

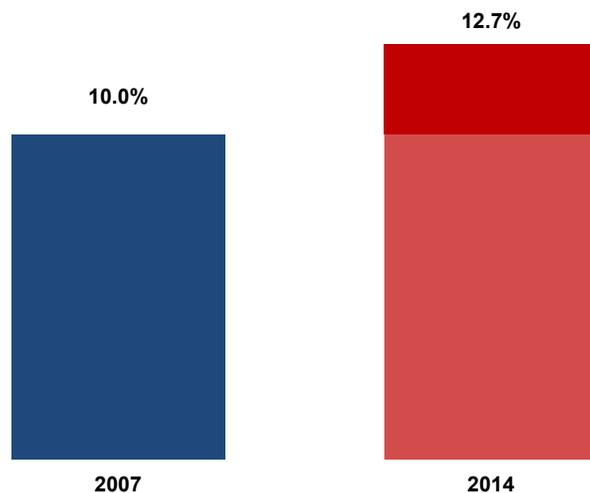
Poverty Despite Work: A Growing Problem in Oregon

For a growing number of Oregon families, holding down a job is not enough to lift them out of poverty. The share of Oregon families who had at least one working parent and yet fell below the poverty line was higher in 2014 than before the Great Recession. These families who are poor despite work make up a large majority of all Oregon families living in poverty.

Making sure that workers can provide for their families ought to be a top priority for Oregon lawmakers. To that end, there are clear policy choices: substantially raise the minimum wage and put in place strong protections against wage theft to ensure that workers get the wages they have earned.

Share of families who are working poor has risen

(2007 & 2014 Oregon families in poverty with at least one parent working as share of all families)



Source: OCPP analysis of American Community Survey PUMS microdata.

Oregon Center for Public Policy | www.ocpp.org

The share of Oregon families who are working poor was higher in 2014 than prior to the Great Recession.¹

In 2007, before the start of the recession, 10.0 percent of Oregon families were working poor, meaning those families lived below the poverty line despite having at least one parent working at least part time.

By 2014, after five years of economic recovery since the official end of the recession in 2009, some 12.7 percent of Oregon families were working poor. Stated differently, over that seven year span, the share of families who are working poor grew by 27.9 percent.

A View of the State of Working Oregon is a series of occasional OCPP fact sheets explaining Oregon's economy from the perspective of working families.

Poverty Despite Work: A Growing Problem in Oregon

Families need more than the poverty line to get by

Family size	Federal poverty line	Basic Family Budget needed in rural OR	Basic Family Budget needed in Portland
1 parent, 1 child	\$16,317	\$44,751	\$51,554
1 parent, 2 children	\$19,073	\$53,578	\$61,674
2 parents, 1 child	\$19,055	\$52,565	\$59,659
2 parents, 2 children	\$24,008	\$60,489	\$67,802

Source: OCPP presentation of U.S. Census Bureau and Economic Policy Institute data.

Oregon Center for Public Policy | www.ocpp.org

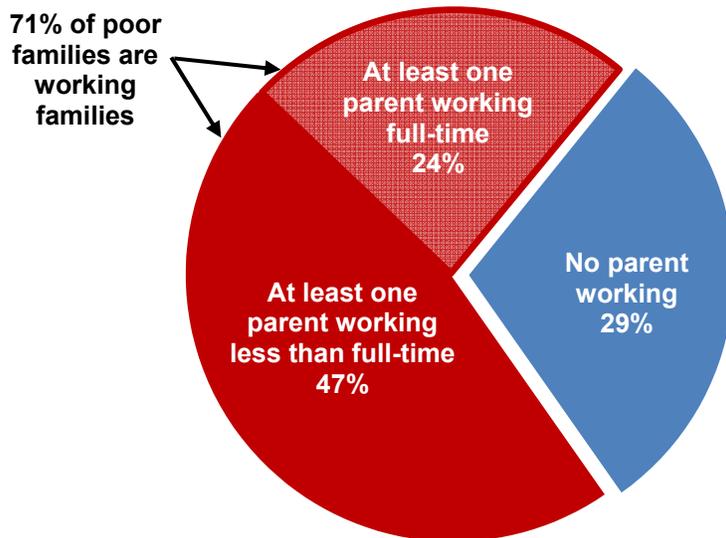
When discussing families who work and yet still fall below the poverty line, it's important to recognize just how low that line is. Families need income far above the poverty line to ensure their basic needs are met.

The Economic Policy Institute's "Family Budget Calculator" measures how much income families need to maintain a modest standard of living.²

Both in rural Oregon and in Portland – where the costs of living are lowest and highest, respectively – families needed to earn at least twice the federal poverty line just to afford the basics.

Most families in poverty are working families

(2014 share of families in poverty by work experience of householder and spouse)



Source: OCPP analysis of American Community Survey PUMS microdata.

Oregon Center for Public Policy | www.ocpp.org

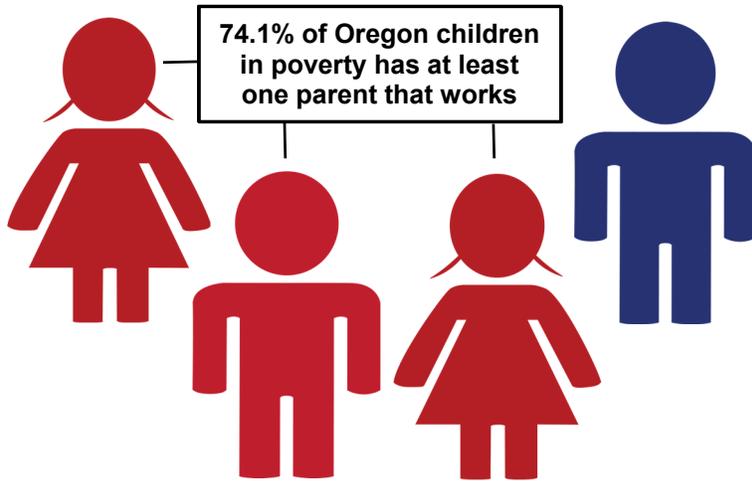
Most families living in poverty are working families.

In 2014, 71 percent of Oregon families in poverty had at least one parent who worked. Nearly one in four poor families (24 percent) had a parent who worked full-time.

Families living in poverty often confront barriers to employment, such as physical or mental health problems, children's health issues, domestic violence and lack of affordable child care.³

3 in 4 poor Oregon kids have a working parent

(2014 share of Oregon children in poverty with a parent that works)



In 2014, about three in every four (74.1 percent) Oregon children living in poverty had at least one parent that worked.

Poverty can seriously harm a child's physical, mental and social development, making it harder for the child to succeed in school and become a productive adult.⁴

Source: OCPP analysis of American Community Survey PUMS microdata.

Oregon Center for Public Policy | www.ocpp.org

75,000 in poverty despite full-time work

(2014 estimated poor Oregonians in households with at least one full-time worker)



In 2014, an estimated 75,000 Oregonians lived in poverty despite living in a household where at least one person worked full time during the year.

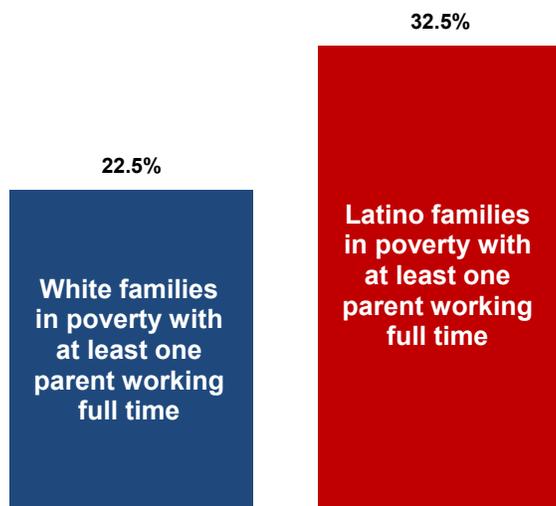
That's 21,000 (or almost 40 percent) more people than a sold-out crowd for an Oregon Ducks football game. A capacity crowd at Autzen Stadium is 54,000.⁵

Source: OCPP analysis of American Community Survey PUMS microdata. Autzen Stadium capacity from www.goducks.com.

Oregon Center for Public Policy | www.ocpp.org

Latino families in poverty more likely to have a parent working full time

(2014 share of Latino and non-Hispanic white families in poverty with at least one parent working full time)



Source: OCPP analysis of American Community Survey PUMS microdata.

Oregon Center for Public Policy | www.ocpp.org

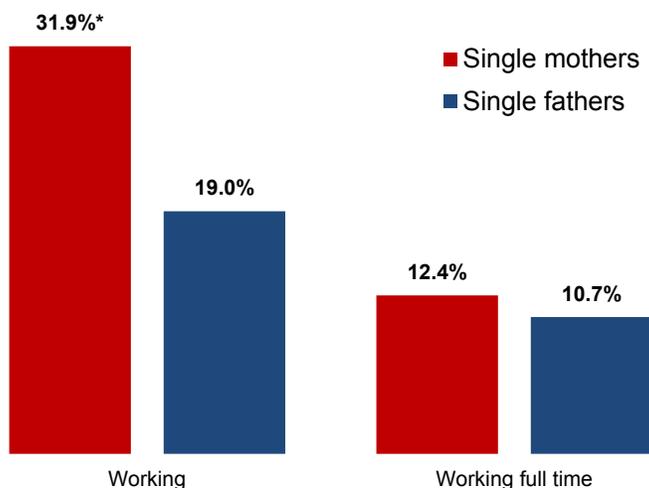
Latino families living in poverty were more likely to have at least one parent working full time than white families in 2014.

Nearly one in three Latino families living in poverty (32.5 percent) had at least one parent working full time in 2014. For non-Hispanic white families in poverty, just over one in four families (22.5 percent) had a parent who worked full time.

For other communities of color, the data sample size was too small to determine statistical differences.⁶

Single working moms more likely to be poor than single working dads

(2014 Oregon poverty rates among single headed households by work experience and sex)



* indicates single mother rate is statistically different from single father rate.
Source: OCPP analysis of American Community Survey PUMS microdata.

Oregon Center for Public Policy | www.ocpp.org

Gender disparities are apparent among the working poor.

In 2014, 31.9 percent of single working mothers lived in poverty. By contrast, the rate for single working fathers was 19.0 percent. These figures include both full-time and part-time workers.

Gender disparities also existed solely among those who worked full time. For single mothers working full time, 12.4 percent lived in poverty in 2014, compared to 10.7 percent of single fathers working full time.

Women tend to earn less than their male counterparts and make up a larger share of the low-wage workforce.⁷

Policy Solutions: Raise the Minimum Wage and Combat Wage Theft

Work in Oregon – even full-time work – is not a guaranteed path out of poverty. That has become more true in recent years, as the share of families who are working poor has risen.

The sad phenomenon of poverty despite work reflects the fact that many jobs pay too little, and increasingly so. Real wages for workers at the bottom of the pay scale were 2.6 percent lower in 2014 than in 2009, the official end to the Great Recession.⁸ Meanwhile, family budget items such as the cost of housing have risen over that time.⁹

Like all forms of poverty, poverty despite work comes at a great cost. The cost is not only the suffering of parents and children who lack the basic necessities. Poverty undermines individuals' ability to fulfil their potential and contribute to the state's economy. Indeed, "Fifty years of social science research has confirmed, over and over again, that the best predictor of student achievement is . . . the social and economic circumstances of the children."¹⁰

Oregon lawmakers have at their disposal policy options that would go a long way in addressing poverty despite work. A key policy in this respect is substantially increasing the state's minimum wage. Poverty, after all, is ultimately a matter of families not having enough income. A substantially higher minimum wage is a direct route to addressing the problem. But a higher minimum wage can mean little if employers shortchange workers on the wages they have earned. That is why putting in place robust rules that deter employers from stealing wages is also imperative.

This work is made possible in part by the support of the Ford Foundation, the Stoneman Family Foundation, Meyer Memorial Trust, the Redtail Fund of the Oregon Community Foundation, AFT Oregon, the Oregon Education Association, the Oregon School Employees Association, SEIU Local 503, United Food and Commercial Workers Local 555, and by the generous support of organizations and individuals.

The Center is a part of the State Priorities Partnership (www.statepriorities.org) and the Economic Analysis and Research Network (www.earncentral.org).

Poverty Despite Work: A Growing Problem in Oregon

Endnotes

¹ This analysis uses 2014 American Community Survey (ACS) Public Use Micro Sample (PUMS) microdata. The analysis focuses on Oregon households living in poverty with a related child.

The ACS categorizes work experience as “full time in the past 12 months,” “less than full time work in the past 12 months,” and “did not work in the past 12 months.” Less than full time includes short-term and seasonal work. For example, a person who worked 40 hours per week for 10 weeks during the winter holiday season in a retail position would be considered to have worked less than full time by the ACS. This analysis looks at the share of households in poverty with children where at least the head of household or the head’s spouse had some work experience in the 12 months prior to the survey response.

While a person who worked “less than full time” could also be considered long-term unemployed by the Bureau of Labor Statistics (BLS), which defines long-term unemployment as joblessness for 27 weeks or more and actively looking for work during that time, that person is still correctly counted by the ACS as having worked less than full time during the past year. Similarly, a person who “did not work in the past 12 months” under the ACS survey might not be considered “long term unemployed” under the BLS survey if the person was not actively seeking work. One is a survey of who has been working and one is a survey of who has been unemployed; they are not meant to be mutually exclusive.

Unless otherwise noted, all data in this fact sheet comes from OCPP analysis of American Community Survey data.

² The calculator considers family expenses like housing, food, child care, transportation, health care, taxes and other necessities like school supplies. For more see “Basic Family Budget Calculator,” Economic Policy Institute, available at <http://www.epi.org/resources/budget/>.

³ For a discussion of barriers to employment see Heidi Goldberg, Improving TANF Program Outcomes for Families With Barriers to Employment, Center on Budget and Policy Priorities, January 22, 2002, available at <http://www.cbpp.org/research/improving-tanf-program-outcomes-for-families-with-barriers-to-employment>.

⁴ For a literature review of the impacts of poverty on child development, see “Child Poverty in the U.S.: An Evidence Based Conceptual Framework for Programs and Policies,” *Handbook of Applied Developmental Science*, Volume 2, available at http://sitemaker.umich.edu/carss_education/files/gershoff_aber_raver_2003.pdf. For more on the impacts of poverty on academic performance see Misty Lacour and Laura D. Tissington, “The effects of poverty on academic achievement,” *Educational Research and Reviews*, Volume 6 (7), pp. 522-527, July 2011, available at http://www.academicjournals.org/article/article1379765941_Lacour%20and%20Tissington.pdf.

⁵ Oregon’s Autzen Stadium, University of Oregon, available at http://www.goducks.com/ViewArticle.dbml?ATCLID=205174790&DB_OEM_ID=500.

⁶ An estimated 67.7 percent of Pacific Islander families in poverty had at least one parent working full time in 2014. However, because of the small sample size the estimate carries a high standard error. We can say that Pacific Islander families in poverty were more likely than non-Hispanic white families to have a parent that worked full time in 2014 with a 90 percent confidence level – the standard confidence level when using ACS data. However, what the true share of Pacific Islander families in poverty with at least one parent working full time could range widely from just above the non-Hispanic white rate to all families in the universe. For that reason, we opted to include the figure as an endnote rather than in the text.

⁷ For more on the gender pay gap, see Jane Farrell and Sarah Jane Glynn, “What Causes the Gender Wage Gap?,” Center for American Progress, April 19, 2013, available at <http://www.americanprogress.org/issues/labor/news/2013/04/09/59658/what-causes-the-gender-wage-gap/>, and Francine D. Blau and Lawrence M. Kahn, “The Gender Pay Gap: Have Women Gone as Far as They Can?,” *Academy of Management Perspectives*, February 2007, pp. 7-23.

⁸ Oregon Center for Public Policy, *Low- and Middle-Wage Workers Lose Ground*, September 25, 2015, available at <http://www.ocpp.org/2015/09/25/fs201509-oregon-low-wage-workers-lose-ground/>

⁹ Housing costs increased 15.5 percent in the Portland metro area from 2009-14. OCPP analysis of Bureau of Labor Statistics data.

¹⁰ Richard Rothstein, “Is education on the wrong track?,” Economic Policy Institute, March 24, 2010, available at http://www.epi.org/publication/is_education_on_the_wrong_track/.