



FEDERAL RESERVE BANK OF MINNEAPOLIS

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Survey of residents in Montana highlights occupational mobility challenges and the strains of high inflation on families

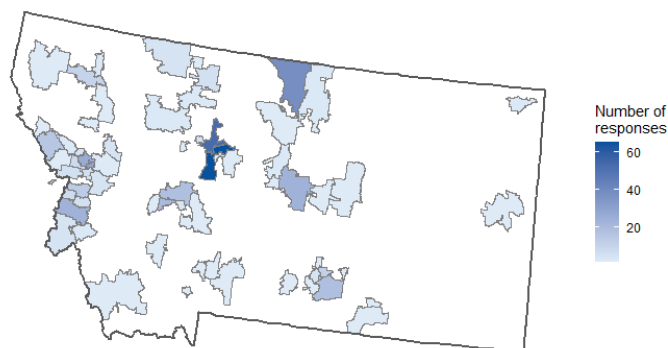
Survey executed Summer 2022

Expanding upon efforts to capture the perspectives of individuals on the economy, Regional Outreach executed a survey in June and July 2022 among staff and clients of Community Action agencies in Montana. These agencies provide a variety of services to low-income individuals and families, including Head Start, energy assistance and weatherization, job training and career development services, food and nutrition programs, WIC and childcare programs, and emergency housing and financial assistance. To carry out their programs, Community Action employs individuals who specialize in education, social services, construction, healthcare, and other fields.

Overview

About half of respondents were moving through the labor market, whether looking for work or making other kinds of occupational changes. Most said they found it at least slightly difficult to reach their goals. Among the unemployed, 80 percent of respondents were looking for employment. Employed respondents who reported pursuing changes were mostly looking for higher incomes, career advancement, and employment with remote work options.

Figure 1. Worker Insights Survey- Montana



Source: Minneapolis Fed analysis, IPUMS NHGIS.

Responses showed that individuals were primarily concerned with their ability to pay for housing, food, and their monthly utility bills. Higher prices were putting pressure on family budgets, mainly through fuel and food consumption. Consumers were adjusting by reducing their purchases of food away from home, clothing, and changing driving habits.

Respondents' characteristics

Results captured insights from 596 individuals across the state of Montana. Most identified as white, 90 were American Indian, and 33 were Hispanic. More than half of respondents were employed, and 3 percent were employed but partially retired. We also heard from retirees (21 percent) and unemployed individuals (12 percent). More than half reported annual household incomes of less than \$35,000 and 65 percent less than \$50,000. Forty-four percent were renters and 40 percent were homeowners.

Perspectives on occupational mobility

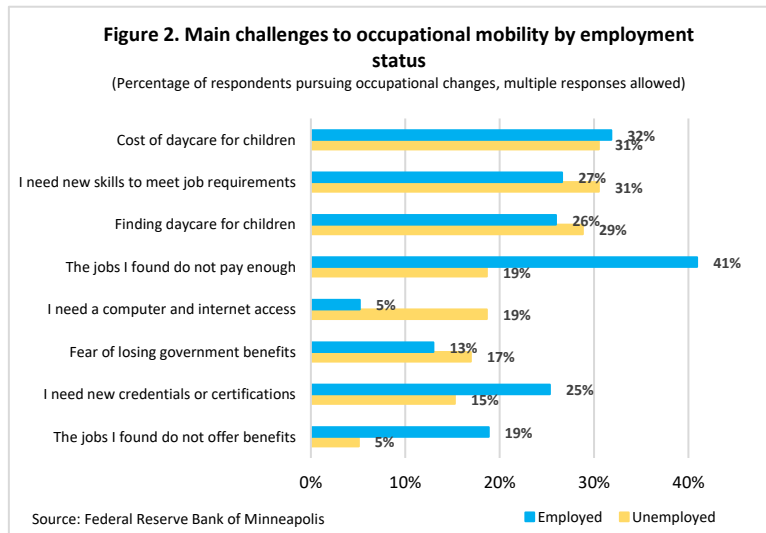
As it could be expected, objectives and challenges varied between unemployed and employed respondents who said they were pursuing changes. Employed individuals were mainly looking for higher incomes, career advancement, remote work options, and better benefits. Meanwhile the priority for most unemployed individuals was to find a job, and as they searched, they were also trying to get better wages, more flexibility, and benefits.

Both employed and unemployed respondents highlighted childcare cost and availability and the need for skills to meet job requirements as the top challenges to reaching their objectives. But there were also some notable differences in what they perceived as barriers (Figure 2).

Forty percent of employed job seekers said pay was insufficient at jobs they looked at, compared to double the rate of unemployed respondents. Access to a computer and internet service was a much higher impediment to occupational mobility for unemployed individuals; conversely lack of benefits was a higher deterrent for the currently employed.

Objectives and re-entry challenges varied among the unemployed depending on the amount of time they had been without a job. All who reported having recently lost their job were actively looking for employment, whereas nearly a third of those out of work for at least six months were not.

Cost and availability of childcare, insufficient skills to meet job requirements, and fear of losing government benefits were the top reasons keeping the long-term unemployed from taking a job.



Household finances and economic impact

Occupational decisions are often tied to the economic realities faced by individuals and their families. To satisfy their needs and meet their financial responsibilities, respondents relied on a range of sources of income. A little over half used income from wages, about a third reported making use of credit cards and loans, and 30 percent received Supplemental Nutrition Assistance Program (SNAP) benefits. About a quarter of respondents said they reached into their savings and about a fifth said they borrowed from family or friends to supplement their income.

A considerable share of survey participants was concerned with their ability to pay their utility bills (60 percent), pay for food (47 percent), and pay for housing (47 percent).

The effects of inflation were felt differently across consumption categories (Figure 3). Fuel and groceries put the most strain on people’s budgets, and almost three quarters of renters reported higher rents.

“A year ago, I was making less money and was able to afford my expenses plus fun things,” shared a survey respondent. “Now I make more money and I’m struggling to pay for necessary expenses.”

To adjust their budgets, three quarters of consumer respondents reported cutting back on eating out or ordering take-out (Figure 4). The most substitutions were seen in grocery purchases. “I only go to the store once a week,” pointed out a survey taker. “I buy store brands and less food.” Others said to be supplementing their food needs by visiting food banks.

Fuel prices reportedly kept more families relatively static during a time of the year in which they would otherwise be taking trips and enjoying other amenities. For people who live where public transit is absent or limited, fuel consumption is more often a necessity. A respondent said to be eating less to afford the fuel they need to drive to work.

Conclusion

While the results of this survey do not represent those of a scientific study, they offer valuable insights on labor dynamics and the impact of the economy on low- and mid-income workers’ budgets across the state.

Overall, a great number of survey takers were moving through the labor market. They were either unemployed and searching for a job or employed and looking to advance in their careers or earn more income. Childcare and the need for new skills stood as main challenges for individuals moving through the labor market.

A great share of survey takers was concerned with paying for their basic needs and inflation pressures were further debilitating their purchasing power.

