



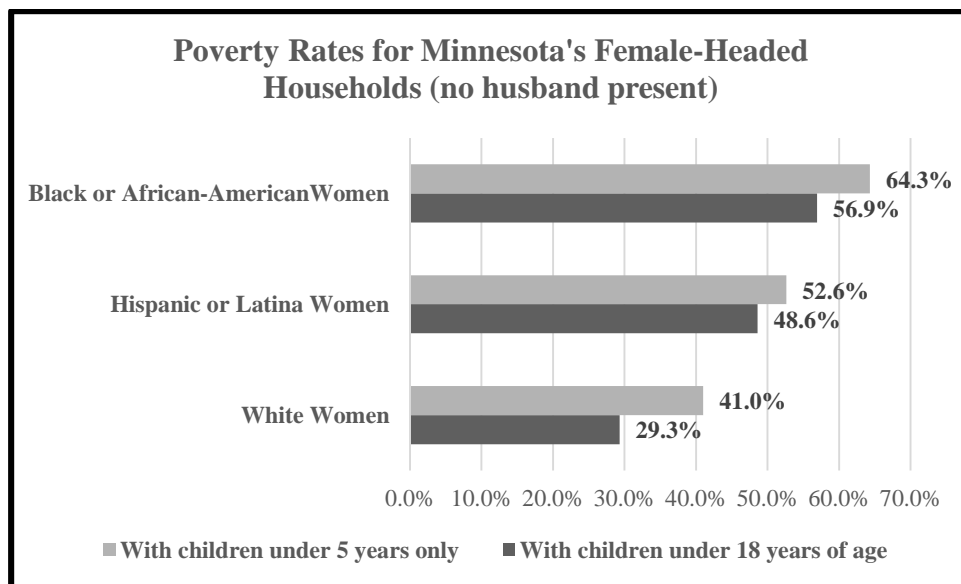
Office on the Economic Status of Women

TO: Senator Bobby Joe Champion, Representative Jim Knobloch, Members of the Legislative Working Group on Economic Disparities in Minnesota
FROM: Barbara Battiste, Director, Office on the Economic Status of Women (OESW)
DATE: January 12, 2016
RE: **Reducing Economic Disparities for Minnesota's Women of Color**

This memo offers considerations for reducing the obstacles to economic security that are faced by Minnesota's women of color. Many of these suggestions come from listening sessions on women's economic issues that OESW held in Greater Minnesota in 2014 and 2015.¹

Some obstacles to the economic security of women are unique to being a woman; many of the obstacles, however, are also encountered by all low-income individuals and families. The economic concerns of Minnesota's women are typically amplified greatly for women of color.²

Single Mothers. Being a single mother often closes the door to the middle class.



Single mothers need “wrap-around” support services if they are to get the education and job training necessary for jobs that pay a living wage. Primary among these support services are affordable and

¹ 2015: *Women's Voices from Greater Minnesota* <http://goo.gl/BesMjY> and *Women's Voices from around the State* (2014) <http://goo.gl/DCdVx0>

² For example, white, non-Hispanic women in Minnesota earn \$0.80 on a white male's dollar, African American women earn \$0.62 and Hispanic women earn \$0.57.

available child care and transportation.

Child Care. Nowhere, in the 15 Greater Minnesota locations of OESW listening sessions, was child care affordable, or often even available—especially infant care and child care for second and third shift work. The 2012 cost of accredited-center-based child care in Minnesota was 50% of the median family income of a two-parent African American family with an infant and a preschooler. It was 89% of the median income of a single mother with one infant.³

National research finds that assistance with child care costs increases employment duration for both welfare recipients and non-welfare mothers. Single mothers of young children who receive assistance with child care payments are 40% more likely to stay employed for at least two years than mothers who do not receive aid. Former welfare recipients with young children are 60% more likely to stay employed for two years if they receive child care help.⁴

Transportation. Lack of transportation means people can't accept jobs; pursue education and job skills training; get their children to childcare; and buy healthy, affordable food. Lack of transportation limits healthcare options, including mental health resources. Lack of transportation means employers can't find workers, especially for second and third shifts, and this in turn discourages businesses from locating or expanding in a community.

Women combine trips (“trip-chain”) much more than men. Trip-chaining involving grocery shopping, childcare/eldercare, and work makes transit complex and time-consuming, sometimes impossible. Expanded mass transit is part of the answer. For some low-income families, the answer may be an affordable, reliable personal car. Bills were introduced last year (SF 641/HF 1425) for grants to nonprofit programs that provide or repair vehicles for low-income Minnesotans.

Transportation barriers to low-income people may include problems in getting a driver's license due to DWIs or some drug offenses, and the high cost of car insurance. (Auto insurance rates vary by zip code, sometimes with higher rates in areas of poverty.)

Workplace Policies to Reduce the Gender Wage Gap. National research estimates that the gender pay gap results in lifetime income losses for Hispanic women of \$900,000.⁵ One of the primary causes of the gender wage gap is that family caregiving responsibilities lead to women working fewer hours, choosing less demanding (and lower paying) jobs, and retiring early (when caregiving for aging parents or spouses).

Providing workplace support for women and men with family caregiving responsibilities would reduce the wage gap. These supports include paid sick leave, paid maternity leave, and predictable work schedules.

Low-income workers, the majority of whom are women and people of color, are less likely to have

³ *Status of Women & Girls in Minnesota*. 2014. U of MN Humphrey School's Center on Women & Public Policy in partnership with the Women's Foundation of Minnesota.

⁴ Boushey, Heather. *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth*. 2002. Washington, DC: Economic Policy Institute.

⁵ *Status of Women & Girls in Minnesota*. 2014.

these supports. Eighty percent of low-wage workers do not have paid sick days.⁶ When a single mother must stay home to take care of a sick child or is herself sick, she either takes time off without pay or is fired for taking time off. The United States is the only industrialized nation that does not require paid maternity leave.

A Living Wage. Almost two-thirds of minimum wage workers are women. Women of color comprise 22% of minimum wage workers. On August 1, 2016, Minnesota’s minimum wage will be \$9.50/hr. (\$19,760/yr.). The annual cost of living for a single adult in Hennepin County is \$25,829 (\$12.42/hr.); for a single parent with two children it is \$77,876 (\$37.44/hr.).⁷

Disincentives to Rising Out of Poverty. A recurrent theme in the OESW sessions was the disincentive to trying to rise out of poverty if getting a better job results in losing government assistance, with a net loss in income.

Safe and Affordable Housing. Housing, like transportation and child care, is a basic building block that must be in place to reach economic security. “Safe” housing means both physically safe structures and housing that offers personal safety and security for single women.

Financial Literacy. Input from OESW’s listening sessions fully supports Sen. Champion’s proposal for financial literacy education (the “Build Wealth Family Stabilization Plan Initiative”). OESW session participants noted that debt (including student loan debt) encumbers the ability of low-income people to succeed. Many don’t understand their credit score, don’t know how to get out of debt, and don’t know how to do a budget. There was strong sentiment for financial literacy education starting at an early age—in high school, if not before.

Thank you for considering these comments.

⁶ Ibid.

⁷ DEED’s *Cost of Living Tool*. <http://mn.gov/deed/data/data-tools/col/>