Members of the Kansas City Fed’s Community Development Advisory Council (CDAC) shared trends affecting jobs and wages for low- and moderate-income (LMI) populations at the April council meeting. They reported that jobs are available, but barriers like a lack of childcare or transportation require workarounds or even keep some people from working. Jeff Schmid, president of the Kansas City Fed, was on hand to listen and ask questions.

The CDAC is a source of partnerships and ideas for new focus areas and projects. Members offer deep knowledge of communities around the Tenth District and topics from education to workforce development, housing to entrepreneurship.
Council members speak on trends in jobs and wages for lower income workers

CDAC members include (front row): Alan Ramirez, Monica Abeita, Michelle Bish, Jade Piros de Carvalho, Lloyd Rainge II; and (back row) Quintin S. Hughes Sr., Anne Brandt, Amanda Brewer, Brenda Sharpe, Jackie Loya-Torres, Pete Upton, and Scott Hoversland. Not pictured: Cindy Logsdon.

Members who shared information for the April meeting included:

- **Monica Abeita**, executive director, North Central New Mexico Economic Development District, Santa Fe, New Mexico
- **Michelle Bish**, executive director, Northeast Oklahoma Regional Alliance (NORA), Catoosa, Oklahoma
- **Anne Brandt**, executive director, Lincoln Littles, Lincoln, Nebraska
- **Amanda Brewer**, chief executive officer, Habitat for Humanity of Omaha, Omaha, Nebraska
- **Scott Hoversland**, executive director, Wyoming Community Development Authority, Casper, Wyoming
- **Quintin S. Hughes Sr.**, program director, Northeast OKC Renaissance Inc., Oklahoma City, Oklahoma
- **Cindy Logsdon**, executive director/chief executive officer, Citizen Potawatomi Community Development Corporation, Shawnee, Oklahoma
- **Jade Piros de Carvalho**, director of broadband development, Kansas Department of Commerce, Topeka Kansas
- **Lloyd Rainge II**, vice president and community development director, Capitol Federal Savings Bank, Lawrence, Kansas
- **Alan Ramirez**, director of strategic lending, Colorado Enterprise Fund, Denver, Colorado

The Bank’s Community Development team sends CDAC members questions before each meeting. CDAC members often check with others working with LMI communities before submitting their answers in writing. The quotes attributed to the CDAC member may reflect that person’s own experience or it may reflect that of a knowledgeable local contact.

Q1: What have you seen in terms of the ability of individuals in LMI populations to find work?

- **Scott Hoversland**, Casper, Wyo. - The unemployment rate for Wyoming in January 2024 was 2.8%, lower than the January 2023 rate (3.3%) and the January 2024 national unemployment rate (3.7%). The unemployment rate has been below 3.0% for ten consecutive months, the first time this has happened since 2007-2008.

- **Alan Ramirez**, Denver, Colo. - There was a recent article in the *Denver Post* stating that “Business confidence turns positive in Colorado for the first time in two years. Companies could boost hiring and investment as fears of a recession fade.” Ultimately the article is saying that “business optimism can lead to higher spending and more hiring.” We continue to see a trend of requests to support hiring of staff. Businesses are attempting to continue to grow.

- **Monica Abeita**, Santa Fe, N.M. - In my market, most LMI and non-LMI people who want a job, can find a job, and most low-wage jobs are now paying relatively well ($15-$25 per hour). I do not see any tightening of hiring requirements. In fact, many employers have loosened their hiring requirements around background checks, drug tests, etc., and often hire workers without required skills. Employers often provide training for these lower-skilled workers.

- **Quintin Hughes, Sr.**, Oklahoma City, Okla. - Though most employers remain consistent on background checks, drug testing and skills, we have seen some larger employers lessening the time frame for convictions to begin work. Instead of requiring 10+ years, they may require 5-7 years after conviction. Outside of safety-sensitive careers and federal contracts, we have more employers utilizing a 4-panel drug test with exceptions for medical marijuana. This has made employment more accessible for individuals with these types of barriers.

- **Jade Piros de Carvalho**, Topeka, Kan. - We have not seen a tightening of hiring requirements. Applicants with lower grade felonies and marijuana convictions, for example, are still seen as employable. However, we are seeing that employers are not over-hiring with the assumption that turnover will be high. In the past few years, some companies had a mindset to hire four people with the hope that one “sticks.” We are seeing less of that.
• **Lloyd Rainge II**, Lawrence, Kan. - Employment opportunities seem stable but may become slightly challenging in the coming months as the market remains slower and companies earn less revenues, forcing them to reduce hiring efforts. Any new employment opportunities may focus more on skilled rather than unskilled labor additions.

• **Jade Piros de Carvalho**, Topeka, Kan. - We expect large hiring pushes for some of the major capital investment projects Kansas has won. Panasonic, for instance, will need 4,000 workers. Indirect service workers will likely be needed in 2025. With the rise in overall wages, especially white-collar wages, we have seen increased entrepreneurial opportunities in some service sectors. Service needs for house cleaning, personal beauty, errand running, have opened for LMI populations to fulfill. These pursuits offer flexibility for those unable to maintain typical employment hours (mothers of school-aged children, for example). Entrepreneurial support is needed to help make these pursuits successful.

• **Amanda Brewer**, Omaha, Neb. - Nebraska has one of the highest rates of people working two or more jobs. Working multiple jobs means there is less opportunity for overtime and benefits. The gig economy creates flexibility for working parents but doesn’t typically come with benefits. Additionally, income from side hustles often doesn’t count toward improving mortgage lending ratios for first mortgages and therefore limits homeownership opportunities.

What have you seen in terms of wage trends for LMI populations?

• **Michelle Bish**, Catoosa, Okla. - We continue to see employees leaving current positions, including ones held for a short period, in pursuit of jobs that offer even marginal increases in pay.

• **Pete Upton**, Grand Island, Neb. – Those who switch jobs may experience more substantial wage hikes if they transition to higher-paying positions or industries. Conversely, staying with the same employer may result in more modest wage growth, especially if the employer fails to adjust wages in line with market conditions.

• **Quintin Hughes, Sr.**, Oklahoma City, Okla. - Wage increases have slowed. However, due to cost-of-living increases or more benefits, i.e., health, annual and sick leave, or work-from-home opportunities, employees will jump at jobs that pay even $1 more per hour. Flexibility in all areas to include wages, leave, work from home, etc., increasingly make a difference for today’s employees.

• **Cindy Logsdon**, Shawnee, Okla. – Wage increases have slowed down. Workers are likely to be hired in at a higher wage than if they stayed in their current job. We see new hires making more than employees that have been there for a while.

• **Brenda Sharpe**, Overland Park, Kan. - The need for healthcare benefits for uninsured adults in the workforce is beginning to play out in border areas of the state of Kansas, which has not expanded its Medicaid eligibility while every surrounding state has. Part-time LMI workers, for instance, are beginning to understand they can live and work in Kansas and have no access to health care, or instead move a few miles to a surrounding state, make the same wage in virtually the same job, and now have access to that state’s Medicaid health plan.
• **Alan Ramirez**, Denver, Colo. - We mostly deal with small business lending, and we do request personal tax returns when underwriting a request. Anecdotally, we are seeing less W2 income for our applicants, meaning they seem to be solely based on their earnings from the business.

• **Brenda Sharpe**, Overland Park, Kan. - I fear that the single, flat, and other regressive tax proposals currently advancing in the Kansas and Missouri legislatures will exacerbate economic disparities in our area even further, creating little to no benefits for LMI individuals and families, and significant windfalls for those in higher income brackets. Also under attack are important poverty amelioration public programs like SNAP, TANF, low income and childcare tax credits, which when paired with lifetime limits and burdensome work requirements, can disincentivize job seeking behavior when basic needs are at risk, i.e. one makes “too much” to qualify, or repeatedly cycles on and off the program due to an inability to meet work requirements.

• **Jackie Loya-Torres**, Kansas City, Mo. – According to a trusted community development partner, inflation has had a significantly negative impact across all LMI households (80% Area Median Income and lower), while their 30% AMI and lower group has felt it the most. Intake information over the past few months show a trend upward in those seeking assistance that fall within the 80-50% AMI range, indicating greater strain on this demographic as well.

• **Anne Brandt**, Lincoln, Neb. - In a recent Childcare Workforce Survey administered by Lincoln Littles, staff and director respondents indicate living expenses such as housing, transportation, basic needs and childcare costs impact staff retention and burnout.

• **Amanda Brewer**, Omaha, Neb. - The trend from the past few years continues in that rents increased at a much higher rate than income; those rents have stayed high. As a result, people are paying 50-60% of their income in housing and being forced to accumulate debt to pay for food, childcare, and other daily living expenses. Higher interest rates plus higher debt mean that vehicle purchases are more costly which leads to fewer choices in where vehicles are purchased, often resulting in the purchase of vehicles using predatory loans. Housing becomes more costly if there are credit issues due to higher costs than income.

• **Lloyd Rainge II**, Lawrence, Kan. - My team and I focus on home loan and small business financing opportunities for LMI households. The housing market remains slow relative to previous years. Higher mortgage rates continue to discourage many existing homeowners from listing their homes on the market only to assume a new, potentially costlier mortgage with a new home purchase. This impacts the LMI community with regards to available inventory to purchase. In addition to this, pricing of both newly constructed and existing inventory of listed homes increased significantly over the past couple of years. This has created a greater challenge for creditworthy LMI individuals and families to purchase a home. Affordability continues to be an issue whether it’s a safe and quality unit to rent, or a single-family home. Many of the revitalization efforts that have taken place are helping improve the communities, however, some improvements come with the issue of sacrificing affordability for existing community residents.
How have transportation and childcare barriers affected the ability of LMI populations to pursue employment and better wages?

- **Anne Brandt**, Lincoln, Neb. - Generally, wages are increasing in the city but not necessarily with the childcare population. The average wage of childcare employees in Lincoln, Neb., is $11.04, lower than the living wage of $16.78. Some childcare providers have increased wages to attract staff but cannot afford to continue to do so without raising tuition rates. Parents generally cannot withstand continued rate increases. Childcare is a broken business model and needs an overhaul that includes perpetual public funding. Moreover, depending on the type of childcare, some can afford to tweak rates, while most cannot. Turnover rates are about 30% in the childcare sector.

- **Monica Abeita**, Santa Fe, N.M. – New Mexico is very car-dependent, and most people have their own vehicles. However, if you don’t have a vehicle, transportation is a major barrier to employment because our state is extremely rural with low population density, and because public transportation options are limited outside of the urban centers. Also, most communities outside of the urban centers do not have Uber, Lyft, or other on-demand ride options. In our workforce program, many individuals coming out of recovery or jail do not have vehicles and therefore do not have a way to get to work. We try to assist them with funds to fix up older vehicles and with finding people to give them rides to work.

- **Michelle Bish**, Catoosa, Okla. - Throughout the region, many companies offer competitive wages yet struggle with employees who cannot work on a full-time basis. This reluctance to work full-time can stem from various reasons, such as childcare and transportation issues. To mitigate these issues, some companies are incentivizing attendance, with examples like American Castings offering a $50 bonus every two weeks to employees who work their scheduled hours.

- **Pete Upton**, Grand Island, Neb. – Wage trends for LMI populations have generally shown slower growth or stagnation, while transportation and childcare barriers continue to be significant obstacles to employment and wage advancement. However, individuals have demonstrated resilience by adopting various strategies to navigate these challenges and improve their economic opportunities. Many resort to carpooling or ridesharing with colleagues or neighbors to reduce transportation costs and gain better access to job opportunities. Some actively seek employment closer to home or in areas with improved transportation options to minimize commute times and expenses. Utilizing community resources or government assistance programs for subsidized childcare services or financial aid with transportation costs is another common adaptation.

- **Scott Hoversland**, Casper, Wyo. - The fluctuating costs of transportation and increasing costs of childcare has stifled the ability of many LMI households to pursue employment. Many times, this means that if there are two adults in the household one must work when the other cares for the children. In single-parent households this often means more than one job for the parent or seeking family or friends to provide the childcare.
• **Cindy Logsdon**, Shawnee, Okla. - Working from home seems to be the most common way to adapt so childcare and transportation is less of an issue.

• **Jackie Loya-Torres**, Kansas City, Mo. - A trusted community development partner told me that transportation and childcare costs cause a significant barrier to seek or maintain sustainable employment for their 30% AMI and under group. According to their data from the past two years, it appears a majority of this group continues to rely on programs that support housing and food. As shared by clients within this income demographic, seeking employment opportunities instill a concern for losing or significantly reducing safety net programs, thereby netting less than by programs alone. Those that do seek or maintain employment have a heavy reliance on family members to provide childcare or transportation, but these tend to be inconsistent in reliability.
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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 / entrepreneurism, and workforce development.
Media

CDAC members and Community Development staff gather in the lobby with Kansas City Fed President Jeff Schmid. (Second row, second from the left.)

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