Poverty, Labor Markets & Financial Health

Ann Huff Stevens
Center for Poverty Research
University of California, Davis
Key Facts

• We measure poverty poorly
  • Do not count many resources as income
  • Do not account for work-related expenses
  • Do not update poverty thresholds in light of economic growth

• Safety net programs provide less than poverty-level income

• Wages at bottom of labor market provide less than poverty-level income

• Low wages and part-time/part-year earnings go together
With SNAP benefits, 48/50 states are still below 75% of FPL.

Housing benefits push some up further, but only around 3.3 million families live in public housing or receive Section 8 vouchers.

Since 1996:
-- poor single parents are far more likely to be in the labor force
-- benefits have been cut, by >30% in half of states
Real Earnings, Benefits & Poverty Thresholds

- **CALWORKS MAXIMUM BENEFIT FOR FAMILY OF 3**: $8.6
- **FEDERAL MINIMUM WAGE, ANNUAL EARNINGS 2013**: $15.1
- **FEDERAL MINIMUM WAGE, ANNUAL EARNINGS, 1969**: $21.4
- **CA MINIMUM WAGE, ANNUAL EARNINGS, 2013**: $18.7
- **20TH PERCENTILE WAGE, ANNUAL EARNINGS, 1979**: $25.8
- **20TH PERCENTILE WAGE, ANNUAL EARNINGS, 2013**: $22.7

Poverty Line family of 3
Poverty Line Family of 4
Low earnings and overall financial health

- Low wages often mean part-time, part-year work, no benefits, no leave

- Low wages and income are persistent
  - Single parents qualifying for EITC remain eligible, on average, > 5 years

- Scarcity and associated stress can lead to short-term focus that affects financial decision-making

- Low wages co-exist with four decades of dramatic economic growth and rising standards of living