

## **LOW-INCOME WORKING FAMILIES: UPDATED FACTS AND FIGURES June, 2009**

A large percentage of American families have low incomes, which lead to a host of challenges and disadvantages for both parents and children. In 2006, one out of every three families with children had incomes below twice the federal poverty level (FPL): \$40,888 for a family with two adults and two children (see figure 1). While these families face many of the same challenges as other families, they are particularly financially vulnerable. These low-income families struggle to find and keep work, pay their bills, and provide their children with essentials like housing and health care.

- ***Low-income parents work a lot.*** Even though low-income families worked substantially less than higher-income families in 2006, nearly half (48.6 percent) fell in the high-intensity category—meaning at least one parent worked full time, all year. Another 17.8 percent worked a moderate amount, 5.6 percent worked a low amount, and 8.2 percent worked for themselves. [See table 1 and figure 2.]
- ***Low wages explain why these families have low incomes.*** The vast majority of low-income families' income comes from earnings—89 percent in the case of low-income families with at least one full-time, full-year worker in 2006. These high-work families made roughly \$25,000 during 2006 (only 22 percent above the poverty level for a family of four). Those in the medium- and low-work intensity categories had even lower incomes, roughly \$13,860 and \$6,300, respectively. [See table 2.]
- ***Single-parent families are in even worse economic situations.*** Single-parent families are almost twice as likely to have low incomes compared to all families with children, and almost three times as likely to have low incomes compared to married-couple families with children. Seventy percent of single parents are in the workforce, but only about 40 percent work full time—perhaps because of child care challenges and other family responsibilities. When they are able to work, low-income single parents work for lower wages; in 2006, single parents earned about \$10 an hour while married parents earned about \$11 an hour. The median wage rates for each group are about \$1 lower. [See figure 1, table 2, and figure 2.]
- ***Low-income families have low rates of health insurance coverage.*** The share of nonelderly adults in low-income households who lacked health insurance increased from 39 to 43 percent from 2000 to 2005; for children, nearly 15 percent remained uninsured at the end of this period. The rate of uninsurance for low-income children actually declined relative to the beginning of the decade, but only due to an increase in

public insurance programs that focus on children, such as the State Children's Health Insurance Program. During this period, the percentage of low-income families with employer-sponsored insurance dropped significantly. For families with poverty-level incomes (below 100 percent of poverty), the percentage with coverage dropped nearly 7 percentage points, from 37 to 30 percent. For those with incomes between 100 and 200 percent of the FPL, private coverage dropped a similar amount, from 59 to 52 percent. For comparison, coverage rates for the highest-income families (with incomes above 400 percent of the FPL) dropped as well, but only 0.7 percent, for a 2005 coverage rate of 92 percent (Clemans-Cope, Garrett, and Hoffman 2006). [See table 3.]

- ***Health problems are more prevalent among low-income families, and these families are more likely to be uninsured.*** Almost 21 percent of families with income below 150 percent of the federal poverty level have at least one member in fair or poor health, compared with only 16.7 percent of higher-income families. Lower-income families are also much more likely to have at least one member without health insurance. [See table 4.]
- ***Finding decent affordable housing is a huge problem for low-income families.*** The hourly wages needed to afford housing at fair-market prices are well above the wages low-income workers receive. Average rents nationwide have been growing faster than inflation, while the median renter's monthly income dropped 7.3 percent between 2000 and 2008. As a result, average gross rents (monthly rent plus the estimated average cost of utilities) as a share of renter income increased from 26.5 to 30.3 percent over the period (Katz and Turner 2008). [See figure 3.]
- ***While the heads of low-income working families are likely to be less educated than those of middle-income families, the large majority have at least a high school diploma.*** Of the heads of low-income working families, 73 percent have at least a high school education; 35 percent have education beyond high school. [See table 5.]
- ***Compared with high- and middle-income families, low-income working families are disproportionately nonwhite and immigrant, although most are headed by white, native-born, non-Hispanic adults.*** Forty-two percent of low-income working families are headed by white adults, while 70 percent of middle- and high-income families are headed by white adults. Seventy-three percent of low-income working families are headed by native-born adults, compared with 85 percent of middle- and high-income families. [See table 6.]

This fact sheet draws heavily from the *New Safety Net for Working Families* series, a collection of papers within the Urban Institute's *Low-Income Working Families* publication series.

Additional information on low-income families is available at the Urban Institute web site, <http://www.urban.org/projects/newsafetynet>.

## References

Clemans-Cope, Lisa, Bowen Garrett, and Catherine Hoffman. 2006. "Changes in Employee's Health Insurance Coverage 2001–2005." Washington, DC: Kaiser Commission on Medicaid and the Uninsured.  
<http://www.urban.org/url.cfm?ID=411619>.

Katz, Bruce, and Margery Austin Turner. 2008. "Rethinking U.S. Rental Housing Policy: A New Blueprint for Federal, State, and Local Action." In *Revisiting Rental Housing Policies, Programs, and Priorities*, edited by Nicolas P. Retsinas and Eric S. Belsky (319–58). Washington, DC: Brookings Institution Press and Joint Center for Housing Studies at Harvard University.

**Data presented here are for the most part from *A New Safety Net for Low-Income Families* by Sheila Zedlewski, Ajay Chaudry, and Margaret Simms (2008); *Making Work Pay Enough: A Decent Standard of Living for Working Families* by Gregory Acs and Margery Austin Turner (2008); and *Making Work Pay II—Comprehensive Health Insurance for Low-Income Working Families* by Cynthia Perry and Linda J. Blumberg (2008).**

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**Table 1. Work Status of Low-Income Families with Children in 2006**

Work status	Low-income	Moderate-income	All
<i>All Parents</i>			
High-intensity	48.61	77.39	68.94
All full time full year	25.06	40.8	37.64
One full time full year and some other work <sup>a</sup>	6.8	17.28	14.97
One full time full year and no other work	16.75	19.31	16.33
Medium-intensity	17.84	8.33	9.74
All full time part year	8.62	3.94	4.68
One full time part year and some other work <sup>b</sup>	1.12	1.24	0.99
One full time part year and no other work	2.71	1.4	1.43
All part time full year	4.38	1.4	2.12
One part time full year and one part time part year	0.16	0.15	0.1
One part time full year and no other work	0.85	0.2	0.42
Low-intensity	5.57	1.16	2.37
All part time part year	5.05	0.97	2.11
One part time part year and no other work	0.52	0.19	0.26
Self-employed	8.21	10.89	11.32
No work for either parent	19.77	2.21	7.63
Total number of families (thousands)	13,726	7,296	40,026
Percent of all families	34%	18%	100%

*Source:* March 2007 Current Population Survey.

*Notes:* A full-time worker works 35 hours or more a week. A part-time worker works between 1 and 35 hours a week. A full-year worker works 50 weeks or more in a year. A part-year worker works between 1 and 50 weeks in a year. Children under 18 in the family can include one's own child, grandchild, brother or sister, or other relative. A married parent is one whose spouse is present. A single parent is one who is widowed, divorced, separated, or never married, as well as a married parent whose spouse is absent. Low-income families have incomes below 200 percent of the federal poverty level (FPL). Moderate-income families have incomes between 200 and 300 percent of FPL. High-income families have incomes above 300 percent of FPL.

<sup>a</sup> Includes full-time part-year, part-time full-year, and part-time part-year work.

<sup>b</sup> Includes part-time full-year and part-time part-year work.

**Table 2. Average Earnings and Income in Low-Income Families by Work Status, 2006**

	All	Single	Married
Earnings of parents			
All	16,791	10,734	25,029
High-intensity	25,039	19,896	28,965
Medium-intensity	13,855	11,172	19,362
Low-intensity	6,295	5,954	8,850
Self-employed	21,877	14,274	25,346
No work	0	0	0
Wage rate <sup>a</sup>	10.63	10.08	11.19
Median	9.62	9.13	10.26
Family income <sup>b</sup>			
All	22,482	17,615	29,103
High-intensity	28,200	23,644	31,679
Medium-intensity	19,835	17,093	25,461
Low-intensity	14,793	14,395	17,774
Self-employed	25,897	19,149	28,975
No work	11,556	11,258	13,474

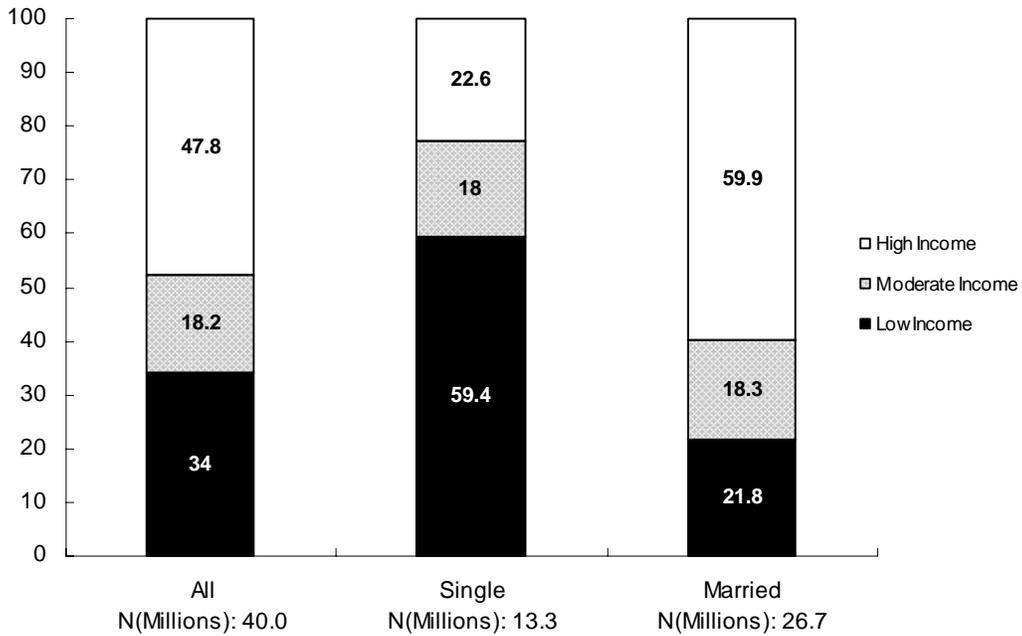
*Source:* March 2007 Current Population Survey.

*Note:* High work intensity includes families with at least one parent working full time, full year; medium intensity includes families working full time, part year and part time, full year; and low intensity includes families working part time, part year (see table 1).

<sup>a</sup> Excludes those with no earnings.

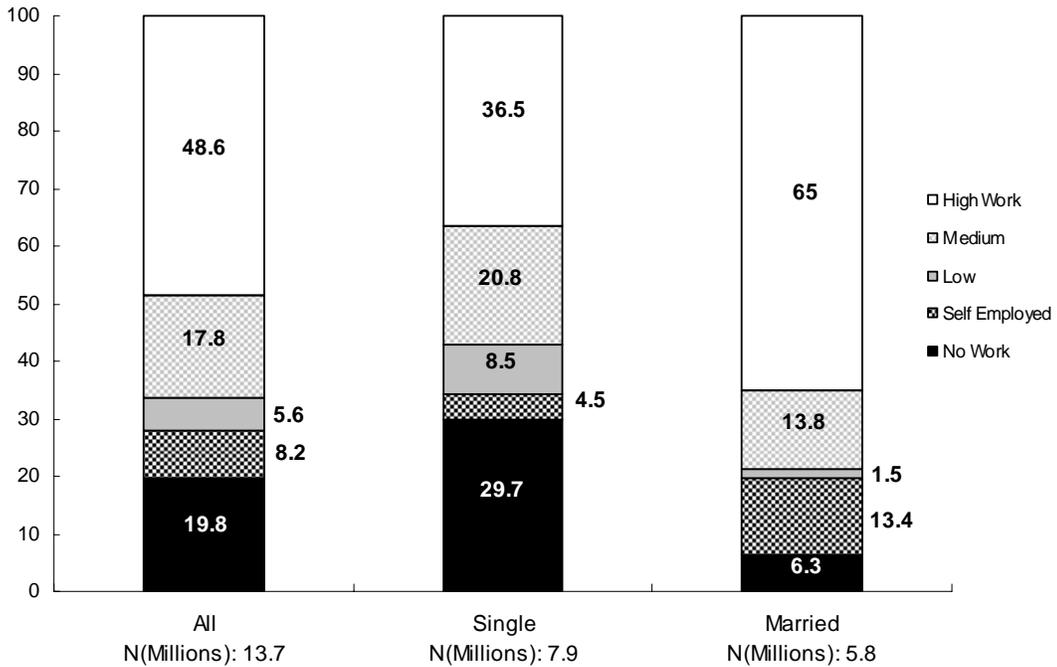
<sup>b</sup> Includes income of all parents and other adults in the family.

**Figure 1: Income of Families with Children Relative to the Federal Poverty Level, 2006**



Source: March 2007 Current Population Survey.

**Figure 2: Work Status of Low-Income Families by Family Structure, 2006**



Source: March 2007 Current Population Survey.

**Table 3. Insurance Status of Low-Income Children and Adults in Working Families, 2000–05**

	Children (0–17)			Adults (18–64)		
	2000	2005	Percent change	2000	2005	Percent change
Uninsured	21.3	14.8	-6.5**	38.6	42.8	4.2**
Nongroup	1.3	0.4	-0.9*	2.2	1.4	-0.8*
Public	35.0	53.1	18.1**	11.1	13.0	1.9*
ESI	38.3	28.2	-10.1**	43.5	37.2	-6.3**
Other	4.1	3.4	-0.7	4.6	5.5	0.9
Unweighted sample size	4,712	7,700		5,928	9,480	

*Source:* Medical Expenditure Panel Survey. Data for 2000 are drawn from a sample of data from 1999 and 2000; data for 2005 are drawn from a sample of data from 2004 and 2005.

*Note:* Low-income working families have incomes below 200 percent of FPL and have at least one adult in the health insurance unit working at a place of work.

\* Difference is statistically significant at the  $p < .05$  level.

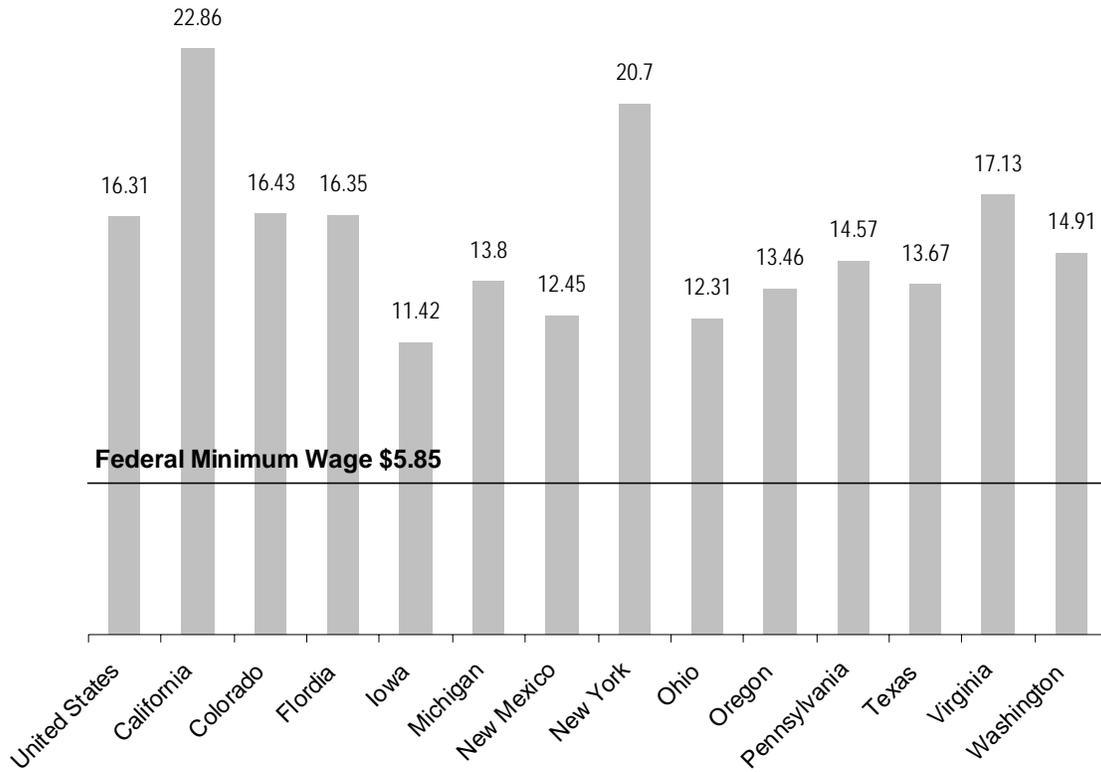
\*\* Difference is statistically significant at the  $p < .01$  level.

**Table 4. Prevalence of Uninsurance and Fair or Poor Health by Family Income**

Family income as a percent of FPL	Working families with at least one member uninsured (Percent)	Working families with at least one member in fair or poor health (Percent)	Working families with at least one member uninsured <i>and</i> at least one member in fair or poor health (Percent)
< 150%	52.84	20.70	11.07
151–200%	41.59	18.32	7.27
201–250%	33.11	19.58	6.63
251–300%	25.51	17.16	4.69
301–401%	17.92	16.34	2.72

*Source:* Medical Expenditure Panel Survey, 2003–05.

**Figure 3. Hourly Wage Needed to Afford a Two-Bedroom Home at Fair-Market Rent**



Source: NLIHC 2007.

**Table 5. Families, by Race/Ethnicity and Income**

Family race/ethnicity	Low-income families (thousands)	Low-income families (percent)	Middle- and high-income families (thousands)	Middle- and high-income families (percent)
White	5,674	42	18,112	70
Black	2,908	22	2,656	10
Hispanic	4,038	30	3,179	12
Other	792	6	1,828	7
Total	13,412	100	25,775	100

*Source:* Urban Institute tabulations of the 2008 U.S. Current Population Survey, Annual Social and Economic Supplements.

*Notes:* The race/ethnicity of the family is based on the race/ethnicity of the household head. Low-income families have total family income below 200 percent of the federal poverty level. Numbers are rounded to the nearest thousand.

**Table 6. Education of Household Head by Family Income, 2008**

Education of Household Head	Low-income families (percent)	Middle- and high-income families (percent)
Less than High School	28	6
High School Diploma or Equivalent	38	25
More than High School	35	70
Total	100	100

*Source:* Urban Institute tabulations of the 2008 U.S. Current Population Survey, Annual Social and Economic Supplements.

*Notes:* Low-income families have total family income below 200 percent of the federal poverty level.