

Working Poor

An overview of the Working Poor in the
Greater Sacramento Region.

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Defining the Working Poor

Understanding who comprises the Working Poor is complicated by the variety of definitions—not only of what is meant by “poor” or “low income,” but also by what constitutes “work.” Is work defined as only full-time, year-round employment? How is part-time employment or full-time, seasonal employment classified? The U.S. Department of Labor defines working poor as individuals whose income fell below the official poverty threshold, but who spent at least 27 weeks in the labor force—this means working or *looking for work*. “Healthy Families” legislation defines low income as 200 percent of the federal poverty level or below, and there are two versions of the federal poverty measure.

Poverty thresholds are updated each year by the Census Bureau and are primarily used for statistical purposes.

Poverty guidelines are issued annually by the U.S. Department of Health and Human Services. The 1998 poverty guidelines allow \$8,050 for the first person and \$2,800 for each additional person. Some programs that use poverty guidelines to determine financial eligibility include Head Start, the Food Stamp Program, and the National School Lunch Program.

Federal poverty level determination varies according to the size of the family and are outlined in the table below.

Size of Family	1996 Poverty Thresholds U.S. Census Bureau	1998 Poverty Guidelines U.S. Dept. of Health and Human Service	Hourly Wage Required to meet Guidelines (40 hours/week x 52 weeks per year = 2,080 hours)
1	\$7,995	\$8,050	3.87
2	\$10,233	10,850	5.22
3	\$12,516	13,650	6.56
4	\$16,036	16,450	7.91
5	\$18,952	19,250	9.25
6	\$21,389	22,050	10.60
7	\$24,268	24,850	11.95
8	\$27,091	27,650	13.29

Source: U.S. Census Bureau Source: Federal Register

Key Issues

Education Equals Income

For most people looking for work, the immediate barriers to getting a job include job training, child care and transportation; however, the factor that plays the most significant role in overcoming poverty is education. Reductions in poverty rates are directly tied to higher educational levels.

Information Economy

Technology is evolving exponentially, and new jobs are being created at breakneck speed. This phenomenon is opening doors for people with the appropriate education and skills, but for many people in our society, the doors are closing.

Global Economy

Workers now compete with workers around the world, not just with other Americans. Our economy is no longer a local economy—it is a global economy.

Teenagers and Single-mothers are Most Vulnerable

Teenagers and women are most vulnerable to being poor. More than half of teenagers on their own earn below the poverty level. The poverty rate for working women who are the sole support of their family is more than twice the rate for male counterparts.

Challenges for Working Poor

A family classified as working poor may not have a higher standard of living than a family dependent upon public assistance, but *will* have a more difficult time accessing the community services that can help them make ends meet and achieve a higher standard of living in the long run. However, the challenges for working poor are the same as those faced by the unemployed and/or the CalWORKs recipient: basic needs of adequate food and shelter, child care, transportation, healthcare, job training and education.

The Working Poor

Our Regional Economy

After the recession that began in 1990, indicators are once again pointing to a solid, growing economy—taxable sales are up, the number of business permits issued annually is increasing and employment in the Region is growing faster than in the state as a whole.

In 1990 there were more than 743,000 persons employed in the five-county Region of Amador, El Dorado, Placer, Sacramento and Yolo. By 1993, this figure had *declined* by more than 2 percent reflecting the impact of the recession, however, three years later in 1996 this figure was more than 775,000—an *increase* of 7 percent over 1993 compared to 4 percent for the state. Taxable sales for 1995/96 were \$17 billion, an increase of 24 percent from 1989/90 for the Region, and double the 12 percent increase for the state. We are an entrepreneurial Region. The number of active business permits for the Region increased by 10 percent from 1990 to 1996, double that for the state.

Although these figures indicate that the Region's economy is strengthening, many families are still having a difficult time making ends meet. The 1996 per capita personal income for the Region is lower than the state, \$24,174 compared with the \$25,368, and local job growth primarily is in the service sector where many jobs are seasonal, part-time or temporary. Often these jobs do not provide health and other benefits. According to the Department of Labor, service occupations had the highest poverty rate, 12.3 percent, of all occupational groups. Within this category, household

"The expectation is that all the problems will go away once a person has a job, but they don't."

Joyce Williams, Child Action, Inc.

service workers had a poverty rate of 21.8 percent. This includes housekeepers, child care workers, and cooks—most of whom are women.

Families in Poverty

A full-time minimum wage job of \$5.75 pays a gross salary of \$11,960 per year. This leaves a single parent with two children below the federal poverty level of \$13,650 for a family of three.

According to the U.S. Department of Labor, of the 36.5 million people living below poverty, one in five, or 7.4 million, are classified as "working poor." More than half of these individuals worked full time.

Percent of Families Below Poverty Level by Race

	All Races	White	Black	Hispanic
1975	9.7	7.7	27.1	25.1
1985	11.4	9.1	28.7	24.5
1995	10.8	8.5	26.4	27.0

Source: U.S. Census Bureau

The risk of living in poverty drops with attainment of higher educational levels.

Poverty Rates by Educational Attainment			
	Men	Women	Total
1-3 years of high school	12.2	18.8	14.8
4 years of high school, no diploma	13.0	13.8	13.3
High school graduate, no college	5.1	7.7	6.3
Some college, no degree	3.9	5.8	4.8
Associate Degree	3.3	3.1	3.2
College graduate	1.4	1.6	1.5
Total	5.2	6.5	5.8

Source: U.S. Department of Labor

Poverty Factors

For some populations poverty rates are higher. The poverty rate is much higher for working women than for men. African-American and Hispanic workers experience poverty rates almost three times the rate of Whites. African-American working women had a poverty rate almost twice the rate of African-American working men. Younger workers, especially minority teenagers, are much more likely to be poor,

reflecting lower earnings and higher rates of unemployment due to limited education and work experience.

The ability to escape poverty and achieve income security is closely tied to educational level. Looking at earnings and poverty rates by educational level illustrates this relationship. The highest rates of poverty and the lowest levels of earnings are in the population which has not completed high school. The poverty rate drops and the level of average earnings increase as the

Earnings, by Highest Degree Earned - 1996 - U.S.							
Mean Earnings							
Not A	High School	High School	Some College	Associate	Bachelor's	Master's	
High School	Graduate	Graduate	But No Degree	Degree	Degree	Degree	
Graduate						Doctorate	
	\$14,013	\$21,431	\$22,392	\$27,780	\$36,980	\$47,609	\$64,550

Source: U.S. Census Bureau

**Educational Attainment of Persons 25+ Years
Percent of Population**

	Amador	El Dorado	Placer	Sacramento	Yolo	California
<9 th Grade	5.7%	3.9%	4.2%	6.5%	9.5%	11.2%
Some HS, no diploma	11.8%	10.2%	10.6%	11.2%	11.5%	12.6%
HS graduate	36.5%	28.5%	26.10%	23.9%	22.3%	22.3%
some college	32.0%	36.6%	36.5%	35.4%	26.5%	30.5%
College Degree	14.0%	20.8%	22.7%	23.0%	30.3%	23.4%
Population (Age 25+)	20,632	84,412	114,422	661,727	81,045	18,695,499

Source: U.S. Census Bureau

educational level increases. Therefore looking at the educational attainment of the population will show some indication for poverty risks.

Female-headed households are five times more likely to be impoverished than are two-parent households. About 25 percent of Sacramento's children live in single-parent

households, and the vast majority—more than 80 percent—live in female-headed households. Income for single mothers with children is less than half that for married-couple households as depicted in the chart above. Nearly 40 percent of female-headed households live in poverty compared with seven percent of married-couple households.

**Mean Family Income
Families with Children by Family Type - 1990**

	Married Couple	Single Father	Single Mother
Amador	\$46,184	\$22,160	\$18,509
El Dorado	50,720	34,511	19,770
Placer	58,003	31,779	19,968
Sacramento	50,346	28,712	18,207
Yolo	49,434	25,387	17,955
California	55,374	30,787	20,561

Source: U.S. Census Bureau





Per Capita Personal Income 1980, 1989 and 1996				
	1980	1989	1996	1980-1996 % Change
Amador	\$9,645	\$14,573	\$18,702	94%
El Dorado	\$10,200	\$17,264	\$24,554	141%
Placer	\$11,049	\$19,337	\$27,575	150%
Sacramento	\$10,542	\$18,194	\$23,828	126%
Yolo	\$10,894	\$18,816	\$22,747	109%
California	\$11,603	\$19,840	\$25,368	119%

Source: California Department of Finance

Poverty in the Capital Region

Amador, El Dorado, Placer, Sacramento, and Yolo Counties

Although Amador County's per capita personal income is the lowest in the Region, Sacramento County has the highest number and percent of children living below poverty.

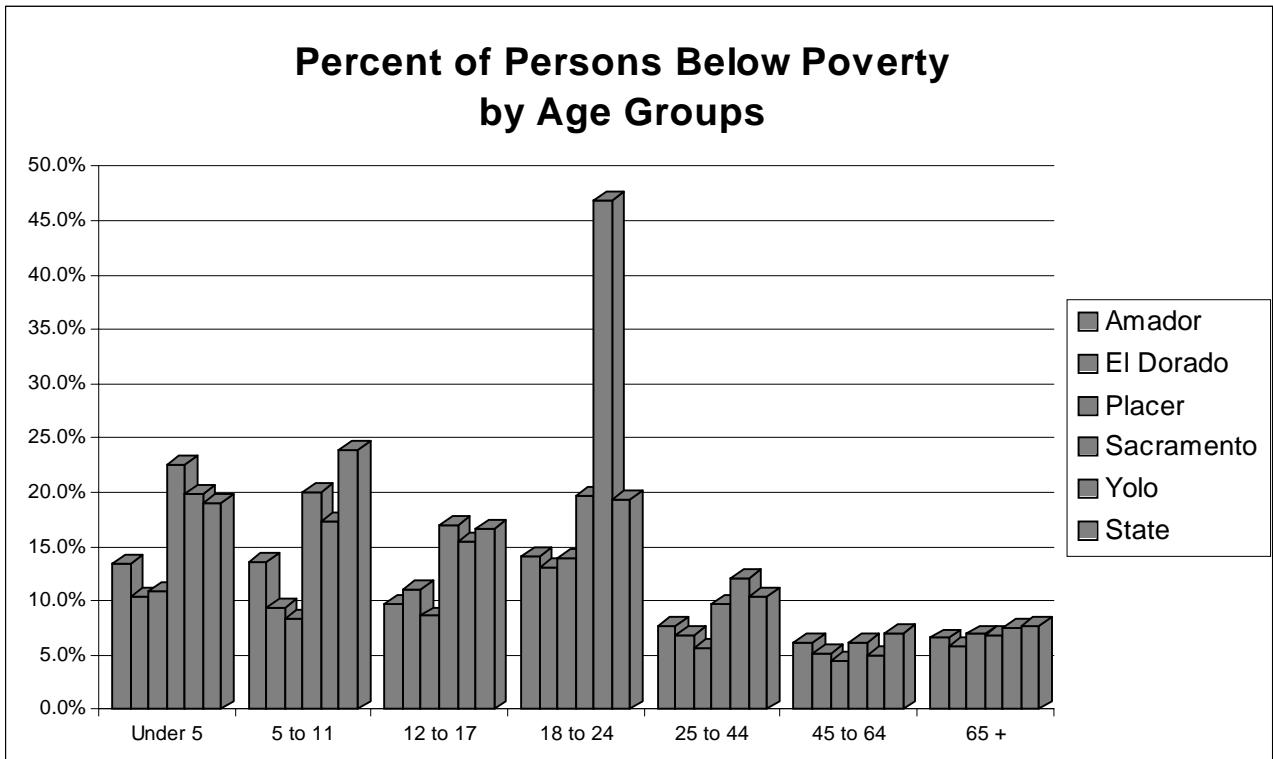
One indicator frequently used to assess the economic health of families is the number of children living in families receiving public assistance. Sixteen percent of the Region's children live in a family receiving public assistance. Within the Region there is a sharp contrast between counties. The rate is less than 8 percent in Amador, Placer and El Dorado—7.3, 6.3 and 6.3 percent respectively. In Yolo County, 12 percent of the children live in families receiving AFDC in 1997. These are all below the state average of 13.7 percent. However in Sacramento County, 20 percent—one in five children—live in families receiving public assistance.

Any analysis of income and poverty for Yolo County must take into account the effect of income statistics for students at the University of California, Davis, which skews the overall

county figures. For example the Census reported that almost one-fourth of Davis residents had incomes below the federal poverty level and that half of all persons in the county living below the poverty level lived in Davis. When looking at persons below poverty by age groups, the distortion is immediately obvious for Yolo County. Almost half of the 18 to 24 year olds in Yolo County are below the poverty level compared to 20 percent for Sacramento County and 19 percent for the state as a whole. See the graph on page 10. When poverty status is measured by public assistance, a different picture emerges. Nearly half of the total number of recipients of Aid to Families With Dependent Children and Food Stamps live in West Sacramento and close to one-third live in Woodland, whereas less than ten percent live in Davis.

Percent of Persons Below Poverty by Age Groups							
	Under 5	5 to 11	13 to 17	18 to 24	25 to 44	45 to 64	65+
Amador	13.4%	13.5%	9.6%	14.1%	7.7%	6.2%	6.6%
El Dorado	10.3%	9.4%	11.0%	13.1%	6.9%	5.2%	5.9%
Placer	10.9%	8.3%	8.6%	13.9%	5.7%	4.4%	6.9%
Sacramento	22.5%	20.0%	16.9%	19.7%	9.7%	6.1%	6.8%
Yolo	19.8%	17.4%	15.4%	46.9%	12.1%	5.0%	7.4%
California	19.0%	23.8%	16.7%	19.4%	10.4%	7.0%	7.6%

Source: U.S. Census Bureau



Number and Percent of Persons Below Poverty Level in California

1980		1990		1993		1995	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
2,619,000	11.0%	4,128,000	13.9%	5,803,000	18.2%	5,342,000	16.7%

Source: U.S. Census Bureau

Note that the largest number and percentage of persons living below the poverty level is in 1993 at the height of the recession.

What Is The Future?

Census data indicates that the proportion of our population living below the poverty level is increasing, and a number of recent reports on the status of children and families also show a worsening trend. According to a report released by the Children’s Defense Fund, “More than two out of every three poor children live in working families.” The report states that the earning power of families has been reduced while housing and child-care expenses have increased. A report released last fall by the California Budget Project, states that despite the economic recovery, incomes have actually dropped for low- and middle-income households and the gap between California’s rich and poor continues to widen.

The line between the CalWORKs recipient and the working poor will blur as welfare reform continues to be implemented. Already a significant number of people receiving public assistance are also earning some type of income. According to Sacramento County’s Department of Human Assistance, there were 26,140 active CalWORKs Family Group cases in April, 1998. Of these, 24 percent had some level of earned income. Of the 44,263 active Food Stamp cases for April, more than a quarter had earned income. Of these, 55 percent earned less than \$599; 45 percent earned above \$600.

**Children Below Poverty Level
Nationwide
Number and Percent
1970 - 1995**

1970	10,235,000	14.9%
1980	11,114,000	17.9%
1990	12,715,000	19.9%
1993	14,961,000	22.0%
1995	13,999,000	20.0%

Source: U.S. Census Bureau

American Demographics reported that more than half (60 percent) of the increase in child poverty for the nation since the mid-1970s is accounted for by children living in families where one parent worked at least 50 weeks during the year. Only 10 percent of the increase is accounted for by families completely dependent on public assistance. And a report released by the National Center for Children in Poverty, states that the number of children living in poverty has declined since the recession, however the proportion of children from working poor families has increased from 55 percent to 63 percent of the total number of children living in poverty.

Challenges for Working Poor

A family classified as working poor may not have a higher standard of living than a family dependent upon public assistance, but will have a more difficult time accessing services. And the challenges for working poor are the same as those faced by the unemployed and/or the CalWORKs recipient:

- Adequate Food and Shelter
- Child Care
- Transportation
- Healthcare
- Job Training and/or Education

Food

Food stamps are the most comprehensive safety-net food source, but applying for food stamps requires a three to four-hour block of time during the regular work day. The recipient must also pick up the monthly allotment of food stamps in person.

Food provided by food banks or food closets is supplemental, intended to be emergency food only. Most food closets offer services mid-day, during the work week. Traditionally food closets are staffed by volunteers, often seniors who do not drive at night. Frequently food closets are operated out of donated church space during the week and in the middle of the day when the facility is not being used. There are approximately 100 food closets in Sacramento County. Only a few of these offer evening or Saturday hours.

Shelter

Fewer families can afford home ownership today. The cost of home ownership has outpaced the rise in per capita income. Fewer than half of families can afford a median-priced home, and affordable rental units are in short supply. Although high-end rental housing is available, “affordable” rentals are few, and public-subsidy units have long waiting lists. Of the more than 18,000 assisted housing units in Sacramento,

“We have a system of access for services for people on welfare, people who are not working and who have time. We do not have adequate access to services for people who are working.”

Victor Bonanno
Neighborhood Services Coordinator
Sacramento Employment and Training Agency.

about one-third are designated for the elderly or disabled. Local housing officials estimate that of the 28,000 qualified families on the waiting list for assisted housing, most will have to wait from five to seven years.

One in four Sacramento County households experiences a housing problem. The Sacramento Housing and Redevelopment Agency estimates almost a third of county households either pay more than 30 percent of income for housing, live in substandard conditions, live in overcrowded conditions or experience a combination of the three.

Health Care

The “Healthy Families” legislation will provide health coverage for low income children beginning July 1, 1998, however, adequate health care coverage for working poor adults remains a challenge. Paying out of pocket for health care costs can be impossible for low income families. The number of low cost health clinics is limited and extended evening or weekend hours are even more limited.

Child Care

In the Region there are more than 141,000 children younger than age four and almost 250,000 children between the ages 5 to 13. More than 70 percent of these children live in Sacramento County.

According to Child Action more than 2,400 families (many of whom have more than one child) in Sacramento County have applied and are eligible for subsidized child care; however, there are not enough funds to provide this assistance.

A family earning 75 percent of the state median income is eligible for subsidized child care. Thus a family of two with a gross monthly income of \$2,336 or less is eligible for subsidized child care. According to Child Action, Inc. many of the families on their eligibility list are single mothers earning minimum wage and thus earning significantly below the eligible maximum. New funding will help pay for child care for clients who are on CalWORKs, but there is still a shortfall in funding to help families who are working poor.

The ironic picture in the child care system is that while paying for child care is a major expense for families, many child care providers are themselves earning minimum level wages and are considered part of working poor. As the minimum wage increases to help elevate the standard of living for the working poor, the cost of child care also increases.

“Calling a job ‘entry level’ implies that this is a beginning and that there is a way to learn skills and advance. But today many entry level jobs do not provide this.”

Victor Bonanno
Neighborhood Services Coordinator
Sacramento Employment and Training Agency

There are currently more than 2,000 licensed, active Child Care Facilities in the County consisting of more than 300 Child Care Centers and more than 1,800 Family Child Care sites. The current capacity of this system is almost 40,000 child care slots. However, the Sacramento County Local Child Care Plan estimates

“Ten years ago an office worker still had the option of using a typewriter. Not anymore.

Computer and software knowledge is needed. Even among people with computer skills, we are seeing a lack of basic skills.

Not long ago a typing speed of 60 to 70 wpm was minimum, now 40 to 50 wpm is considered good. And their vocabulary, grammar, and spelling is horrible.”

Local temporary employment agency

that an additional 26,000 child care spaces will be needed by the year 2002 just to accommodate the CalWORKs recipients moving into the workforce.

Education and Job Training

The traditional “entry level” jobs are not really entry level anymore. A basic level clerical job now requires computer and software knowledge. Skills in word processing, as well as spread sheets and databases, are minimal.

According to *American Demographics*, a higher level of skills for job entry is needed today than was needed ten years ago. Employers are looking for workers with good communication and problem-solving skills. Employees are expected to be responsible, independent, demonstrate initiative, yet also exhibit team-building skills.

The Good News

The working poor are not only a difficult group to measure, but in some ways may be more of a challenge to serve because of their need for alternative and expanded service hours. Our community is responding. Agencies are working to provide services at the neighborhood level, expand services to evenings or weekends, and offer creative job training and transportation programs.

The Sacramento Employment and Training

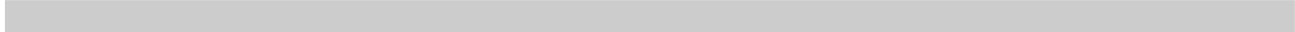
Agency is one example. This agency has established a network of neighborhood Career Centers or “One-Stops” that provide job training and job search assistance in conjunction with community based organizations and other public agencies.

Food banks and food closets are studying the need for expanded hours and exploring ways to offer services during evenings or weekends.

Child Action, Inc. offers a training program for potential child care providers which includes the required 15 hours of health and safety training and a pre-licensing home visit to spot possible problems before the actual licensing evaluation. Once a provider is licensed, they can be listed in the Care Finder database for referrals. Los Rios Community College District, Sacramento County Department of Human Assistance, and Child Action have developed a collaborative program to provide training for CalWORKs recipients to become child care providers. This program allows participants to earn college units as well as community service hours that are required to remain eligible for CalWORKs benefits.

The Galt Community Concilio which provides services to rural southern Sacramento County is working with other public and non-profit agencies. They are exploring ways to solve transportation issues by expanding the existing transit service and creating a non-profit cab service, a used vehicle program, and a rideshare networking.

As a community, we are working together to solve the challenge of providing access to services.



Source: Sacramento County Department of Human Assistance

