



LOW-INCOME WORKING FAMILIES: FACTS AND FIGURES

Assessing the New Federalism
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The vast majority of low-income parents today are working but still struggling to make ends meet: struggling to find and keep a toehold in a changing labor market, to keep up with their bills, to pay the spiraling costs of essentials like health care and housing, and to raise children with a chance of future success. These families have much in common with other American families as they seek to balance work and family life, yet parents and children in low-income families are more financially vulnerable than those in higher-income families.

- ***One-quarter of America's children live in low-income families with a working parent.*** In 2001, almost 19 million children lived with parents who worked regularly in families that remained low-income (income below twice the official poverty threshold, or about \$38,000 for a family of four). Of all low-income families with children, 6 in 10 have at least one parent who worked full-time all year, and another 1 in 10 have a parent who worked at least half-time all year [figure 1].
- ***Low hourly wages explain why these working families have low incomes.*** The vast majority of a low-income family's income comes from earnings (89 percent for a low-income family with at least one full-time, full-year worker). Yet, the median hourly wage for the primary worker in these families is about \$9. If these workers see their real wages grow 4 percent per year, it will take 11 years to reach the \$14 average hourly wage for middle-income families (income between two and three times the poverty threshold).
- ***Low-income working families receive fewer job benefits than middle-income families.*** Low-income families with at least one full-time worker are much less likely than middle-income families to receive health insurance through an employer (49 versus 77 percent). Almost one in ten of these "high-work" low-income families report postponing needed medical care during a 12-month period for lack of health insurance or money. And, low-income working families are less likely to have paid vacation or sick leave than higher-income families, making it more difficult to juggle work, family health, and well-being [figures 2 and 3].
- ***Low-income working families face greater food and housing hardships.*** Over one-quarter of low-income families with a full-time worker experience hardships related to food and housing [figure 4]. Forty percent of moderate-work, low-income families (those without a full-time worker but still working a substantial number of hours) report food and housing hardship.
- ***Child care can be a large expense for low-income working families in which the mother works.*** Sixty-nine percent of children under age 5 with low-income working mothers are cared for regularly by someone other than a parent. Thirty-nine percent of these children are in care for at least 35 hours a week. High-work, low-income families that pay for child care spend \$3,135 per year on average, or 12 percent of income.
- ***While the heads of low-income working families are likely to be younger and less educated than those of middle-income families, the large majority is over age 30 and has at least a high school education.*** Of the heads of high-work, low-income families, 72 percent have at least a high school education and 76 percent are over age 30.

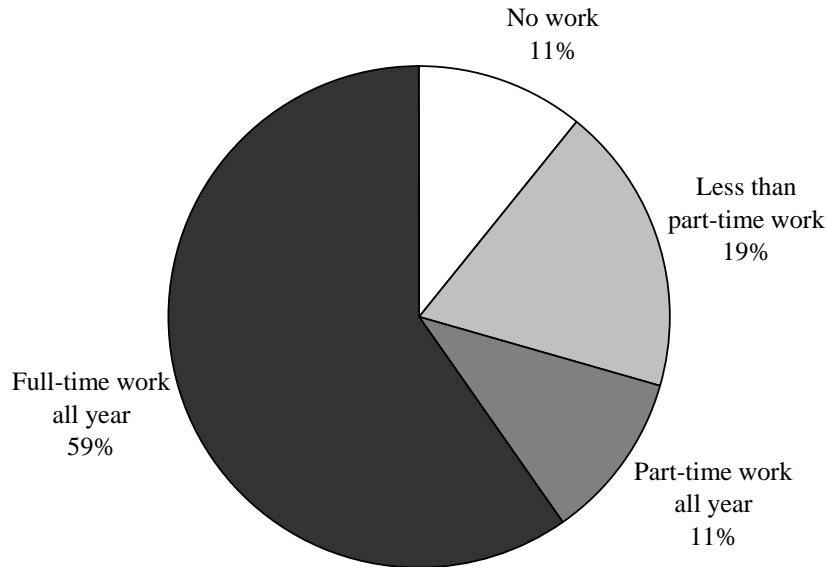
- **Compared to middle-income working families, low-income working families are disproportionately nonwhite and immigrant, although most are headed by native-born, white, and non-Hispanic adults.** High-work, low-income families are less likely than their middle-income counterparts to be headed by a U.S.-born citizen (69 versus 85 percent). And high-work, low-income families are almost three times more likely than middle-income families to have noncitizen heads (27 versus 8 percent).
- **Health problems are more prevalent among low-income working families.** Sixteen percent of full-time workers heading low-income families report fair or poor health, compared with 7 percent of workers in middle-income families. Low-income adults working a moderate amount are even more likely to have health problems, with 25 percent reporting fair or poor health. Health problems may be contributing to their limited hours of work. Low-income families are also more likely than middle-income families to have a child in poor health.
- **On average, children in low-income households fare worse than children in higher-income households on a host of indicators.** Low-income children are more likely than higher-income children to live in stressful home environments and with parents reporting symptoms of poor mental health. Among school-age children and adolescents, those living in low-income families are less likely to be highly engaged in school activities and more likely to exhibit high levels of emotional and behavioral problems.
- **With the job-market downturn, families are working less and have lower incomes.**^a Labor markets have slacked considerably since early 2001. Between 2000 and 2003, the number of people in low-income families with children increased from 30 to 32 percent of the population, and the proportion of all households with a full-time, full-year worker fell from 88 to 85 percent. Single-parent households were hit especially hard; they bore 37 percent of the loss in full-time, full-year employment while receiving only 8 percent of the increase in unemployment insurance benefits.
- **Few low-income working families receive welfare benefits; half receive help with a parent's or child's health insurance.** Only 5 percent of all low-income families with a full-time, full-year worker receive Temporary Assistance for Needy Families benefits. Fifty-two percent of these families have public health insurance coverage, reflecting a decline in employer-sponsored coverage, the creation of the State Children's Health Insurance Program, and many states' decisions to expand Medicaid eligibility.

Additional information on low-income working families and the challenges they face will be featured in a forthcoming *Low-Income Working Families* publications series. The series was developed in response to the Working Families' Policy Agenda Roundtable, convened by the Urban Institute in May 2005.

Data presented here are for the most part from *Working to Make Ends Meet: Understanding the Income and Expenses of America's Low-Income Families* by Gregory Acs and Austin Nichols (forthcoming); "Toward a New Child Care Policy" by Dave Edie (forthcoming); *Who Are Low-Income Working Families?* by Gregory Acs and Pamela Loprest (forthcoming); "How Have Households with Children Fared in the Job Market Downturn?" by Gregory Acs, Harry J. Holzer, and Austin Nichols (2005); "Children in Low-Income Families Are Less Likely to be in Center-Based Child Care" by Jeffrey Capizzano and Gina Adams (2003); and "Many Young Children Spend Long Hours in Child Care" by Jeffrey Capizzano and Regan Main (2003).

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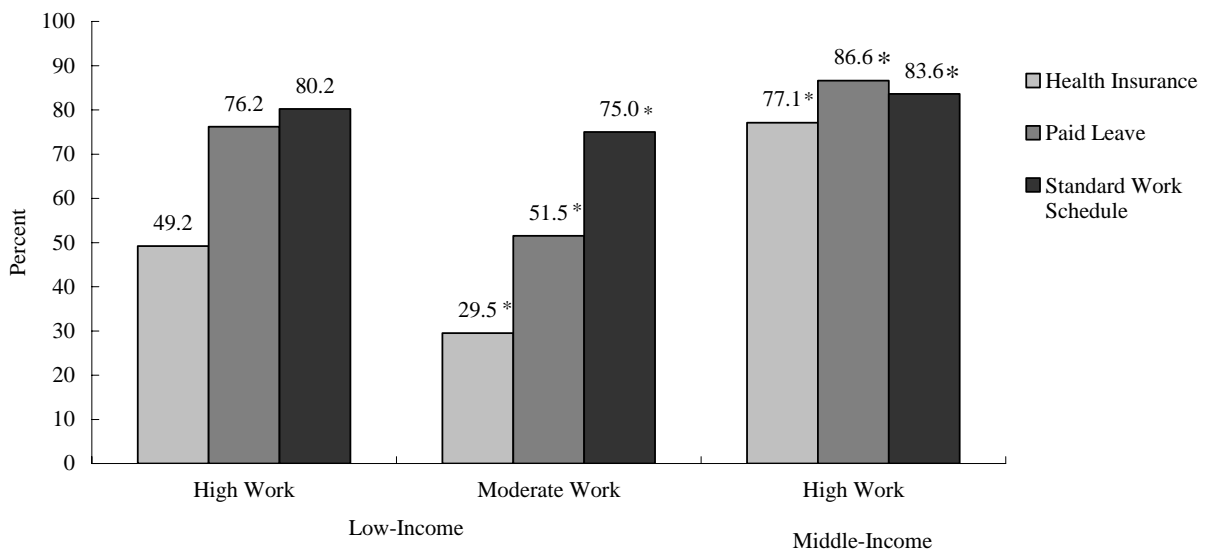
Figure 1. Work Effort of Low-Income Families with Children in 2001



Source: 2002 National Survey of America's Families.

Note: Weighted using the person-level weight of the head of the family.

Figure 2. Employer-Sponsored Benefits for High- and Moderate-Work, Low-Income Families and High-Work, Middle-Income Families

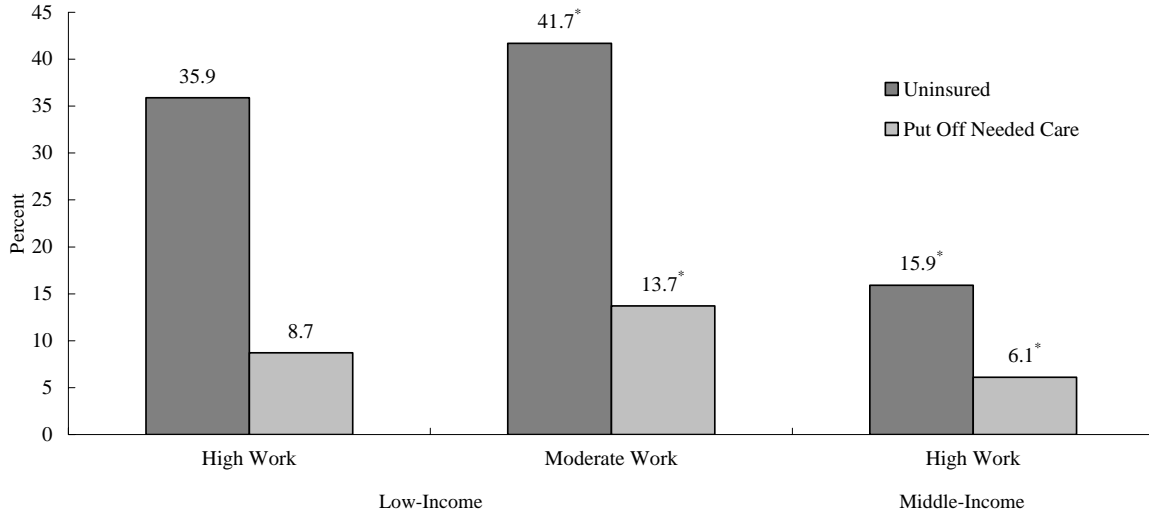


Source: 2002 National Survey of America's Families.

Note: Includes only those families with positive hours worked in the prior year. Weighted using the person-level weight of the head of the family. Standard work schedule is daytime hours (between 6 am and 6 pm).

* Significantly different from high-work, low-income at the 90% level.

Figure 3. Health-Related Hardships among High- and Moderate-Work, Low-Income Families and High-Work, Middle-Income Families

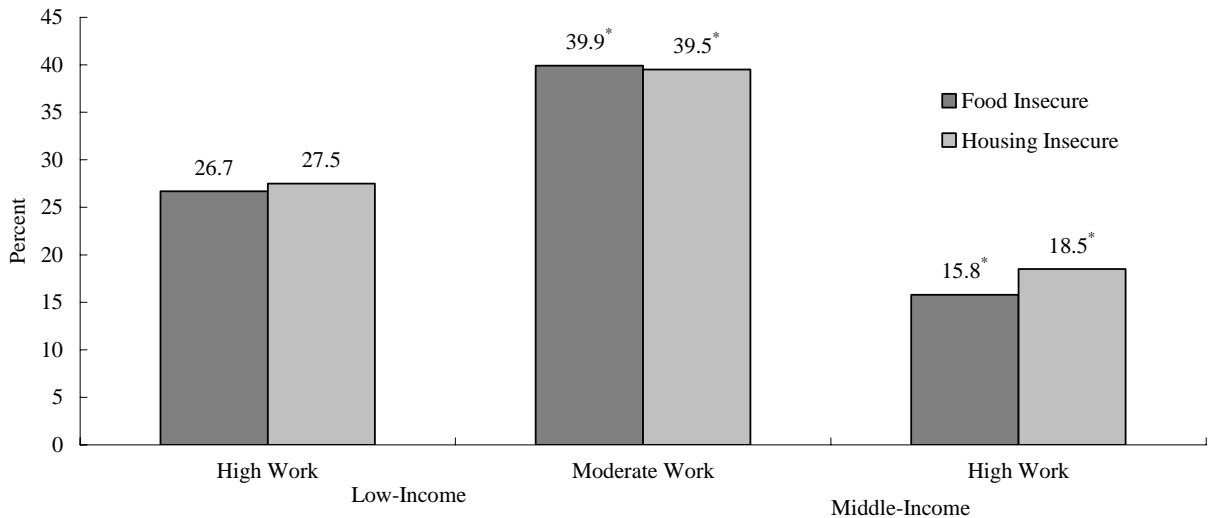


Source: 2002 National Survey of America's Families.

Notes: Weighted using the person-level weight of the most knowledgeable adult (MKA), the person in a household who knows the most about a focal child's well-being. The mother of the child(ren) is often, but not always, the MKA.

* significantly different from high-work, low-income at the 90% level.

Figure 4. Food and Housing Insecurity among High- and Moderate-Work, Low-Income Families and High-Work, Middle-Income Families



Source: 2002 National Survey of America's Families.

Notes: Weighted using the person-level weight of the most knowledgeable adult (MKA), the person in a household who knows the most about a focal child's well-being. The mother of the child(ren) is often, but not always, the MKA. A family is food-insecure if it cut or skipped meals because it lacked money, worried that food would run out before it got money to buy more, or ran out of food and did not have money to get more at any point in the prior 12 months. A family is housing-insecure if it reported a time in the prior 12 months when it was unable to pay the mortgage, rent, or utility bill in full because of a lack of money.

* significantly different from high-work, low-income at the 90% level.

Table 1. Percent of Children in Low-Income, High- and Moderate-Work Households, 2003

Alabama	30.8	Montana	34.1
Alaska	14.3	Nebraska	20.7
Arizona	33.6	Nevada	28.2
Arkansas	28.4	New Hampshire	14.7
California	28.1	New Jersey	17.6
Colorado	25.2	New Mexico	40.8
Connecticut	10.8	New York	25.7
Delaware	22.6	North Carolina	29.4
District of Columbia	30.9	North Dakota	24.6
Florida	29.3	Ohio	21.2
Georgia	25.2	Oklahoma	32.2
Hawaii	23.7	Oregon	25.1
Idaho	33.3	Pennsylvania	18.8
Illinois	25.5	Rhode Island	22.0
Indiana	23.5	South Carolina	26.7
Iowa	19.5	South Dakota	22.1
Kansas	21.7	Tennessee	26.7
Kentucky	30.9	Texas	39.6
Louisiana	38.3	Utah	25.1
Maine	19.7	Vermont	15.0
Maryland	15.5	Virginia	18.1
Massachusetts	16.9	Washington	22.4
Michigan	22.0	West Virginia	23.9
Minnesota	13.7	Wisconsin	20.9
Mississippi	35.7	Wyoming	26.6
Missouri	22.5	U.S.	26.0

Source: Current Population Survey March Supplement, 2004.

Notes: The sample is limited to nonelderly households with children. Low income includes households with incomes below 200 percent of the federal poverty level (the federal poverty threshold applied at the household level) in 2003. High- and moderate-work households had at least one adult work 1,800 hours in 2003 or each adult member worked at least 1,000 hours.

Notes on Methods and Terminology

All estimates are calculated from the 2002 National Survey of America's Families unless otherwise noted. The sample is limited to social families with children under age 18. The social family includes not only married partners and their children, but also unmarried partners, all their children, and members of the extended family. Data on family income are for the previous calendar year (2001). "Low-income" families have incomes below twice the federal poverty thresholds, and "middle-income" families have incomes between two and three times the federal poverty thresholds. Families are defined as having a full-time worker or being "high-work" if any adult reports at least 1,800 hours of work in the prior year—approximately equal to 35 hours of work a week for 52 weeks. Families are classified as "moderate-work" if adults average at least 1,000 hours or the total hours worked is at least 1,800 in the prior year, but no adult reports 1,800 hours of work. Families that do not fulfill either criterion are "low-work" families.

^a Data are from the March 2001 and 2004 Current Population Surveys, which reflect employment and income from 2000 and 2003, respectively. The samples are limited to households with children (any individuals under age 18, regardless of relationship to head of the household) in which the head is age 25 to 54 (inclusive).