Rate



SOURCE: U.S. BUREAU OF LABOR STATISTICS, LOCAL AREA UNEMPLOYMENT STATISTICS.

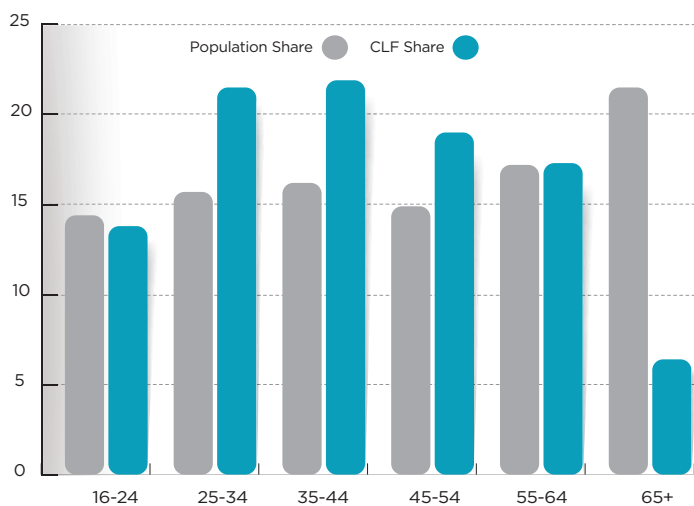
MISSOURI OVERVIEW

CIVILIAN LABOR FORCE

The Civilian Labor Force is defined as the number of non-institutionalized persons—16 years and older—who are either gainfully employed or are unemployed but actively seeking work. The civilian labor force in Missouri totaled just over three million in 2020. As per data from the Bureau of Labor Statistics (BLS), in 2020, the 35 to 54 age cohort comprised 31.1 percent of Missouri’s population and 40.9 percent of its civilian labor force. The 65+ age cohort made up 21.5 percent of the population and 6.4 percent of the civilian labor force.

The labor force participation rate (LFPR) is the ratio of the civilian labor force to the population. The national LFPR climbed to a peak of 67 percent in 1990 where it seemed to stabilize. However, since 2001 the LFPR has been falling.

Missouri Population and Labor Force by Age Cohort

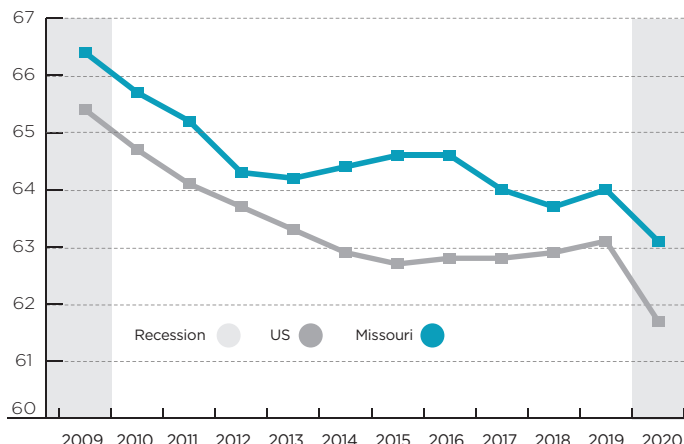


SOURCE: U.S. DEPT. OF LABOR, BUREAU OF LABOR STATISTICS. DEMOGRAPHICS FROM THE CURRENT POPULATION SURVEY.

In the last 10 years, prior to the COVID-19 pandemic, Missouri’s LFPR averaged between 64 to 65 percent. In 2020, it declined to 63.1 percent. Despite the decline, more Missourians—as a share of the state’s working-age population— participate in the labor force when compared to the national LFPR. In 2020, Missouri’s LFPR was 1.4 percentage points higher than the U.S. LFPR of 61.7 percent. Missouri’s LFPR has been higher than the national average for more than a decade.

In 2020, three of Missouri’s neighboring states had a higher labor force participation rate: Nebraska (69.6), Iowa (67.2), and Kansas (67.0).

Civilian Labor Force Participation Rates



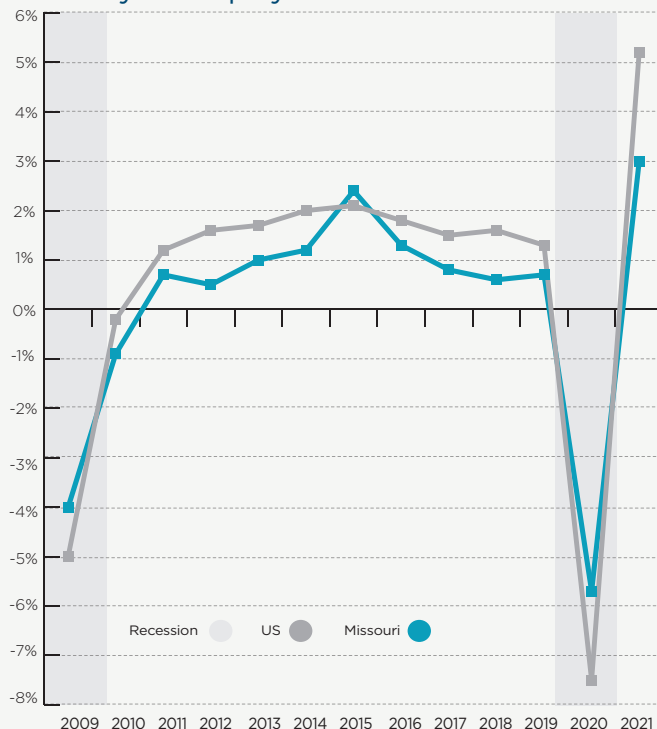
SOURCE: U.S. BUREAU OF LABOR STATISTICS, LOCAL AREA UNEMPLOYMENT STATISTICS

NONFARM PAYROLL EMPLOYMENT

Nonfarm payroll employment is the estimate of employment in the nonagricultural sector of the economy. Total nonfarm payroll employment peaked in 2019 in the U.S. and Missouri, following nine years of growth after the Great Recession. July 2020 nonfarm employment in the U.S. was 7.5 percent lower than in July 2019 due to the impact of the COVID-19 pandemic – a loss of more than 11 million jobs. By July 2021, employment increased by 5.2 percent, recovering more than 7 million jobs.

Statewide, Missouri’s nonfarm payroll employment followed a similar trend, with a decrease of 5.7 percent, or 165,000 jobs, from July 2019 to July 2020. As of July 2021, employment has grown by 3.0 percent year-over-year, with a recovery of 84,000 jobs.

Payroll Employment Annual Growth Rate



NOTE: YEAR-OVER-YEAR, ANNUAL DATA SOURCE: U.S. BUREAU OF LABOR STATISTICS, CES

MISSOURI OVERVIEW

EMPLOYMENT CHANGE BY INDUSTRY

Employment change by industry identifies the types of jobs being created in the state. Industries with increasing employment indicate a greater need within that sector. There are also industries that behave more cyclically, growing during economic expansion and decreasing in times of economic slowdown or contraction.

These changes are crucial; they help identify both the types of occupational job loss that is occurring and industries that are expanding or hiring.

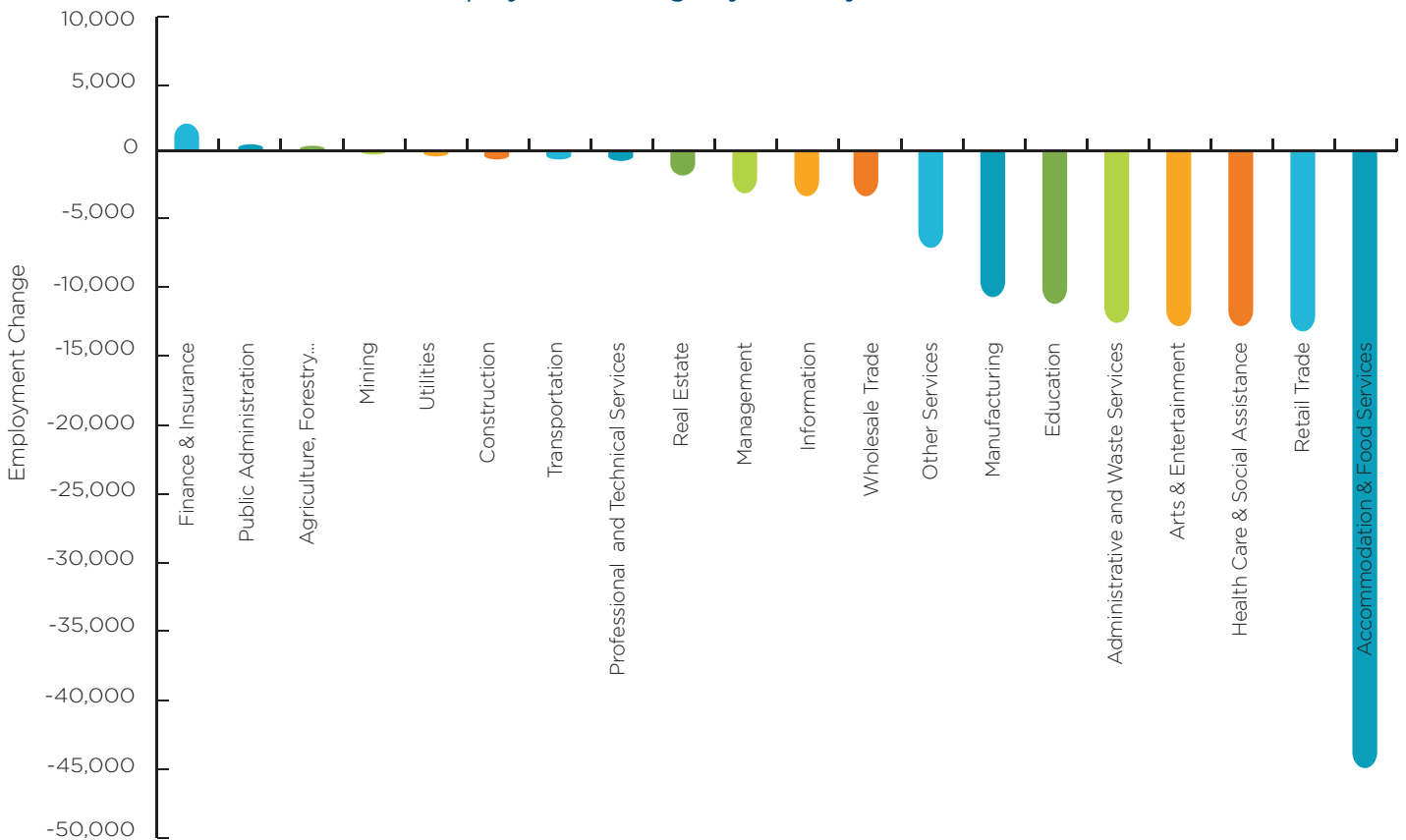
The change in employment from 2019 to 2020 was heavily influenced by the economic situation caused by the COVID-19 pandemic. Overall the state of Missouri lost employment from 2019 to 2020, with some industry sectors being much more negatively affected by the pandemic than others. There were large employment gains in the second half of 2020, but not enough to make up for the losses in the spring. As the economic recovery continues into 2021, there might be

significant employment gains when comparing 2020 to 2021 in terms of employment changes by industry.

Seventeen out of 20 industry sectors lost jobs between 2019 and 2020. The pandemic may have accelerated long-term downward trends in some industries, such as *Retail Trade* and *Administrative and Waste Services*. The pandemic negatively impacted some industries especially hard. The *Accommodation and Food Services* sector experienced the largest employment drop, with 44,678 jobs lost. The largest percentage loss was in the *Arts, Entertainment, and Recreation* sector, which lost 23 percent of its employment.

Three industries ended the year with a positive growth. *Finance and Insurance* added the most jobs, (1,411 jobs). *Public Administration* and *Agriculture, Forestry, Fishing, and Hunting* sectors also saw small increases with 224 and 123 jobs added, respectively.

Missouri Employment Change by Industry Sector 2019-2020



SOURCE: MERIC ANALYSIS OF THE QUARTERLY CENSUS OF EMPLOYMENT AND WAGES MICRO-DATA, 2019 TO 2020



This report was prepared by the staff of the Missouri Economic Research and Information Center (MERIC) as part of the Missouri Workforce Report. All data in this report was current at the time of publication and is subject to revision. Additional details on data sources can be found in the full report.

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