

Why are women among the poorest Minnesotans?

Minnesota has the highest workforce participation rate among women in the country, and women in Minnesota are entering all levels of higher education at a higher rate than Minnesota's men. So why do women account for a larger percentage of poor and low-income residents than men in Minnesota?

According to the 2006 American Community Survey, approximately one in four women age 16 and over in Minnesota is low-income, living below 200 percent of the federal poverty level.ⁱ Why is this, and what can be done to raise the economic status of Minnesota's low-income women?

This brief explores three major factors contributing to poverty among Minnesota's women. First, though women account for an increasing share of the workforce and have seen increases in pay since the 1950's, women's pay still lags behind that of men. Second, women are more likely than men to be single parents, requiring a single income that supports both her and her children. Finally, women are more likely than men to be victims of violence. Women incur subsequent direct and indirect costs and often face limited economic choices as a result of those assaults. After exploring details of these issues, this report will suggest ideas to consider for change in each of these areas.

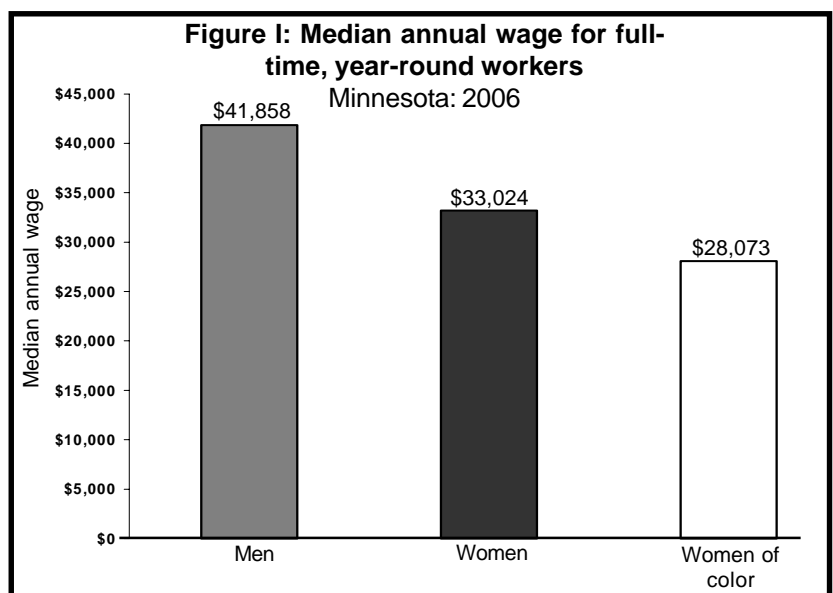
Pay Inequity

Overall, median incomes earned by adult women are lower than median incomes earned by adult men. This phenomenon began when women started entering the formal workforce in large numbers. In 1955 full-time, year-round female workers in the U.S. earned 63.9 percent of the median pay that full-time, year-round male workers earned.ⁱⁱ This gap increased until the mid-1970's, when full-time, year-round female workers earned 58.8 percent of what equivalent male workers earned. Since that period the pay gap has narrowed but is still substantial. According to the 2006 American Community Survey the median annual pay of full-time, year-round female workers in the United States was 77.3 percent of the median annual pay of equivalent male workers.

In Minnesota the pay gap is slightly smaller and varies when accounting for factors like race, age, or educational attainment. In 2006 women who worked at least 35 hours per

week for at least 40 weeks of the year earned a median wage of \$33,204, or 79.3 percent of the \$41,858 that similar male workers earned (See figure I). This pay gap between men and women is smaller when workers are young, but tends to increase as workers age. Full-time, year-round female workers in their 20's in Minnesota earned 86.5 percent of what full-time, year-round male workers in their 20's earned. In their 30's and 40's women earned 80.0 percent and 73.5 percent, respectively, of what men earned.

Disparities in earnings exist between men and women despite little difference in educational attainment. In the case of young workers, education disparities actually favor young women. In Minnesota 22.0 percent of men and 31.8 percent of women aged 21 to 30 who worked full-time, year-round had college degrees. Among women in Min-



Minnesota aged 41-50 working full-time, year-round, 31.2 percent had college degrees, while 30.4 percent of similar men had college degrees. Among men and women aged 51 to 60, 35.3 percent and 30.6 percent, respectively, had college degrees.

The pay gap is largest for women of color. In 2006, women in Minnesota who worked full time, year-round and identified as other than caucasian earned a median income of \$28,073, or 67.1 percent of men's median income.

employees worked in the five industries employing the most men; 1) Management of companies and enterprises, 2) Elementary and secondary schools, 3) Executive, legislative, and general government, 4) Employment services, and 5) Building equipment contractors. In all of the industries cited here, the median income among men was greater than the median income among women. Further, the large disparity in pay in some of the industries suggests that female-dominated occupations have lower pay than male-dominated occupations in these industries.

Figure II: Industries employing the most women and men and their median monthly pay by gender				
Minnesota: 2006				
	Women		Men	
	Number Employed	Monthly Pay	Number Employed	Monthly Pay
Five Industries Employing the Most Women				
Elementary & Secondary Schools	105,520	\$3,304	36,893	\$3,691
General, Medical & Surgical Hospitals	79,315	\$3,384	15,988	\$4,769
Office of Physicians	45,713	\$3,760	14,466	\$12,785
Full Service Restaurants	43,881	\$1,131	30,882	\$1,475
Nursing Care Facilities	41,842	\$2,005	6,999	\$2,422
Five Industries Employing the Most Men				
Management of Companies & Enterprises	39,554	\$5,015	40,926	\$8,946
Elementary & Secondary Schools	105,520	\$3,304	36,893	\$3,691
Executive, Legislative, & General Government	29,349	\$3,082	35,058	\$3,906
Employment Services	29,060	\$1,752	33,558	\$1,967
Building Equipment Contractors	4,012	\$2,661	31,100	\$4,556

Source: Minnesota DEED

Occupational Clustering

Working women tend to be concentrated in lower paying service-oriented jobs in the education and health care industries, and this is a likely contributor to the continued pay gap. According to the Minnesota Department of Employment and Economic Development (DEED) 2006 workforce indicators, nearly one in four female workers in Minnesota worked in the five industries employing the most women; 1) Elementary and secondary schools, 2) General medical and surgical hospitals, 3) Offices of physicians, 4) Full-service restaurants, and 5) Nursing care facilities (See Figure II).ⁱⁱⁱ

In contrast, male workers are less concentrated in certain industries. Approximately 13 percent of male

Economic projections suggest women will not benefit greatly from shifts and growth in the state's economy. Women workers are not predominant in the 65 jobs identified by DEED as high-pay, high-growth jobs through 2014. Of those jobs, only three are female-dominated, or have at least 75 percent of the field filled by female workers, while 22 of the occupations are male-dominated.^{iv}

Older Women

Pay gap trends described above affect women later in life as well. The pay gap, combined with a tendency for women to spend fewer years than men in the formal workforce, result in lower Social Security

and pension income after retirement. Upon retirement in the United States the average man has worked 44 years, while the average woman has worked 32 years.^v In 2006 the nationwide average annual retired worker Social Security income received by women was \$10,860, compared with \$14,136 for men.^{vi} Though, on average, women receive less in Social Security benefits, adult women are more likely than adult men to receive monthly benefits because they are eligible for survivor benefits. Of those who receive benefits nationwide, 56 percent were women. However, only 59 percent of female recipients were retired workers, while 79 percent of male workers were retired workers. Work and pay patterns affect private retirement income as well. According to the 2004 Survey of Income and Program Participation, the median annual private pension or annuity income of those age 55 or older was \$9,600 among men and only \$4,488 among women.

Single Parenting

Women are more likely than men to be single earners providing for children. Of family households in Minnesota in 2006, 20.3 percent were headed by single females, while 7.7 percent were headed by single males. Female-headed families were more likely to be impoverished than male-headed or married couple families. Female-headed family households with children in Minnesota saw poverty rates of 30.3 percent, while male-headed and married couple families saw poverty rates of 20.4 percent and 3.7 percent, respectively. Income level differences between married couples and single female heads of household are particularly striking among families with young children. A single female-headed household with only children under age five is 12 times more likely to be living in poverty than the equivalent married-couple household (See Figure III).

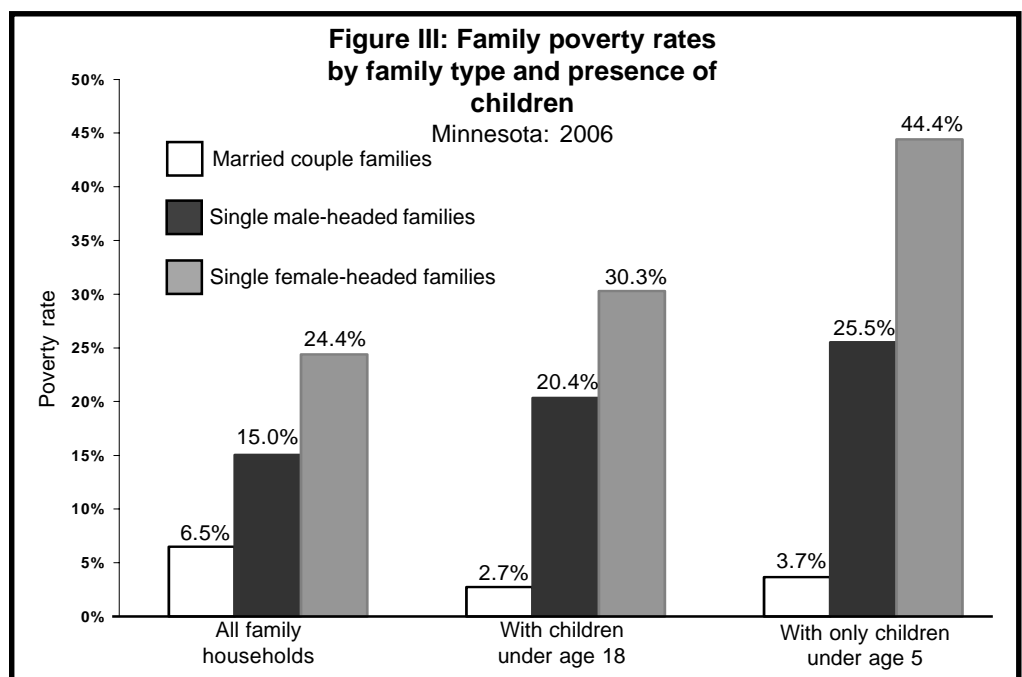
The economic well-being of single-parent households is often highly dependent on support from non-custodial parents. Child support is an invaluable contributor to the economic

well-being of children and families. Most single-parent households with ordered support are headed by women. As of January 31, 2008, 88.5 percent of child support obligees who receive child support services in Minnesota are women.^{vii} A large portion of child support payments go uncollected. Approximately 31 percent of total ongoing child support was unpaid in FY2006, and approximately 25 percent of cases with ongoing support obligations had no payment made during the year.^{viii} Of child support cases in Minnesota, 79 percent have arrears. The average debt owed in FY2006 was \$8,160. Cumulative past due support owed as of September, 2006 was approximately \$1.6 billion.

Violence Against Women

In 2006, 610 felony domestic assault charges, the most serious level of domestic assault charges, were filed in the State of Minnesota.^{ix} In 2005 more than 61,000 residents of Minnesota were sexually assaulted, and four out of five victims were women.^x While it is clear that incidents of violence against women have an economic cost to women, they can be difficult to quantify. In addition to direct costs, such as lost wages and medical and legal costs, women incur indirect costs through diminished ability to freely make the best economic decisions for themselves and their families.

A 2007 Minnesota Department of Health Report states that the costs of a sexual crime fall largely on the vic-



tim. These costs include medical and mental health care costs not reimbursed by insurance, lost wages, lost household work, foregone wages due to compromised education, forgone non-monetary benefits of education, property damage not reimbursed by insurance, pain and suffering, sexually transmitted diseases, unplanned pregnancies, costs resulting from substance abuse by victims and their families, costs resulting from suicide acts, victim services and out-of-home placement costs and legal costs associated with tort claims. In total, the report estimates that rape and sexual assault of a person aged 0 to 17 costs the victim's family \$3,900 in lost wages, and the rape of a person aged 18 and older costs \$2,800 in lost wages.

Additional costs related to a victim having limited economic choices are also present, though they are difficult to quantify. A woman may turn down affordable housing or a job with good pay out of fear for her or her family's safety in certain neighborhoods. A woman's economic status may also prevent her from leaving an abusive situation. The Minnesota Council on Battered Women's 2007 Femicide Report states that domestic abuse "... includes pervasive emotional abuse and threats; control over finances and access to transportation..." Other studies point to survivors who experienced increased violence when they sought education or a new job because "...abusers implicitly knew that women with their own economic resources would have the financial means to leave the relationship..."^{xi}

Ultimately these assaults impact women and their families long term. Of homeless women interviewed as part of Wilder Research's "Overview of Homelessness in Minnesota 2006," 35 percent in Greater Minnesota and 30 percent in the Twin Cities area reported they were homeless at least in part due to domestic abuse.^{xii} Of women who were fleeing abuse and homeless, 37 percent were staying in battered women's shelters, 41 percent were in transitional housing, 9 percent were in emergency shelters, 8 percent were staying in informal shelter, and 5 percent were living in unsheltered locations.

Ideas to consider: Opportunities for advancing the economic status of low-income women

The previous section outlines three factors that contribute to the high poverty rate among women in Minne-

sota. Based on the research presented, the following strategies are offered for consideration. These ideas are varied and are not meant to be exhaustive or prescriptive. They should instead be viewed as starting points for further work.

◆Expand women's choices in the workplace.

Pay Gap and Occupational Clustering

While women have become an integral part of the workforce, the types of jobs they choose have not drastically changed since the 1950's. Female-dominated jobs still tend to be service-oriented and lower paying than male-dominated jobs. In addition, women and girls are not regularly encouraged to pursue more lucrative jobs in the areas of production, science and technology.

Suggested strategies:

- Work to place more monetary value in work that is traditionally done by women.
- Foster girls' interest in science, technology and engineering starting at a young age.
- Encourage women and girls to pursue these high pay careers when they have interest or talent in these areas.

Exiting and Entering the Workforce

A shortage of public and corporate policies that support women balancing work and family cut many women's career ladders off at low rungs, limiting their earning potential. Many women leave the work force or are cut out of career advancement opportunities because of the expectation that they raise children, care for ailing parents, or care for disabled or chronically ill family members, only to reenter the workforce later with substantial experience and pay disadvantages. The tension between work and family negatively impacts women after they leave the workforce as well. Women are the most likely in families to take on unpaid caretaking roles and have smaller pension and social security benefits as a result. These lower private and public retirement benefits ultimately contribute to increased poverty rates among older women.

Suggested strategies:

- Institutionalize work structures with flexible work arrangements including job sharing, part-year work, mobile offices, flexible schedules, and other features

of an outcome-based work environment.

- Enact private and public strategies that allow women to exit and enter the workforce without penalty to pension or social security benefits.
- Create incentives and rewards for employers who enact such strategies.

◆ Enact policies that support all single parents

Child care

All working parents rely on quality care-giving services for their children. However, for single parents the high cost of child care, particularly for young children, can account for a substantial portion of a sole earner's income. Programs and tax credits in current statute are intended to provide assistance to low-income working parents, but some gaps in that assistance are still present. First, families eligible for child care assistance can only receive assistance if funding is available, and a number of families are put on waiting lists when they apply. In addition, eligibility tests for child care assistance are complicated. For example, eligibility for entrance into Basic Sliding Fee Child Care Assistance is 150 percent FPG, and families can remain on the program until their income is greater than 250 percent FPG. Thus a family whose income drops from 300 percent FPG to 200 percent FPG due to job loss, divorce or another factor is ineligible because their income did not drop enough to reach the entrance level, even though this family likely needs the support. Second, dependent care tax credits are available to working parents who pay child care costs from both the federal and state government, but the interplay between the current tax credits results in gaps in assistance.

Suggested strategies:

- Make child care assistance a program available to all families who are eligible. Establish similar entrance and exit levels to ensure assistance reaches all parents who need the support to engage in the workforce.
- Consider a steeply graduated support structure with a higher exit level, ensuring that the marginal loss of benefits would not create a disincentive to increasing earnings.
- Consider redesigning the state dependent care tax credit to ensure that it has a progressive structure and consistently reaches all low-income Minnesota families.

Child Support

To support custodial parents and their children, Minnesota should examine its approaches to child support collection. Current child support collection rates vary widely by county (See Figure IV). The Office of the Legislative Auditor released a report in 2006 that identified some demographic and staffing differences that impacted collection rates. However, more could be done to study this issue and redesign the system to ensure better collection rates statewide.

Child support recipients and their families benefit from the obligor having means to pay support, as

well as less tangible positive effects such as improved self-esteem. The current system is largely punitive and discourages obligors in difficult financial situations from engaging the system. Under present child support collection policy, unpaid child support accumulates interest and brings on penalties such as loss of a driver's or trade license. Instead, efforts could be made to first positively engage child support obligors who are in arrears. Obligor with missed payments should be encouraged to work with the courts to pay arrears within a reasonable time frame or reduce obligations when necessary.

Policymakers have acknowledged that efforts to move the custodial parent into the workforce can positively impact the economic well-being of children, but current policy does not make investments in moving the non-custodial parent into the workforce, which can have a similar impact. In exchange for engagement and cooperation, child support collection offices could connect obligors to job search and other employment services. In the case of non-custodial parents who intentionally avoid payment, the process should continue to include sanctions for continued non-cooperation or non-payment.

Suggested strategies:

- Explore why some counties have low child sup-

Figure IV: County Child Support Collection Rates Minnesota: FFY 2006	
County	Collection Rate
Lake of the Woods	81%
Roseau	80%
Kittson	79%
Mille Lacs	58%
Pine	58%
Cass	55%

Source: Minnesota DHS

port collection rates and how they can be raised.

- Rethink current child support enforcement policies and how they engage obligors who are in arrears, using a combination of incentives and consequences to encourage payments.
- Support the non-custodial parent's efforts to gain full employment. Child support collection offices could connect obligors to job search and other employment services similar to those offered to parents on public assistance.
- Continue to level sanctions on obligors for continued non-cooperation or non-payment.

◆Support both victims services and prevention initiatives to address violence against women

Prioritize prevention

The economic ramifications of violence against women to both victims and society are substantial. Costs range from medical and legal costs to lost productivity and limited economic choices.

Public response to domestic and sexual assault has continued to be largely reactive. New initiatives in the area of violence against women should focus on prevention. This could include initiatives that identify high-risk families and situations and intervene, programs that heal children and families who have witnessed violence, and programs that attempt to reshape common attitudes related to violence against women.

Suggested strategies:

- Support initiatives that focus on violence prevention without removing support from victims' services.
- Support community violence prevention and intervention efforts, both public and private, and foster an understanding within communities of the social, emotional, and economic costs of domestic and sexual violence.

Summary

Minnesota's women make up a larger percentage of the poor than men because of history, societal attitudes and public and organizational policies. The strategies suggested here present an opportunity to make progress and impact these factors. Ultimately, all of these strategies could raise the economic status of low-income women and their families in Minnesota, and in turn cut the state's poverty rate.

Endnotes:

i. All 2006 American Community Survey Data is Census Data provided by the Minnesota Population Center. Steven Ruggles, Matthew Sobek, Trent Alexander, Catherine A. Fitch, Ronald Goeken, Patricia Kelly Hall, Miriam King, and Chad Ronnander. Integrated Public Use Microdata Series: Version 4.0 [Machine-readable database]. Minneapolis, MN: Minnesota Population Center [producer and distributor], 2008. Data is available at ipums.org.

ii. Office on the Economic Status of Women. "Earnings and the Earnings Gap: United States 1955-2005." 2007. Available at oesw.leg.mn/fs/historicalwagegap1955_2005.pdf.

iii. Minnesota Department of Employment and Economic Development. Employment and wage figures are based on the average of quarterly workforce indicators.

iv. Occupations included on the high-demand high-pay list have a higher than state average median income and are projected to have higher than state average job growth. They also account for at least 0.1% of the state's total employment. The total projected openings reflect openings due to both net growth and replacement needs from workers leaving an occupation. Minnesota DEED's complete high-demand high-pay occupation list and other economic projections are available on their website at deed.state.mn.us.

v. Office on the Economic Status of Women. "Saving and Investing for Retirement: United States." June 2007. Available at oesw.leg.mn/fs/Saving.pdf.

vi. Social Security Administration. "Fast Facts & Figures about Social Security, 2007" September 2007. Available at ssa.gov

vii. Minnesota Department of Human Services

viii. Minnesota Department of Human Services. DHS produces annual child support collection performance reports. The reports for 2007 and previous years are available at dhs.state.mn.us.

ix. Minnesota State Court Administrator's Office. Domestic assault cases may also be charged as gross misdemeanors and misdemeanors.

x. Sexual violence incidence and cost figures are from report released by the Minnesota Department of Health, "Costs of Sexual Violence in Minnesota." Available at health.state.mn.us.

xi. Minnesota Coalition for Battered Women. "Femicide Report 2007." Available at mcbw.org.

xii. Wilder Research. Figures are from a Wilder Research survey of homeless persons conducted every three years in Minnesota. The report is available at wilder.org/homelessness.0.html.