

# Barriers to Getting Ahead

*Low-income workers in Minnesota and elsewhere in the country face a variety of employment obstacles, including access to affordable child care, transportation and education.*



Getting and keeping a job can be difficult, particularly for low-income workers who don't have access to affordable child care, transportation and educational opportunities. This article will look at the most prevalent barriers to employment that low-wage workers encounter in Minnesota.

For the purpose of this article, low-income is defined as earning

about \$20,000 per year, which is roughly the poverty threshold for a family of three (\$19,530 in 2013). Working a full-time, year-round schedule, a worker would have to make at least \$9.62 per hour to earn \$20,000 per year.

Based on seven categories of basic needs, the average wage that is necessary to maintain a basic budget for a single adult working full time with one child

in Minnesota is \$21.44 per hour. This wage varies from \$15.47 per hour in southwestern Minnesota to nearly \$25 per hour in the Twin Cities.<sup>1</sup>

In Minnesota, low-income workers tend to be more heavily concentrated in rural than in urban areas. Twenty-three percent of working adults are low income in rural counties compared with 13 percent in Minnesota's Metropolitan Statistical Areas. In terms of age, almost 40 percent of low-income workers are between the ages of 20 and 34. Low-income workers are also less likely to have employer-provided health insurance.

## Taking Care of Children

Child care is a work barrier for many low-income workers because of its high cost and limited availability in some areas of the state.<sup>2</sup> Until age 4 or 5, child care costs \$10,920 per child in Minnesota annually on average.<sup>3</sup> By age 6, most children have entered school, and child care costs decrease

to about \$5,000 a year through age 12, when most children no longer need adult supervision at all times.

One study finds that a majority of low-income women perceived child care as a barrier to employment, especially when combined with other barriers like transportation, job quality and job experience.<sup>4</sup>

There is no data specific to Minnesota on how many low-income workers see child care as a barrier to employment. However, about 12 percent of families with children under 18 have earnings below the poverty level, while about 13 percent of families with children under age 5 have earnings below poverty.

In two-parent families or extended families, child care costs may be fully or partially offset by arranging work shifts to limit the hours of out-of-home child care needed. This is less likely the case in single-parent families. Forty-five percent of low-income families with a “female householder and no husband present” (American Community Survey category) have children under 5 in Minnesota.

### Getting to Work

Transportation can be a barrier for low-income workers, particularly in rural areas where

public transportation is not available. The actual cost of owning a car is high: For a single full-time worker in Minnesota, the average monthly cost of transportation is \$461, with the range between \$400 and \$550 by county.<sup>5</sup> Transportation costs increase from 67 percent to more than 100 percent with the addition of another working adult in the household, even if that person is working only part time.

Low-income workers more commonly take public transportation, bicycle, walk or work from home.<sup>6</sup> In Minnesota, public transit systems offer a range of service options to residents, but limited schedules and routes might prevent some workers from using the service. Moreover, workers who cannot afford a car might need to limit their job selection by opting for jobs that enable them to take public transportation.

### Education Pays

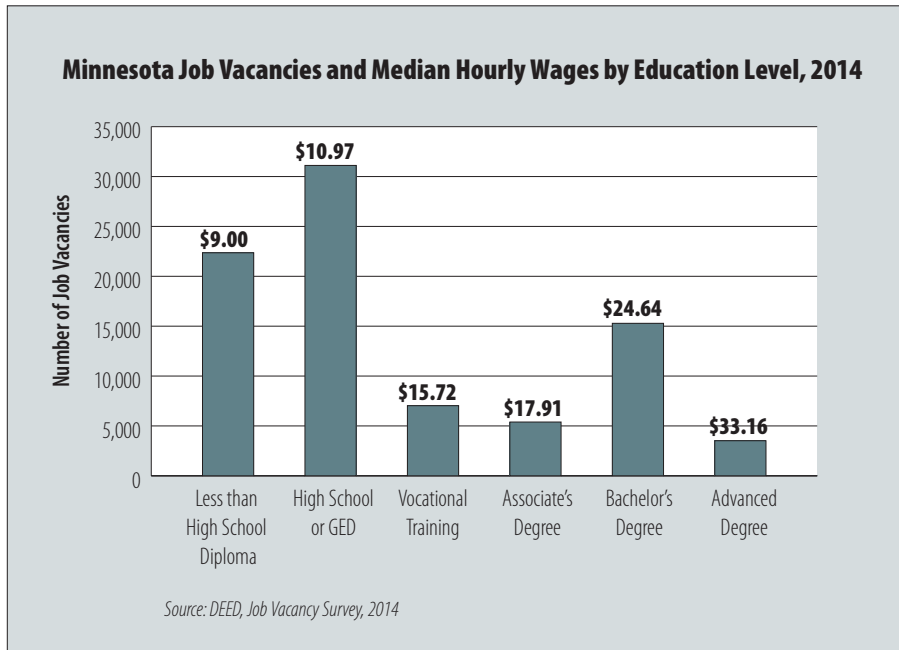
Education is another barrier for low-income workers because well-paying jobs are becoming increasingly more technical. Among Minnesota workers with less than a high school diploma, almost three out of four (73 percent) earn less than \$20,000, while only one out of five people with a bachelor’s degree and one out of 10 people with an advanced degree earn low wages.



Education translates into opportunity. Workers with less than a high school education or GED were ineligible for more than 62,300 job openings in Minnesota during the second quarter of 2014. A high school diploma or GED opens the door to an additional 31,000 job opportunities, while a four-year college degree could open the door to an additional 27,700 more jobs in Minnesota.

Moreover, wage offers, job stability and good working conditions are all highly correlated with education requirements. On average, the more education a job vacancy

FIGURE 1



requires, the higher the wage offer (see Figure 1). During slack labor markets, there is a tendency to hire workers who are overqualified for the position simply because they are available. Whether this trend continues during the recovery is an open question.<sup>7</sup>

### Working Night and Day ... and Weekends

Finally, low-wage jobs are more likely to have nonstandard work hours, offer temporary or part-time work, and provide limited opportunity for on-the-job training or promotion.

TABLE 1

Occupation	Hourly Median Wage	Percent of Occupation's Workers Earning Low Wage	Percent of All Low-wage Workers Working in the Occupation
Cashiers	\$9.11	82.4%	5.2%
Retail Salespersons	\$9.38	57.2%	3.8%
Cooks	\$9.16-\$12.84	71.5%	2.9%
Waiters and Waitresses	\$8.68	71.9%	2.8%
Nursing Assistants, Psychiatric, and Home Health Aides	\$11.70-\$15.00	58.1%	2.7%
Janitors and Building Cleaners	\$11.46	56.7%	2.6%
Personal Care Aides	\$10.88	69.3%	2.5%
Stock Clerks and Order Fillers	\$11.57	55.0%	1.6%
Laborers and Freight, Stock, and Material Movers, Hand	\$13.27	52.8%	1.6%

Source: CPS microdata 2010-2013 sample, Occupational Employment Statistics, 1Q 2014 wages

Out of the top 15 occupations in Minnesota with the most low-income workers, nine of them have nonstandard work hours, extending beyond 6 a.m. to 6 p.m. on weekdays.<sup>8</sup> These nine occupations account for 25.7 percent of all low-income workers in Minnesota (see Table 1). Workers with nonstandard work hours have limited public transportation and child care options.

## Conclusion

Low-income workers in Minnesota face barriers to finding and maintaining employment. These barriers include access to affordable child care, access to transportation and adequate education, and job training for career progression. Child care and transportation barriers are compounded by atypical or irregular work hours, which are more common in low-wage jobs. **■**



<sup>1</sup>Cost of Living in Minnesota, <http://mn.gov/deed/data/data-tools/col/>.

<sup>2</sup>Huston, Aletha C., "Childcare for Low-Income Families: Problems and Promises," *Work-family Challenges for Low-Income Parents and Their Children*, 2004.

<sup>3</sup>Rohrer, Amanda, "Cost of Living with Children," *Minnesota Employment Review*, October 2014, <http://mn.gov/deed/newscenter/publications/review/october-2014/fun-wth-statistics.jsp>.

<sup>4</sup>Lee, Shawna J. and Vinokur, Amiram D., "Work Barriers in the Context of Pathways to the Employment of Welfare-to-Work Clients," *Am J Community Psychol*, Oct. 2, 2007.

<sup>5</sup>Cost of Living in Minnesota, <http://mn.gov/deed/data/data-tools/col/>.

<sup>6</sup>Rohrer, Amanda, "Low-Income Workers in Minnesota," *Minnesota Employment Review*, September 2014, <http://mn.gov/deed/newscenter/publications/review/september-2014/low-income-workers.jsp>.

<sup>7</sup>Lambert, Susan J., "Lessons from the Policy World: How the Economy, Work Supports, and Education Matter for Low-Income Workers," *Work and Occupations*, February 2009.

<sup>8</sup>Bureau of National Affairs, "Workers with Nonstandard Hours Face Child Care, Transit Obstacles," *HR Focus: Work and Family*, October 2013.