# “I’m trying as hard as I can”

## Barriers to Economic Opportunity for Nebraska Women

## Introduction

Nebraska is a place where hard work and family values are central to our collective identity. Most Nebraskans want the same things - to be able to take care of their families and give their children a better future. But for some Nebraska kids and families, barriers exist that keep them from becoming thriving members of our communities. According to the United States Census Bureau 13.2% of Nebraskans and 17.7% of Nebraska’s children are living in poverty, an increase from recent years.[1] On a national level, income inequality is also on the rise. In fact, income inequality is now at the highest it has been since 1928. The wealthiest 1% of Americans receives 22.5% of all pretax income while the bottom 90% receives less than 50% of all pretax income.[2]

Perhaps even more significantly, the United States is lagging behind when it comes to economic mobility. Economic mobility is an individual’s ability to move up and down income brackets throughout their working life. Americans are currently less likely to move up income brackets compared to other wealthy countries.[3] In fact, 42% of American taxpayers who were in the bottom fifth of the income distribution in 1987 were still there 20 years later.[4] Economic mobility is even bleaker for women and people of color. Women are less upwardly mobile and more downwardly mobile than men, as are black individuals when compared to whites.[5]

These are just some of the larger trends contributing to growing child poverty rates in Nebraska. As more children grow up in poverty, more children will struggle to move up the income ladder and reach financial stability in adulthood. Even for those children who are able to move up income brackets, the increase will not be as significant as it once was due to widening income inequality. This means that the financial environment into which children are born is increasingly predictive of a child’s financial circumstances in adulthood.

[1] U.S. Census Bureau (2013). American Community Surveys, Tables B17001 and B17001. Retrieved from http://factfinder2.census.gov/

[2] Saez, E. (2013). Striking it richer: The evolution of top income in the United States. University of California Berkeley. Retrieved from http://eml.berkeley.edu/~saez/saez-UStopincomes-2012.pdf

[3] Chetty, R., Hendren, N., Kline, P., Saez, E., & Turner, N. (2014). Is the United States still a land of opportunity? Recent trends in intergenerational mobility. The National Bureau of Economic Research. Retrieved from http://obs.rc.fas.harvard.edu/chetty/mobility_trends.pdf

[4] Auten, G., Gee, G., Turner, N. (2013). Income Inequality, Mobility, and Turnover at the Top in the U.S., 1987–2010.The American Economic Review 103(3) 168-172.

[5] Mazumder, B. (2008). Upward intergenerational economic mobility in the United States. Economic Mobility Project, The Pew Charitable Trusts.

Why are low-income families unable to increase their financial stability and exit poverty? Nationally, a number of barriers have been identified that keep low-income families from reaching economic stability such as: inadequate wages, tax structures, a lack of assets, issues with public benefits, access to child care, job schedules, unpaid sick leave, unpaid family and medical leave, lack of education or transportation, and much more. However, little research exists to analyze which of these factors has the most significant effect and how the confluence of these factors impacts lower income families working to reach financial stability.

This report seeks to capture the experience and perspective of Nebraska women working to overcome these barriers to economic opportunity. Women are the sole focus, because they see less upward mobility than men and still assume the majority of care giving responsibilities for children in spite of changing gender roles.[5,6] Through surveys and focus groups, perceptions of women currently experiencing these challenges are explored and is gathered input on what they need to move toward economic stability.

## Demographics of Study Participants

Participants in this project, came from a variety of household types:

- **39%** were single parents
- **16%** were married with children
- **21%** were living with children and another adult
- **77%** had dependent children
- **2.4** is the average number of children in the home
- **76%** were renters
- **11%** reported owning their own homes
- **4%** were homeless
- **53%** of respondents reported being employed

  These and respondents made an average of **$10.38** an hour and worked close to full time at an average of **33 hours** a week.
- **84%** reported they received public assistance at some point in time.
- Of those respondents who never received benefits **22%** said that is was because they were above income eligibility guidelines for public benefits, while **16%** had never applied and **11%** said they didn't want benefits.

## Methodology

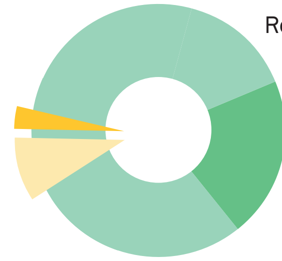
The data was collected through surveys provided to low-income women across Nebraska. Surveys were completed by women in Douglas, Sarpy, Polk, Lancaster, Dawes, and Sheridan Counties, with the majority in Douglas County (72%). A total of 296 women completed the survey. The creation of the survey was informed by prior research and a tool developed by Dr. Susan Roll as part of similar research completed in Colorado.[7] Surveys were completed at agencies providing a range of services including: child care, food banks, financial education, homeowner education, assisted housing, and more. Information was also collected from four focus groups that were held in Omaha, Lincoln, and Chadron, Nebraska. A total of 15 individuals participated in the focus groups.

Due to the sample size of this study, the results cannot be generalized or said to provide a complete picture of the barriers that all low-income women face in reaching financial stability. However, the findings can provide an essential first step in understanding low-income women's experiences in Nebraska and can inform future research and policy.

[6] Parker, K. & Wang, W. (2013). Modern Parenthood: Roles of moms and dads coverage as they balance work and family. Pew Research Social & Demographic Trends. Retrieved from http://www.pewsocialtrends.org/2013/03/14/modern-parenthood-roles-of-moms-and-dads-converge-as-they-balance-work-and-family/

[7] Roll, S.J. (2010). A study of the coping strategies of financially vulnerable families facing the child care cliff. 23rd National Symposium on Doctoral Research in Social Work.


## 53% reported being employed. Respondents made an average of $10.38 an hour and worked close to full time at an average of 33 hours a week.




## The majority of respondents were renters (76%), but 11% reported owning their own homes, and 4% were homeless.

## The "Cliff Effect"

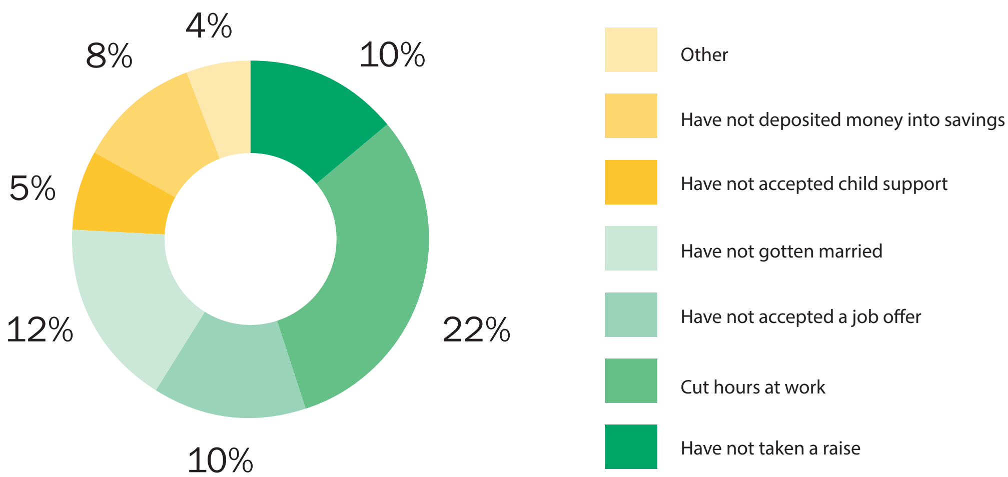
One of the most significant findings of this study was the number of families who have faced the "cliff effect." The cliff effect emerges when a family loses public benefits due to income increases that push the family above the income eligibility guidelines for public benefits before they have enough income to replace the lost support. This sudden loss of assistance due to a small increase in income can put families in a worse financial position overall than they were before receiving a raise, a new job, or additional hours.

Our study revealed that a total of 46% of respondents who have participated in public benefit programs have experienced this cliff effect at some point. Crystal, a focus group participant, experienced the cliff effect first hand. "I was only getting $170 [through the Supplemental Nutritional Assistance Program (SNAP)] for my daughter but because I got a raise, a 50 cent raise [per hour], I only get $88 now to feed my daughter for the whole month," Crystal said. Crystal's 50 cent raise increased her income by $20 per month before taxes, yet the raise caused her to lose $82 in SNAP benefits. In the end, Crystal lost four times more income than she gained through her raise.

The cliff effect puts families in a difficult situation. As the result of the cliff, individuals may feel they cannot increase their wages, take a slightly higher paying job, or work extra hours in order to be able to meet all of their family's basic needs. These coping strategies allow an individual to maintain her current level of financial stability for the time being. However, in the longer-term, it works against her and may in fact decrease her earning potential in the future. Debra, another focus group participant explains, "When all of my kids were in school, things had gotten so bad that I wouldn't take a raise at my job…It's more important to me right now to hold on to that $400 worth of food stamps… it's not enough to feed all five of my kids and myself, but I need that. As long as I keep [the food stamps] and what I'm already making, I'm okay I can at least keep my head above water. If I take an increase [in income] you're going to take my benefits and I still lose because the money I'm making, that's going to be used towards food…you have to give me enough of a raise so I can cold turkey [food stamps]."

In this study, 52% of participants who have faced the cliff effect used a coping strategy to avoid losing benefits. An additional 18% of participants who have not yet faced the cliff effect also strategized to maintain benefit eligibility. The most frequent coping strategy among respondents was cutting hours at work.

## "Cliff Effect" Coping Strategies




Arguably, the most detrimental cliff effect is within the child care subsidy program. The child care subsidy program helps make child care affordable for lower income working families. For working families, child care is typically the largest expense in the family budget.[8] The average cost of annual child care in a center in Nebraska is $9,100 for an infant, $7,800 for a four-year-old, and $4,875 for a school-age child.[9] The cost of infant child care is nearly 40% of the median single mother income in Nebraska and more than the average cost of tuition and fees at a public college.[8] In addition, our income eligibility for child care assistance remains among the lowest in the nation at 42nd.[10] Within our study, 55% of all child care subsidy participants have experienced the cliff effect. Lena, one focus group participant, says, "It doesn't make sense to me. How are they supposed to get ahead when each time [mothers] get ahead, they take something away from them, or they increase the [out-of-pocket] childcare cost? And oh my goodness child care is expensive!"

Frustration with the cliff effect was a frequent theme in conversations with research participants and in all four focus groups. Kareen, one focus group participant, summarized many of the frustrations well; "The working poor get penalized a lot more, and we are the ones who need the most help. It's hard to go through that transition [of increasing income and losing benefits]. The way the system is now, you're better off staying home and doing nothing than trying to work." Another participant, Judith, expands, "They think we want to be there, but we don't. We want an equal opportunity to have a decent paying job." In short, our current system forces working families to make untenable choices between steps to longer-term financial security and being able to meet the current needs of their families.

## Accessing Public Safety Net Programs

Respondents indicated that the issues they face when receiving public assistance are exacerbated when dealing with the systems put in place by the Nebraska Department of Health and Human Services (DHHS). In 2010, Nebraska fully transitioned to a primarily online and phone based application system for public benefit programs called ACCESSNebraska. The majority of clients are no longer assigned dedicated caseworkers and access to in-person services has been significantly reduced. Since its inception, there have been concerns about extended call wait times, lost documentation, and other efficiency issues with the new system.

[8] Voices for Children in Nebraska (2014). The family bottom line: Nebraska families after the great recession. Retrieved from http://voicesforchildren.com/wp-content/uploads/2014/01/Voices-for-Children-Family-Bottom-Line-web.pdf
[9] Child Care Aware of America (2014). Parents and the high cost of child care. Retrieved from www.usa.childcareaware.org
[10] Schulman, K. (2014). Turning the corner: State child care assistance policies 2014. National Women's Law Center. Retrieved from http://www.nwlc.org/sites/default/files/pdfs/nwlc_2014statechildcareassistancereport-final.pdf

In our study, 30% of respondents stated that the most significant challenge in accessing public assistance was the ACCESSNebraska system.  According to Beth, a focus group participant, “The way [DHHS] does things is so backwards and so screwed up that it’s impossible for us to get ahead. I’ll call and sit on hold. I’ll literally put the phone on speaker and put it on my shoulder and walk around doing what I have to do because I know I’ll be on hold for at least an hour.”

Research participants identified a number of other issues associated with ACCESSNebraska. Similar to Beth, a number of research participants stated that the most significant struggle when dealing with DHHS was call wait times. Other participants mentioned additional issues that included:

- Mistakes made by staff
- Lack of communication from staff
- Perceived disrespectful behavior
- Difficulties contacting ACCESSNebraska because of limited access to a phone or internet connection
- Lack of a consistent case worker
- Frequently having to resubmit paperwork
- Slow response time

Focus group participants often felt demoralized by their interactions with the system they were turning to for help. “Please do not treat me with disrespect. That’s what I get a lot of when working with Health and Human Services for food stamps, housing assistance, or anything like that. It’s like you’re trying to take advantage of the system,” Judith said. Sandra agreed, “Not everybody is out trying to beat the system. Some people do just want a leg up. Some of us do just need a little help.”

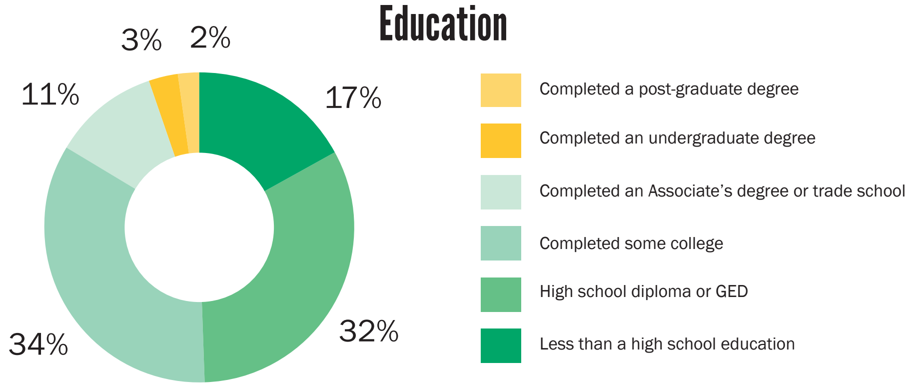
Respondents who go to DHHS to receive assistance report being met with a problematic ACCESSNebraska system that creates additional challenges at a time when they are already struggling. As Kareen puts it, “I appreciate all the money that I do get, but they don’t need to make it any harder. Our lives are already hard enough.”

## Education and Wages

Lack of education (29%) and insufficient wages (25%) were the most frequently self-identified barriers to financial stability in our study. Only 16% of research participants have completed an Associate’s degree, trade school, or higher level degree. In fact, 17% reported having less than a high school education. Due to the lack of post-secondary education among participants, the fact that many feel their level of education holds them back is no surprise. A recent report by the Federal Reserve Bank of San Francisco states that the difference between a high school diploma and a college education equates to $830,000 in earnings over a lifetime.[11]

The low rate of education among participants may also assist in explaining their high rate of unemployment (38%), despite Nebraska’s much lower overall rate of employment of 3.4%.[12] Nationally, unemployment rates tend to increase as education decreases. Individuals with less than a high school diploma have an average unemployment rate of 11%, while those with a doctoral degree have an unemployment rate of 2.2%.[13] The focus participant we heard from earlier, spoke of the importance of education. “Education is key for us...we can’t apply for these jobs because technology has changed and advanced. More and more jobs are using that technology, but we can’t go and get trained unless we pay for it...They want you to have that knowledge when you come in the door,” she said.

[11] Daly, M.C. & Bengali, L. (2014). Is it still worth going to college? Federal Reserve Bank of San Franciso. Retrieved from http://www.frbsf.org/economic-research/publications/economic-letter/2014/may/is-college-worth-it-education-tuition-wages/
[12] U.S. Bureau of Labor Statistics. (2014). Regional and state employment and unemployment.Retrieved from http://www.bls.gov/news.release/pdf/laus.pdf
[13] U.S. Bureau of Labor Statistics. (2013). Employment Projections. Retrieved from http://www.bls.gov/emp/ep_table_001.htm




Despite the low levels of education among participants and the realization that it is a significant barrier, few participants are actively working towards increasing their education. Only 14% of respondents were in school at the time of the survey. This apparent contradiction may be caused by barriers in accessing education. Prior research has shown that the high cost of post-secondary education keeps many from seeking a post-secondary degree. Research also shows that family and job responsibility are significant barriers.[14] Crystal, a focus group participant demonstrates how these barriers keep her from increasing her education: "I don't even have a high school diploma. If there was daycare for me to take classes that would be the only thing. It's just finding time when I'm not at work."

Insufficient wages were another significant barrier to financial stability mentioned by participants. This is no surprise as 58% of respondents reported having an annual income of less than $10,000, despite most respondents working full-time or near full-time at the time of the survey. Insufficient wages were also a frequent theme in focus groups. Sandra shared her story of dealing with insufficient wages during a focus group:

> *"I had to take a minimum wage job. I had to go to the other side of town and spend 25% of my paycheck on gas to get over there to make the money. As fast as I get the check, before I even get a chance to cash it, it's already spent. Two paychecks go towards rent and the next two go towards utilities. Kids [have to] eat. Kids need shoes. Something is going on at school. Somebody needs money for that and now I have to go borrow money. It's not for me. It's for the kids and as a parent that makes you feel bad. It's hard when your kid says, 'Mom, I just need five dollars,' and you can't even give them five dollars. You got that job and you're doing everything you can. You're doing everything right and you still can't afford the gas money to make it to the other side of town so you can hold on to these two and sometimes three jobs that you got just so you can make the ends meet."*

The average hourly wage of research participants was $10.32 an hour. Although $10 is significantly above the current minimum wage, it is still below what many families need to provide for the basic needs of their families and be economically stable.  According to Voices for Children's Family Bottom Line Report, the average participant, a Douglas County resident who is a single-parent with two children, would actually need to earn $21.71 per hour to meet their family's basic needs.

## Savings and Assets

Savings and assets are another essential element to financial security. Assets are resources of economic value, such as savings, homes, and retirement accounts.  Assets can also include things like education, investments, or a business.[15] Our research revealed that less than 1% of participants had $2,000 or more in savings. In fact, 65% of participants did not have a savings account at all. Additionally, only 14% of participants had a retirement account, only 11% owned their own home, and 2% had an educational savings account for their children. These results reveal the extreme lack of savings and asset ownership among participants.

[14] Lumina Foundation. (2013). America's call for higher education redesign: The 2012 Lumina Foundation study of the American public's opinion on higher education. Retrieved from http://www.luminafoundation.org/publications/Americas_Call_for_Higher_Education_Redesign.pdf
[15] Sherraden, M.  (1991). Assets and the Poor: A New American Welfare Policy. New York: M. E. Sharpe, Inc.

A lack of assets among Nebraska's low-income families can have a number of negative consequences on families, children, and our community as a whole. Assets can affect employment, education, physical and mental health, social, and psychological outcomes for both parents and children.[16, 17, 18, 19, 20] Children who grow up in asset owning homes experience benefits through emotional, cognitive, and behavioral development, decreased behavioral problems, and decreased teenage pregnancy.[21, 22, 23] Assets and savings can also help families weather unexpected financial emergencies like a job loss or car repair and can be leveraged to ensure a more secure financial future.

The low level of asset ownership among participants may be partially related to policy barriers and incentives in the United States. Low-income families are currently discouraged from building assets as a result of "asset limits" within public assistance eligibility guidelines. Currently in Nebraska, Temporary Assistance to Needy Families (TANF) and the child care subsidy program have asset limits of $4,000 for one individuals and $6,000 for two or more people. SNAP also has an asset limit, but is currently limited it to liquid resources. This means that assets such as retirement accounts are not counted towards the SNAP asset limits.

The majority of federal and state incentives available to subsidize asset building, in the form of tax deductions for things like mortgage interest and educational savings, are out of reach for lower income families. Tax incentives are primarily beneficial for families with a significant tax liability. The federal government spends nearly $400 billion annually on policies that help families increase their asset ownership.[24] Unfortunately, these policies primarily assist families who already have a substantial amount of wealth. More than half of the $400 billion in tax benefits went to the top 5% of taxpayers.

**Less than 1% had at least $2,000 in savings**

## Conclusion

The results of this study show the difficult challenges that low-income women in Nebraska face in reaching financial stability. Nebraska families are hard working and continue to work to make ends meet and build a better future for their families. We can make changes to policies and programs to better support working families in transitioning to greater financial security.

Sandra, one focus group participant told us, "If I were sitting in front of the voters now, the people making all of the decisions, I would just tell them, from a personal standpoint, I'm not lazy. I do whatever I have to do for my family to survive. If that means working two to three jobs, I will do that but stop knocking me down every time I think I have my foot through the door. Stop kicking me before I even get a chance to stand up."

[16] Mills, G., & Zhang, S. (2011). Savings and hardship avoidance among households headed by people with disabilities: Implication for SSI. Washington, DC: The Urban Institute.
[17] Yadama, G., & Sherraden, M. (2009). Effects of assets on attitudes and behaviors: Advance test of a social policy proposal. Assets on Attitudes and Behaviors: Advance Test of a Social Policy Proposal. Social Work Research, 20:3-11.
[18] Wilkinson, R. (2005). The impact of inequality: How to make sick societies healthier. New York: The New York Press.
[19] Bynner, J., & Despotidou, S. (2001). The effects of assets on life chances. London: Center for Longitudinal Studies Institute for Education.
[20] Zhan, M., & Sherraden, M. (2009). Assets and liabilities, educational expectations and children's college degree attainment. St. Louis: Center for Social Development.
[21] Haurin, D.R., Parcel, T.L., & Haurin, J.R. (2002). The Impact of Homeownership on Child Outcomes. Low-Income Homeownership: Examining the Unexamined Goal. Brookings Institution Press, 379-384.
[22] Williams, T.R. (2003). The Impact of Household Wealth and Poverty on Child Development Outcomes: Examining Asset Effects. Ph.D. dissertation. Washington University in St. Louis.
[23] Green, R. & White, M. (1997). Measuring the benefits of homeowning: Effects on children. Journal of Urban Economics 41(1) 441-461.
[24] Woo, B. (2010). Upside down: The $400 billion federal asset building budget. The Corporation of Enterprise Development and The Annie E. Casey Foundation. Retrieved from http://cfed.org/assets/pdfs/UpsideDown_final.pdf

## Recommendations

1) Address the "cliff effect" in public programs to ensure that we are incentivizing opportunities that lead to longer term financial security like higher paying jobs and increasing hourly pay.

2) Provide incentives for lower income families to save by eliminating asset limits in public programs and restructuring some of the current incentives to provide matched savings accounts for lower income workers or universal educational savings accounts for children.

3) Make higher education more accessible to working adults through services like bridge programs that help adults access higher education.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