



Several reasons for growth in self-employment, CDAC members say

by: Jennifer Wilding

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Low wages, hostile workplace culture and unaffordable childcare push workers out of the full-time labor force, while a desire to control their own fate pulls them towards self-employment. Community Development Advisory Council (CDAC) members shared their perceptions of trends in the labor force, barriers to work and nontraditional work arrangements when they met October 5, 2022, with Kansas City Fed President Esther George and the Bank's community development team.

The Kansas City Fed started the CDAC 20 years ago. Since then, the CDAC has been an ongoing source of partnerships and ideas for new focus areas and projects. To learn more about how the CDAC has influenced the Kansas City Fed, check out [this retrospective in TEN magazine](#).

[CDAC members](#) offer deep knowledge on subjects such as health, housing, technology and social services. Members at the October meeting included:

Niki Lee Donawa, chief community relations officer, University Health

Raúl Font, president, Latino Community Development Agency

Don Greenwell, president and executive director, The Builders' Association

Scott Hoversland, executive director, Wyoming Community Development Authority

Dewey Jackson, president, Denver Area Labor Federation, AFL-CIO

Geoff Jolley, executive director, Local Initiatives Support Corporation (LISC)

Cindy Logsdon, executive director/CEO, Citizen Potawatomi Community Development Corporation

Neelima Parasker, president and CEO, SnapIT Solutions

Aubrey Abbott Patterson, president and CEO, Hutchinson Community Foundation

Amanda Peters, senior vice president, Vectra Bank Colorado

Alan Ramirez, director of strategic lending, Colorado Enterprise Fund

Jim Reiff, executive director, Nebraska Enterprise Fund

Adrienne R. Smith, president and CEO, New Mexico Caregivers Coalition

Awais Sufi, president and CEO, SchoolSmartKC

Pete Upton, executive director, Native360

People who want to work face external barriers such as the inability to afford or find childcare or transportation, along with systemic racism and limited opportunities for the justice-affected.

- Don Greenwell: “People start an apprenticeship and can’t stick with it because they can’t maintain getting there due to transportation.” Greenwell noted that the industry has increased the starting rates for an apprentice. “We’re seeing starting wages at 60-70% of the full wage.”
- Geoff Jolley: “I was talking to a teacher recently and the reliance on public transportation and school buses is creating issues as bus driver positions are going unfilled. So bus routes are getting cut. Kids are missing school because of it. We’ve had issues with people getting to work because of it, too.”
- Dewey Jackson: “The most troubling barrier to employment is still racial discrimination. Since the 1980s, government data has shown African American workers are the first to be fired during economic downturns at every education level compared with their white counterparts. And Latin Americans are heavily concentrated in the construction industry and are sensitive to the slowing of the industry.”
- Niki Lee Donawa: “Parents working from home is not always good for the kids and it’s difficult to justify putting the children in daycare when the parent is home. This setting increases stress and prevents the children from accessing some of the social services associated with daycare. The result is an increase in child removal from the home due to negligence and abuse. The lack of money and stress along with it has always been an issue, but the work-from-home trend means more consistent exposure to the threat of abuse.”
- Geoff Jolley: “The accommodations being made are often addressing the childcare challenges – such as leaving an older child (perhaps only 10 or 12) in charge of the newborns and infants in a household. In some cases, children are staying with neighboring families or family members while the parents are working late or evening shifts.”

- Jim Reiff: “Justice-affected populations have a hard time getting work. The folks reentering society have additional hoops to jump through, and the entry-level jobs aren’t anywhere close to their skills. They have more challenges, too, if they want to be entrepreneurs. Some ex-felons are not eligible for Small Business Administration loans, even 20 years later.”

People who want to work may also face internal barriers, such as mental health issues and substance abuse.

- Niki Lee Donawa: “We see high rates of mental health issues among low- and moderate-income (LMI) households and higher presence of substance abuse. Individuals in LMI communities are more likely to experience or witness violent crimes. This makes them more prone to developing toxic stress and often causes the use of self-deprecating methods of coping. These individuals can easily end up in the penal system which only perpetuates the family and community issues.”
- Don Greenwell: “In terms of trending, people are rebalancing and choosing to go part-time. Some are driven by mental health issues. There’s lots of concern in construction with suicide, as our industry has the second highest rate.”
- Awais Sufi: “We supported local schools, with help from Harvesters, to set up food pantries at their schools. We were shocked. We expected 10 schools to apply and instead had 30 applications. Now we have started collaborative programs for mental health and homelessness as well. Schools are really trying to tackle these issues that have arisen.”
- Raúl Font: “You must make accommodations to folks with the issues if you want to have workers. We’ve seen an increase in mental health issues and even have two groups dealing with domestic violence against men. We can’t find workers because substance abuse is leaving them unable to work. And they come to us for help.”

Workplace culture is having an impact on whether people take a job or keep one.

- Scott Hoversland: “One barrier is unrealistic employer expectations coupled with a bad work environment. A constituent noted to me that he refuses to go the business across the street anymore because he could hear a manager yelling at two employees through a closed window. What the manager was saying and how he was saying it was not only unprofessional, it met the standard for verbal abuse. This incident is not isolated. I have frequented several establishments where workers are paid minimally and must endure a hostile working environment, especially those who have to deal with a very cranky public. People can only take so much, so there is a high turnover rate, which fuels unrealistic employer expectations because the employers want new workers to perform at a high standard to make up for the lack of staff.”

More people want to work remotely.

- Cindy Logsdon: “Work from home is being preferred over work in person. You have to be a flexible employer but may be balancing that with a job that really needs to be done in person.”
- Jim Reiff: “So many people want to work remotely, but employers want them hybrid or in-person. And the digital divide is real - north Omaha is still highly underserved, which affects residents’ access to remote jobs.”

Gig work, self-employment and entrepreneurship are rising. People continue to be resourceful to try to make ends meet, often taking multiple jobs. A sudden rise in IT workers taking gig jobs could be due to different factors.

- Scott Hoversland: “Some are self-employed doing things like cleaning, yard work, or babysitting, or they sell massage, hairdressing or handyman services. Some sell goods or services on the internet, like on Etsy, while others work under the table or use barter systems to trade skills and needs. Still others work part-time doing rideshare and delivery jobs through Uber, DoorDash and Instacart.”
- Dewey Jackson: “The arrangements most workers opt for are in the gig economy, which presents its own challenges. Worker misclassification in this industry is the primary challenge, along with soaring fuel costs, spurred by high inflation.”
- Geoff Jolley: “What we’ve seen is some people who can’t find a workplace culture that works for them are trying to start their own small businesses, particularly Black women. They’ve been willing to try something different than what they’ve normally done. Whether that leads to something long-term is yet to be seen. But they’re willing to try something different because they’re tired of the current system.”
- Neelima Parasker: “We have seen a sudden increase in gig work in the IT industry. We’re not sure yet if this is due to a decrease in travel time for many tech employees as more worked from home, which gave them an opportunity to take on more work, or if it is because of a change in power dynamics from employer to employee in terms of working hours flexibility.”

When they can, workers seek out education and training.

- Aubrey Abbott Patterson: “The Child Tax Credit last year helped some people in our Hispanic community to have extra breathing room to afford education to trade schools (electrician, cosmetology school, paramedic school). We know several folks who could work less hours per week thanks to this extra income, which allowed them to take classes.”
- Cindy Logsdon: “Increasing employee turnover has been very challenging. We’re seeing a lot of people wanting self-employment, and we’re working with them to find something within their abilities and interests.”

As workers struggle, so do employers. Employers struggle to find qualified workers to replace retirees and to keep up with rising wages.

- Cindy Logsdon: “There are 260 jobs available at Citizen Potawatomi Nation alone. People apply but lack qualifications.”
- Amanda Peters: “Colorado entry-level banking jobs are very difficult to fill. In some cases, we’ve lowered education expectations. We also have partnerships with non-profits to offer specialized career pathways, such as a stackable credentials pathway for the financial services industry.”

- Raúl Font: “With Millennials and GenZ, we’re not able to replace our retiring workers with one person. We’re seeing that if we don’t accommodate these folks, they don’t want the jobs.”

Shortages of IT workers, teachers, and nonprofit workers have encouraged industries to get creative.

- Neelima Parasker: “The demand to find the right labor force has never been greater than now. This has created a vast gap in demand versus supply, and it just keeps growing exponentially, even by the month. We see greater demand in automation due to these trends. IT companies will fall back on RPA (Robotic Process Automation) when and where possible to replace the need for human labor but there is still greater need for human intelligence and skills development. Our industry has been forced to seek talent other than conventional sources and offshore talent.”
- Awais Sufi: “Low salaries and the inability of the profession to meet the needs of individuals continue to be a challenge. Some schools are trying to figure out creative ways to address it. There are more initiatives to house teachers as a complement to their salaries, and legislative efforts to increase salaries, which really only affect rural teachers who are at the very bottom of the pay scales. Schools are trying to be more flexible about how teachers are deployed. They’re using project-based approaches, like team teaching. But the training and support for teachers to do this work hasn’t kept up enough to make those ideas really take off.”
- Aubrey Abbott Patterson: “Our work pre-COVID with resiliency training helped in the depths of the pandemic. But there’s a lot of grief, burn-out and stress in the competition for dollars. I’m very worried about the nonprofit sector. At the foundation, we’re doing the things we think we can do to help. For example, coaching and professional development grants, 6-12-month grants to help bring in a replacement CEO and train them. We keep a tab open at a local coffee shop for nonprofit professionals to come in and chat over coffee.”

In Colorado, high housing costs are a huge factor in being able to find workers.

- Amanda Peters: “Housing is a huge factor. The lack of availability of housing near work is greatly contributing to the worker shortage. The influx of population and tourism has brought in residents with more money and further pushed out LMI people. Wages aren’t keeping up with the cost of living.”

Direct care workforce has been the fastest growing occupation in New Mexico, but low and stagnant wages stymie interest in the jobs.

- Adrienne Smith: “The 2021 average hourly wage of a caregiver serving a person with developmental disability was \$11.04 per hour (\$12,700 annually). In New Mexico, 88% of caregivers are woman, 64% live in low-income households and 70% are on public assistance themselves.”

- Adrienne Smith: “As a result of the workforce issues that we have known about for years, then COVID-19 and now inflation, caregivers have already left the field in droves, and the vacancies they’ve left behind are exceedingly difficult to fill. Now companies are competing for workers, with competition for workers only hurting people who are elderly and those with disabilities. I think if I were a caregiver, I would already have left this field for an entry-level job paying \$18.00/hour, which I know businesses like our local Amazon, Facebook and Netflix are already paying. Or I’d go down the street to McDonald’s where I could get my college education paid and expenses for a moving van paid so I could move closer to work.”
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Jennifer Wilding, a community development specialist for the Kansas City Fed, provides communications, engagement, and research for the community development department. Wilding edits the Kansas City Fed's community development newsletter, "[Community Connections](#)" and takes on special projects. For example, she serves as project director for a community-engaged research partnership. The Kansas City Fed, a nonprofit and a neighborhood organization joined together to hear from neighborhood residents about broadband internet. The report will be shared nationwide. Before joining the Kansas City Fed in 2018, she was executive director of Consensus KC, a nonprofit consulting firm specializing in public policy and civic engagement. She worked on philanthropically funded projects in metro Kansas City, and for clients here and around the U.S. Wilding holds a B.A. in urban affairs from the University of Missouri-Kansas City. Her hobby is letterpress printing, using a 1,500-pound cast-iron press from the late 1800s. Highlights of her work include: [Getting to 'We Have a Deal.'](#) The three-part article shares how Investment Connection bridges bankers and community-based organizations. The article is on [Fed Communities](#), the national website about the Fed's work in communities. [Disconnected: Seven lessons on fixing the digital divide.](#) A layperson's guide to putting broadband, devices and training within reach of a community. [Focus groups with unemployed individuals](#) and with people from nonprofits that serve them, held in Chicago, Detroit, Denver and Kansas City. **About the Federal Reserve Bank of Kansas City** The Federal Reserve Bank of Kansas City is one of 12 regional Reserve Banks that, along with the Board of Governors in Washington, D.C., make up our nation's central bank. We work in the public's interest by supporting economic and financial stability. The Kansas City Fed's territory includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming. Our headquarters is in Kansas City, with branch offices in Denver, Omaha and Oklahoma City. The Kansas City Fed Community Development Department promotes economic development and public understanding that leads to progress for lower-income individuals and communities. Our focus areas include community development investments, digital inclusion, small business / entrepreneurship, and workforce development.