

THE WORKING POOR FAMILIES PROJECT

POLICY BRIEF ■ WINTER 2014-2015

LOW-INCOME WORKING FAMILIES: THE RACIAL/ETHNIC DIVIDE

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KEY FINDINGS FOR 2013

- Among the 10.6 million low-income working families in America, racial/ethnic minorities constitute 58 percent, despite only making up 40 percent of all working families nationwide.
- The economic gap between white and all minority working families is now 25 percentage points and has grown since the onset of the recession.
- There are 24 million children in low-income working families and 14 million, well over half, are racial/ethnic minorities.
- Over 50 percent of Latino, low-income working families have a parent without a high school equivalency degree, compared with 16 percent of whites.
- Working families headed by minorities have higher incomes in the Mid-Atlantic region, Alaska, Hawaii and parts of the Northeast, compared with minority working families in the upper Midwest and Mississippi Delta regions.

INTRODUCTION

There is a large and growing economic divide among America's 32.6 million working families,² with whites and Asians at the top and other racial/ethnic groups falling behind.

In 2013, working families headed by racial/ethnic minorities were twice as likely to be poor or low-income (47 percent) compared with non-Hispanic whites (23 percent)—a gap that has increased since the onset of the Great Recession in 2007.* While low-income working families comprise close to one-third of all working families in America, the significant differences among racial/ethnic groups present a critical challenge to ensuring economic growth and bringing opportunities to all workers, families and communities across the United States.

In this brief, we highlight new Census Bureau data on low-income working families and differences across racial/ethnic groups. Recognizing that public policy can play a critical role in our future prosperity by reversing these conditions, we recommend state government policies and actions that would improve conditions for millions of lower-income parents and their children, reduce inequality and promote economic growth by ensuring a well-qualified workforce and a sufficient number of jobs with wages and benefits that support a family.

This research is supported by the Annie E. Casey, Ford, Joyce and Kresge Foundations, as part of the [Working Poor Families Project \(WFPF\)](#), a national initiative to strengthen state policies that can assist families striving to work their way into the middle class and achieve economic security.

* In this brief, "white" is used synonymously with "non-Hispanic white."

“In Nebraska, 72 percent of working African American families and 63 percent of Latino families are low-income. One significant reason is that many people of color lack a high school diploma or equivalent. One key to moving these families out of poverty is for the state to get serious about investing in adult education and career pathways, so that all families have the opportunity to acquire the skills needed to earn a decent wage and move ahead.”

— James Goddard, Director of Economic Justice & Health Care Access, Nebraska Appleseed

DIVIDED ALONG RACIAL/ETHNIC LINES

Racial/ethnic minorities account for a large and growing share of the U.S. labor force. Between 2012 and 2022, the number of whites in the labor force is projected to decline by 2 percent, compared with a 21 percent increase in racial/ethnic minorities.³ By 2038, racial/ethnic minorities are projected to make up more than half of the U.S. working-age population.⁴

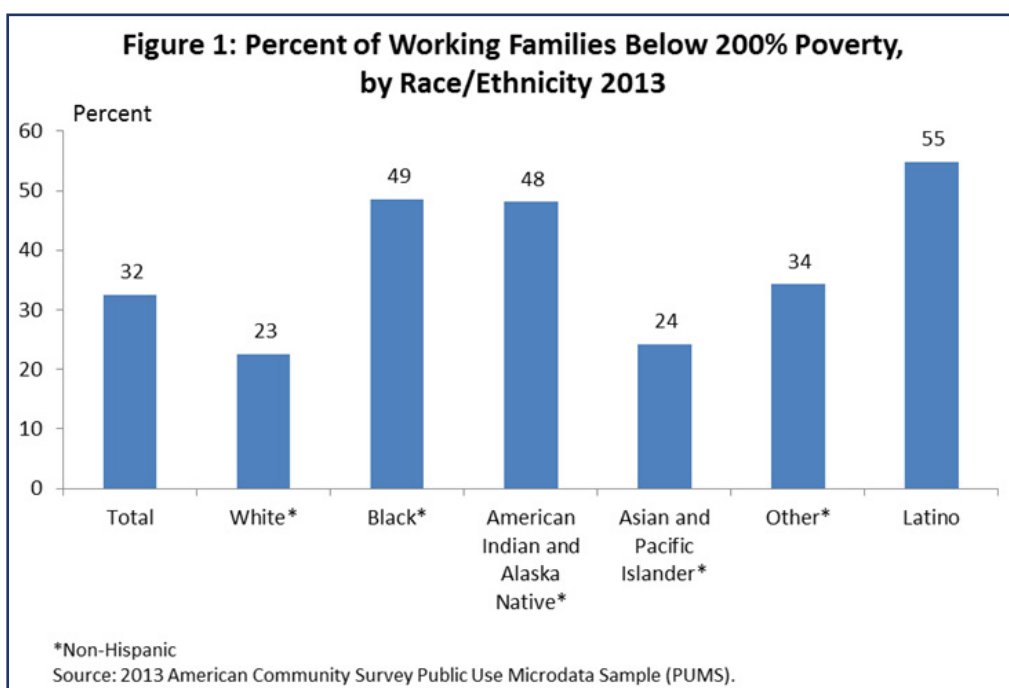
These trends are important because some of the fastest-growing groups—especially Latinos—are also the most vulnerable, lagging behind other groups on measures of economic well-being. In 2013, there were 32.6 million working families in the United States, and 10.6 million—nearly one-third—were low-income, meaning their total income fell below 200 percent of the official poverty level.

The differences between racial/ethnic groups were stark (Figure 1). Less than one-fourth of white and

Asian American working families were low-income, compared with nearly half of African American and American Indian working families and 55 percent of Latino working families. About 34 percent of families headed by “other” race groups, which includes people identifying with multiple races, were low-income.

In 2013, 4.4 million low-income working families were white, making them the largest single group. But minority working families were disproportionately low-income. While racial/ethnic minorities made up 40 percent of all working families in the United States, they accounted for 58 percent of low-income working families.

There is also a growing economic gap among working families that falls along racial/ethnic lines. At the onset of the recession in 2007, there was a 23 percentage-point gap between the share of white and minority families that were low-income, but this gap grew to 25 percentage points by 2013.

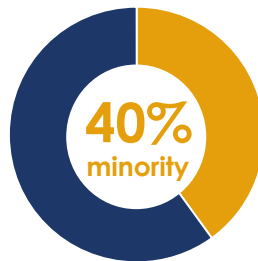


LOW-INCOME WORKING FAMILIES: AMERICA'S RACIAL/ETHNIC DIVIDE

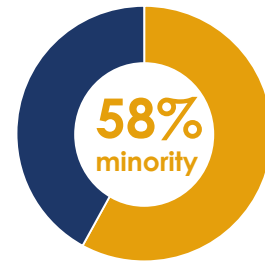
10.6 MILLION
Low-Income
Working Families



INEQUALITY: A Disproportionate
Number of these Families
are **Minorities**



All Working Families



All LOW-INCOME
Working Families

24 MILLION CHILDREN
in Low-Income Working Families



Almost **3** out of every **5** Children
in Low-Income Working Families are
Racial/ Ethnic Minorities

These are the **fastest growing**
families in the U.S.

**WORKING HARD,
EARNING LESS:**

Racial/Ethnic Minorities
More Likely to Have
LOW-PAYING Jobs



Health Care Aides
Earn Average of
Only **\$10/ hr**

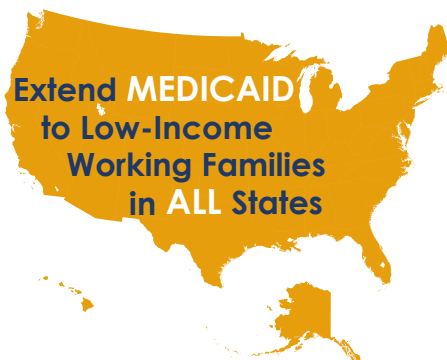
HOW STATES CAN HELP AMERICA'S WORKING FAMILIES

Increase **JOB QUALITY**
and **WAGES**



HEALTH Care

Extend **MEDICAID**
to Low-Income
Working Families
in **ALL** States



EDUCATION
Investments



Increase **Need-Based Aid**
for Postsecondary Education

Develop Career **Pathways**

Support English Language
Learning

As groups at the bottom of the income distribution make up a growing share of the labor force, the total number of low-income working families is projected to increase—even if the economic gaps between different racial/ethnic groups remain unchanged. There are many signs that the U.S. economy is recovering, yet the number of low-income working families has continued to grow through the post-recession years, from 10.1 million in 2009 to 10.6 million in 2013.

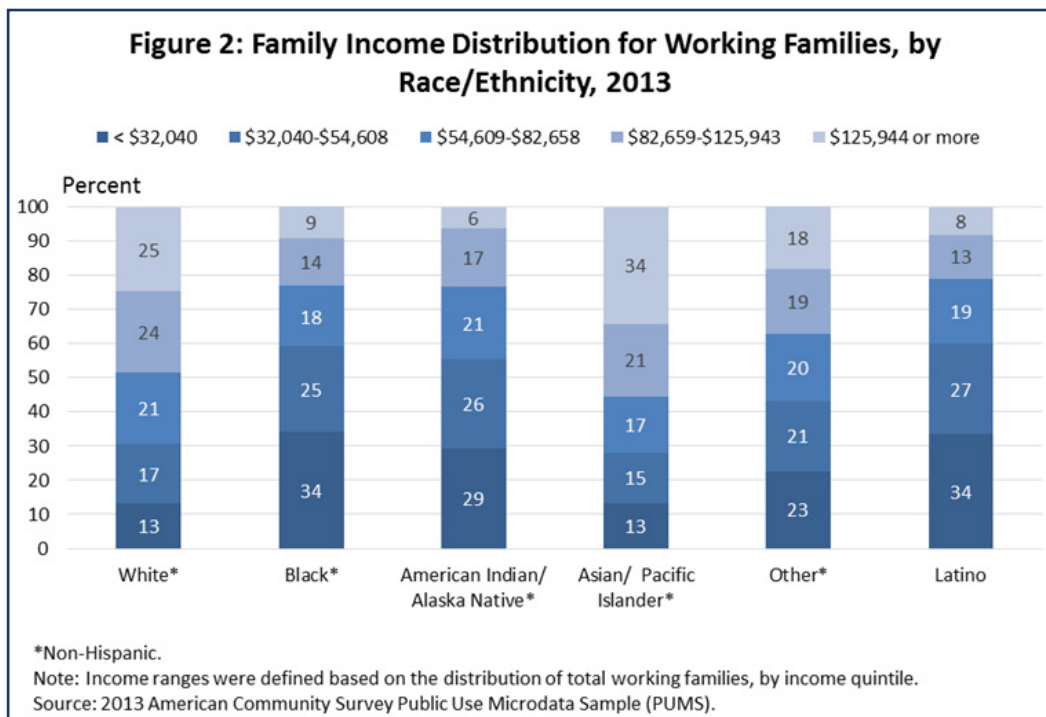
Wealth inequality has also increased. Household wealth or assets are important to low-income families because they can provide a cushion to help families cover essential expenses, such as child care, transportation and health care. But in 2013, the median net worth of all white households was 13 times higher than that of African American households, and 10 times higher than that of Latino households. The wealth gap between whites and blacks is currently at its highest level since 1989.⁵

A closer look at income disparities among working families with children reveals gaps not only at the bottom of the income distribution, but also at the top. Blacks, Latinos and American Indians are highly concentrated in lower income brackets, and

mostly absent from the top income group (Figure 2). More than a third of African American and Latino working families are in the lowest income bracket, which has an upper limit of around \$32,000, compared with just 13 percent of whites and Asian Americans. Among racial/ethnic groups, Asian working families have the highest income; about 34 percent are in the top bracket (income of \$126,000 or more). In recent decades, many Asians migrated to the United States to pursue college degrees and careers in high-paying science and engineering occupations.

Among Latinos, many of those at the bottom of the economic ladder are recent immigrants. In 2013, 73 percent of low-income working families headed by Latinos included at least one immigrant parent. Immigrant families are more likely to have one or more full-time working parents, compared with U.S.-born families.⁶ But despite their high work effort, immigrant workers have lower earnings and fewer worker protections, on average, compared with U.S.-born workers.

Immigrant families are also less likely to be eligible for program benefits that help reduce



the burden of poverty.⁷ Benefits available to immigrants vary from state to state, ranging from some states issuing citizenship requirements for public assistance to others expanding coverage to provide aid to immigrants who are not eligible for federal benefits.⁸ In the case of Medicare, millions of immigrants pay taxes to support the program, yet relatively few currently receive Medicare benefits because of the young age structure of the immigrant population.⁹

OCCUPATIONAL DIFFERENCES

Racial/ethnic minorities are not disproportionately low-income because of a lack of work effort, but because they are more likely to be working in low-paying jobs. Among all low-income working families, the most common jobs involve retail sales, food preparation, health care and housekeeping services.

There are occupational differences across racial/ethnic groups (Table 1). While adults in low-income white families are most likely to be working as cashiers, health aides and as retail sales supervisors, Latinos are more likely to find jobs as home or building cleaners or cooks. Most Asian Americans are concentrated in higher income brackets, but those at the bottom of the income distribution are most likely to be employed as personal appearance workers (e.g., in nail salons), as cashiers or retail sales workers. Health aides and cashiers are the most common occupations among low-income African Americans, followed by personal care aides.

Despite these variations, all of these jobs tend to pay low wages, have limited opportunities for growth and offer few benefits such as health care, pensions and paid leave. Many require nonstandard work hours, creating issues for child care and transportation. Working nonstandard hours has been linked to marital instability and adds additional stress to families that are already stretched thin in terms of time and resources.¹⁰

Yet these are the kinds of jobs that have flourished since the onset of the recession. Low-wage jobs with wages of less than \$13.83 per hour have accounted for 58 percent of employment gains since 2010.¹¹ Much of this job growth has been in the rapidly expanding health care industry. The number of personal care aides is projected to balloon by 49 percent between 2012 and 2022, making it one of the fastest-growing occupations in the country. But with a median wage of less than \$10 per hour, earnings are too low to support a family.¹²

EDUCATION

Getting a college credential or degree is increasingly important to find a job that offers stability and pays family-sustaining wages. There is a persistent and growing economic gap between those with postsecondary credentials and those without. The expected lifetime earnings for college graduates, at \$2.3 million, is nearly twice the expected earnings for those with no education beyond high school (\$1.3 million).¹³

Table 1: Top Three Occupations Among Adults in Low-Income Working Families, by Race/Ethnicity

White*	Black*	American Indian*
1. Cashiers	1. Health aides	1. Cashiers
2. Health aides	2. Cashiers	2. Health aides
3. Retail sales supervisors	3. Personal care aides	3. Administrative assistants
Asian*	Other Race*	Latino
1. Personal appearance workers	1. Health aides	1. Housekeeping cleaners
2. Cashiers	2. Cashiers	2. Cooks
3. Retail sales supervisors	3. Customer service reps	3. Janitors and building cleaners

*Non-Hispanic

Source: 2013 American Community Survey Public Use Microdata Sample (PUMS).

“ Over 40 percent of Mississippi’s working families are low-income, but over 60 percent of minority working families are low-income. It is vital to the future of our state that we provide working families with the tools they need to be successful. This includes investing in public education, making quality health care and child care available and easing the financial burden of going to college.”

— *Corey Wiggins, Director, Mississippi Economic Policy Center*

Among low-income working families, Latinos have lower education levels than other racial/ethnic groups. In 2013, 52 percent of low-income, working Latino families had at least one parent without a high school diploma compared with just 16 percent of white working families. This education gap is one of the key factors driving income disparities between Latinos and other racial/ethnic groups. Latino men, in particular, often have low levels of education that limit their access to jobs with decent wages.¹⁴

Although education is important, it’s not the only factor contributing to income inequality between groups. Even among full-time workers with the same levels of education, blacks and Latinos earn less than their Asian and white counterparts. In fact, the median earnings for white high school dropouts working full-time (\$31,606) is slightly higher than the median earnings among black, full-time workers who graduated from high school (\$31,061).¹⁵ Part of this gap may be explained by occupational and regional differences between different groups, but discrimination and the marginalization of racial/ethnic minorities in the labor force continues to play a role.¹⁶

YOUNG ADULTS

Over the past three decades, income has declined among young workers—especially men without college degrees.¹⁷ The recession exacerbated this trend by disproportionately affecting younger workers. Today many young adults have unstable, “contingent” work arrangements or work in multiple jobs to make ends meet.¹⁸

Young families headed by racial/ethnic minorities are especially vulnerable. In 2013, 76 percent of minority families headed by young adults ages 18 to 24 were low-income, compared with 47 percent of minority families headed by workers ages 25 to 54.

Among young working families headed by African Americans, 84 percent were low-income. This means that the majority of young, black, working parents lack the resources that are needed to provide adequate food, housing, health care and other basic necessities for their children. Many of these young families also lack paid or sick leave, so taking care of a sick child means risking the loss of their jobs.¹⁹

HEALTH COVERAGE

Low-income families face significant barriers to health care access, including lack of insurance coverage, lack of a regular source for health care and high costs. In 2013, about 38 percent of all low-income working families had at least one parent without health insurance, but rates varied widely across different groups. Among whites, 29 percent had a parent without health insurance, compared with 28 percent of blacks, 36 percent of American Indians, 35 percent of Asians, 32 percent of other race groups and 56 percent of Latinos.

The low coverage rate among Latinos reflects their low average incomes and education, relative to other groups, as well as language and cultural barriers. New immigrants, many of whom are undocumented, face unique challenges because states may limit their access to Medicaid and other programs that benefit low-income families.²⁰

Providing coverage is important not only so that low-income families have access to affordable health care when they need it, but also because persistent health issues can affect parents’ ability to work and provide for their families. It’s estimated that nearly one-fourth of adults in low-income families have a physical, mental or other issue that limit the kind or amount of work that they can do.²¹

FAMILY STRUCTURE

In 2013, there were 48 million people living in low-income working families, including 24 million children. More than 14 million of these children (59 percent) were racial/ethnic minorities.

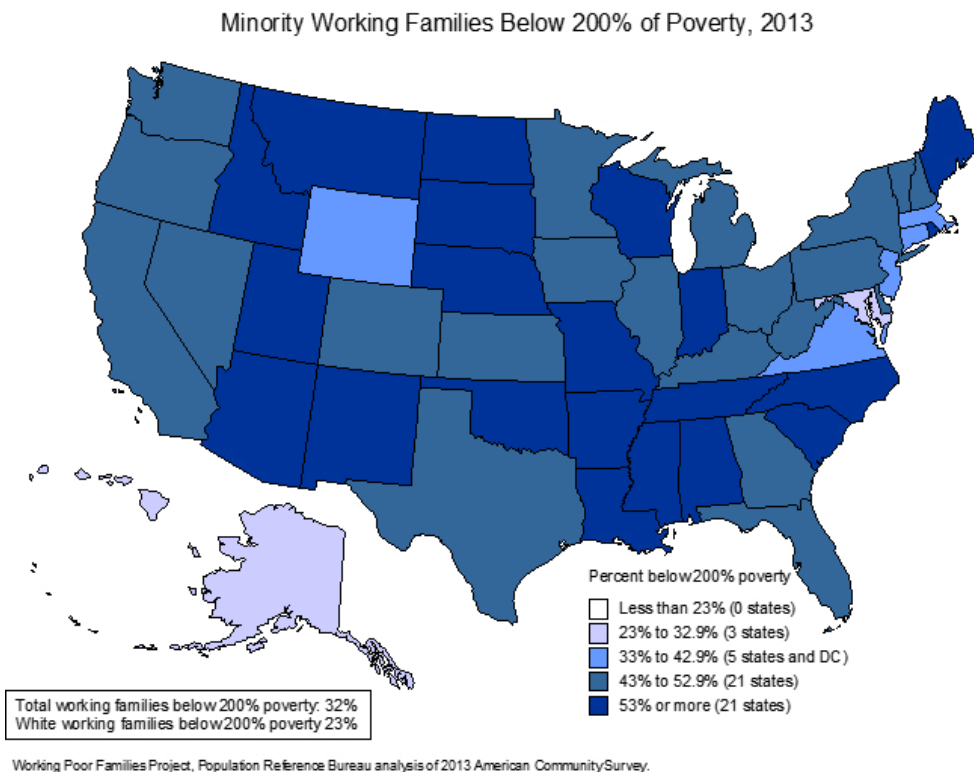
The high proportion of single-parent families in the United States is one of the factors contributing to high child poverty rates. In fact, nearly half of all low-income working families in 2013 were headed by single parents. Many people assume that single parents are poor because they are unwilling to work. But in fact, three-fourths of all single parents are either employed or looking for a job.²²

Among African Americans, 73 percent of low-income working families were headed by single parents—a much higher percentage than whites (46 percent). Some of these single parents are living with partners who provide economic support. But unmarried-partner households are less stable and have fewer economic resources compared with married-couple families.

For children, the effects of growing up poor can last a lifetime. About 36 percent of children who are born in the bottom fifth of the income distribution will remain in that same income quintile when they reach adulthood. For African American children born in the bottom income quintile, 51 percent will remain in that quintile as adults.²³

STATE-LEVEL DIFFERENCES

There are significant state and regional variations in the economic well-being of minority working families (see Map). Working families headed by minorities fared the best in the Mid-Atlantic region, Alaska and Hawaii, and parts of the Northeast. But there were no states where minority working families fared better than white working families. In Hawaii, the top-ranked state, 24 percent of minority working families were low-income, which was still well above the percentage for whites in that state (19 percent). Nationwide, about 23 percent of white working families were low-income in 2013 (see Appendix for data on all states and the District of Columbia).



“ Wisconsin has the unfortunate distinction of generating some of the worst racial disparity in the nation. That disparity starts in our labor market. Taking a hard look at the data provides a shared understanding of the problem that can help us build consensus on steps to bridging the chasm that divides this state.”

— *Laura Dresser, Associate Director, Center on Wisconsin Strategy*

Minority working families fared worse in parts of the upper Midwest and the Mississippi Delta region. Among the 50 states, Arkansas had the highest proportion of minority working families below 200 percent of the poverty line, at 63 percent, followed by Mississippi at 62 percent. Many parts of the South are characterized by high poverty rates, high levels of residential segregation and low levels of economic mobility.²⁴ South Dakota, Wisconsin and Nebraska were the other states where at least 60 percent of minority working families were below 200 percent of poverty. Wisconsin is notable for its high levels of white-black residential segregation (in Milwaukee) and because it ranks last on an index of well-being for African American children. In South Dakota, it's American Indians who are most vulnerable.²⁵

Minority workers are faring better in the mid-Atlantic region and Northeast, but even in those states, there are large economic gaps between white and minority working families. In Connecticut, the proportion of minority working families that are low-income, at 39 percent, is 27 percentage points higher than the share of low-income white working families (12 percent). Given the high cost of living in Connecticut, the average family of four cannot afford to pay for basic household expenses without significant government support.²⁶

WHAT STATES CAN DO

Since the recession, state policymakers have focused on putting families back to work. But the approaches taken by states vary considerably, with some seeking to enact targeted policies such as raising the minimum wage, increasing need-based aid for postsecondary education and expanding availability to undocumented students, extending Medicaid to those without health care and requiring employers to provide parental and/or sick leave. With more than 10 million working families in the United States not making enough money to cover basic household expenses, states can and should take action.

General policies and programs designed to help low-income working families should particularly benefit racial/ethnic minorities, who are overrepresented in low-wage jobs. But policymakers can be more proactive in reducing inequality by identifying policy solutions with racial/ethnic minorities in mind. Otherwise, policies may have unintended consequences that perpetuate inequality between groups. For example, some policies aimed at reducing crime, providing access to affordable housing and reducing poverty have led to higher levels of residential segregation and marginalization of racial/ethnic minorities in central cities.²⁷

Disparities cannot be erased overnight, but policymakers can start to reduce the gaps between groups by taking a two-pronged approach: by simultaneously increasing access to education and training for people in low-income families, and enacting policies that make work pay.

“ It is sobering that close to half (42 percent) of all working families in Arkansas have low incomes. These families play by the rules and go to work everyday but struggle to support their families. The fact that 63 percent of Arkansas’s minority working families have low incomes is a crisis. Access to quality secondary and postsecondary education and training is public policy priority number one for Arkansas, as today’s economy increasingly demands better skilled workers.”

— Mike Leach, Director of Center for Student Success, Arkansas Community Colleges

INVEST IN EDUCATION, TRAINING AND HEALTH CARE ACCESS

Closing gaps in education is especially important to reduce disparities among working families. Too many minority men and women become disconnected from career opportunities because they lack the necessary education and skills.

Between 2008 and 2012, 49 out of 50 states reduced per-student funding for higher education. During the same period, tuition at public four-year colleges increased by an average of 20 percent and tuition at two-year colleges increased by 18.5 percent.²⁸

Given the high cost of completing a four-year college degree, it’s not surprising that some minority groups are lagging behind. Among young adults ages 25 to 29, Latinos are the least likely to complete a four-year college degree (15 percent), while college completion rates are highest among Asian Americans (62 percent) and whites (41 percent).²⁹

Since the recession, college enrollment rates have increased sharply across all racial/ethnic groups, however, low-income students are more likely to be enrolled in community colleges, with fewer resources and less institutional support than more affluent students. One study showed that the college completion rate for students starting at community colleges is only 18 percent, compared with a 90 percent completion rate among students at selective private colleges and universities.³⁰

State policymakers can help low-income workers succeed in the workforce by:

- **Increasing need-based tuition assistance, especially for non-traditional students and special populations.** Tuition for postsecondary education continues to rise and need-based aid remains insufficient to reach all students in need and provide an

adequate level of resources. States need to increase their investment in need-based aid to support more low-income, part-time and minority students.

At least 18 states provide in-state tuition to undocumented students. These students typically must have attended high school for a certain period of time and sign an affidavit declaring that they will apply for legal immigration status. Undocumented students can receive state financial aid in at least five states—California, Minnesota, New Mexico, Texas and Washington.³¹

- **Providing child care and other supports for adult students in low-income families.** Student parents and particularly single parents are at high risk of dropping out of college because of the challenges in balancing school with family responsibilities. To increase college persistence rates among single parents, states can forge partnerships between colleges and local child care providers to provide affordable care for children in low-income families and even do so on campus. While the number of college students with young children has increased over time, child care slots on community college campuses have declined, from 53 percent in 2003-04, to 46 percent in 2013.³²

Although many states have policies that make their child care assistance available to parents in postsecondary education, some impose strict limitations and others do not make assistance available at all.³³ Similarly, states can use other public benefit programs such as the Temporary Assistance for Needy Families (TANF), Workforce Innovation

and Opportunities Act (WIOA) and the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) program to address student family needs.

- **Supporting career pathways and other programs that link education to career opportunities.** Not everyone needs or can afford a four-year college degree, and a two-year degree or credential can provide a solid foundation for a well-paying career. States can help by restructuring adult basic education and community college programs to provide career pathways—enabling students to pursue training and postsecondary occupational credentials that prepare them for jobs in specific careers. The recent enactment of WIOA provides a significant opportunity to realign state and workforce and adult basic education systems in a career pathway framework, thus creating more accessible and effective training opportunities for low-income and skilled workers. The Act also requires greater engagement of local industry leaders to ensure that local education and skill providers offer training that is aligned with local business needs.
- **Supporting English language learners by connecting program efforts to additional training and postsecondary credentials.** For recent immigrants, English as a second language (ESL) or bilingual education programs are needed to help English learners get high school equivalency degrees that connect them to postsecondary education and training. GEDs may not be the best option for those with limited English skills, and some states—including Iowa, Louisiana, Maine, Missouri, Montana, New York and New Hampshire—recently announced that they would switch to new exams that may better serve immigrants.³⁴ At the college level, state policymakers can help immigrants succeed by supporting integrated ESL and job training programs and providing immigrants with access to financial aid.

IMPROVE ACCESS TO HEALTH CARE

Historically, low-wage workers faced formidable barriers to health insurance coverage. Low-wage workers often do not have access to employer-sponsored health care, and if coverage is available, they cannot afford the premiums. Between 1988 and 2012, average employer-sponsored family premiums increased from \$3,700 to \$15,700 among lower-income families, while average income for those families declined.³⁵

Most low-wage jobs have not provided employer-sponsored health care, and while Medicaid and the Children’s Health Insurance Program (CHIP) have provided coverage for most low-income children, coverage for parents has been very limited.

Coverage rates among low-income families are expected to increase with full implementation of the Affordable Care Act (ACA), but even under the new legislation, there are barriers for low-income families. The ACA legislation included an expansion of Medicaid eligibility for those with incomes at or below 138 percent of the poverty line. However, the Supreme Court allowed states to opt out of this provision, and as of January 2015, 15 states—mostly in the South—had not extended Medicaid coverage.³⁶ Without the extended eligibility, low-income working families are stuck in an insurance “void”—with wages that are too low to qualify for tax credits under the ACA, and too high to qualify for Medicaid.

Since racial and ethnic minorities—especially Latinos—are more likely to be uninsured, expanding access to affordable health care would particularly benefit minority groups, and help reduce the economic gaps among working families.

“ As a majority-minority state—60 percent of our adults and 74 percent of our children are racial/ethnic minorities—New Mexico can be considered a bellwether of the nation’s impending demographic changes. Unfortunately, New Mexico is also a high-poverty state. Lawmakers have made some headway in promoting policies to alleviate poverty and in taking a targeted approach to reducing educational disparities among our racial/ethnic minorities. However, the state still must move forward to advance low-income working families by supporting a statewide career pathways framework, providing need-based financial aid for college students and increasing the rate of minority adults with post-secondary credentials and degrees.

— Veronica C. García, Ed.D., Executive Director, New Mexico Voices for Children

MAKE WORK PAY

States can also support minority working families through programs and policies that make work pay. Too many parents are working in dead-end jobs with low-wages and limited benefits or opportunities for getting ahead.

The federal government supports low-income families through the Earned Income Tax Credit, SNAP (food stamps) and the Child Tax Credit, as well as housing and child care assistance programs. These programs and benefits have provided critical support for millions of working families by supplementing income and reducing the burden of poverty.

Many states have supplemented these federal programs with additional support. But the level of investment has varied widely across states, and budget shortfalls since the recession have led many states to cut back on programs that assist low-income families.

Here are some key state policy solutions:

- **Increase the minimum wage.** The federal minimum wage is \$7.25 per hour—the equivalent of approximately \$15,000 per year. As of January 1, 2015, there were 29 states that set a minimum wage above the federal level.³⁷ Raising the minimum wage, extending coverage to more types of workers (e.g. those paid primarily via tips) and indexing it to inflation would disproportionately benefit black and Latino workers who are more likely to be employed in lower-wage jobs.³⁸
- **Provide tax benefits through the state refundable Earned Income Tax Credit (EITC).** Currently there are 25 states that offer their own EITC program for their working residents, thus providing additional tax credits to those available to under the federal program. The EITC benefits working families by encouraging full-time employment, reducing poverty and by freeing up resources for other expenses, such as health care.³⁹ Since the recession, several states have reduced the benefits available under their EITC programs to help balance budgets, including Connecticut, Michigan, North Carolina and Wisconsin.⁴⁰ These cuts need to be reversed and others states would do well to adopt their own EITC.
- **Provide guaranteed paid sick leave.** Today there are millions of parents who risk losing their job every time they stay home because they are ill or need to care for a sick child. In 2014, eight in 10 workers in the lowest income group did not have a single day of paid sick leave, while just one in 10 workers in the top income group lacked paid sick leave.⁴¹ There are also major racial/ethnic disparities in access to paid sick days: 49 percent of Latinos have access to paid sick days, compared with 64 percent of whites and 70 percent of Asians.⁴² Providing paid sick leave not only provides flexibility for working parents, but also protects other workers from illness. During the H1N1 pandemic in 2009, infected employees may have spread the virus to up to seven million co-workers.⁴³ Three states—California, New Jersey and Rhode Island— have enacted such policies, indicating that states can take action on this issue.

- Enforce equal pay provisions to reduce economic disparities between racial/ethnic groups, as well as the gender wage gap.** Federal law prohibits compensation discrimination on the basis of race, color, religion, sex, national origin, age or disability, and many states and localities have enacted their own equal pay laws. Yet women still earn just 77 cents per every dollar earned by men. The earnings gaps are even larger for racial/ethnic minorities. Latina women currently earn about 56 cents for every dollar earned by white men. Several states, including Colorado, Maryland, New Mexico and Vermont have shown their commitment to closing the gender earning gap by establishing equal pay commissions that bring together broad coalitions of stakeholders.⁴⁴
- Provide access to affordable child care.** Affordable child care is needed not only for parents enrolled in college, but also those in the workforce. In 2013, there were nearly 18 million children under age 13 living in low-income working families. Low-income families that do not receive child care subsidies spend nearly 20 percent of their incomes on child care costs.⁴⁵ Across the states, the average cost of full-time, center-based infant care ranges from \$4,863 in Mississippi to \$16,430 in Massachusetts.⁴⁶ The federal Child Care and Development Fund (CCDF) provides child care subsidies to low-income parents with young children, but states can support low-income parents by easing eligibility thresholds, reducing out-of-pocket child care costs and addressing the “cliff effect” for those who are transitioning off of assistance due to increased earnings. Among CCDF beneficiaries, the maximum monthly copay for child care varies widely across the states, from \$130 in West Virginia to \$1,215 in Hawaii.⁴⁷
- Support other programs that help low-income working families move toward self-sufficiency, including transportation, housing, and food and nutrition assistance.** In 2013, 61 percent of minority, low-income working families spent at least a third of their income on housing costs. Many cannot find affordable housing near their jobs and have long, expensive commutes to get to work. The Supplemental Nutrition Assistance Program (SNAP) program provides a lifeline for millions of poor and low-income working families. In 2013, about 44 percent of minority low-income working families received SNAP benefits. States can boost participation rates in SNAP and other programs by simplifying applications and reporting requirements and by expanding outreach to underserved communities, especially immigrants.⁴⁸
- Expand access to retirement savings plans.** There is a large and growing wealth gap between white families compared with African American and Latino families. And part of the problem is the concentration of racial/ethnic minorities in jobs that don’t enable families to save for retirement. White families had over \$100,000 more in retirement savings, on average, compared with African American and Latino families in 2013.⁴⁹ Just 29 percent of workers in the lowest-income group have access to retirement plans at work, compared with 90 percent of top earners.⁵⁰ State policymakers in California and Illinois have enacted legislation to establish such plans for uncovered private sector workers and another dozen states are considering similar actions.⁵¹

CONCLUSION

In a little more than a generation, racial/ethnic minorities will make up the majority of the U.S. population and labor force. Minority workers will play a critical role in keeping Social Security and Medicare solvent. But if current levels of inequality persist, younger workers and their families will not be able to move into the middle class and replace retiring baby boomers in the workforce.

Reducing racial/ethnic economic disparities will not only improve economic conditions for millions of lower-income parents, but will also benefit children, who are at the forefront of racial/ethnic change. Eliminating racial/ethnic poverty gaps would potentially reduce the number of children in poverty by 45 percent in 2050, compared with the projected number of poor children if current disparities persist.⁵²

By reducing gaps in education and improving economic conditions for working parents and their children, policymakers will fuel economic growth and foster a stable, well-qualified workforce.

THE WORKING POOR FAMILIES PROJECT

Strengthening State Policies for America's Working Poor

Millions of American breadwinners work hard to support their families. But, despite their determination and effort, many are mired in low-wage jobs that provide inadequate benefits and offer few opportunities for advancement. In fact, nearly one in three American working families now earn wages so low that they have difficulty surviving financially.

Launched in 2002 and currently supported by the Annie E. Casey, Ford, Joyce and Kresge foundations, The Working Poor Families Project is a national initiative that works to improve these economic conditions. The project partners with state nonprofit organizations and supports their policy efforts to better prepare America's working families for a more secure economic future.

www.workingpoorfamilies.org

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Appendix 1: Working Families Below 200% of Poverty, by Race/Ethnicity, 2013

Percent below 200% poverty

States	Total	White*	All Racial/Ethnic Minorities	African American/ Black*	Other/ Two or more races*	Hispanic/ Latino
United States	32.5	22.6	47.5	48.6	28.1	54.9
Alabama	38	29	55	56	22	68
Alaska	16	9	29	27	28	34
Arizona	39	24	55	47	39	60
Arkansas	42	34	63	62	37	74
California	34	16	44	39	22	54
Colorado	28	18	48	43	28	54
Connecticut	21	12	39	37	17	48
Delaware	30	19	46	41	37	64
District of Columbia	29	3	42	39	38	51
Florida	38	27	49	54	33	50
Georgia	37	24	51	49	32	68
Hawaii	23	19	24	15	24	24
Idaho	40	37	54	50	46	56
Illinois	30	20	46	51	22	51
Indiana	34	28	58	59	40	63
Iowa	29	26	46	57	31	48
Kansas	30	24	51	50	31	59
Kentucky	33	30	52	53	39	58
Louisiana	36	24	54	57	39	45
Maine	33	32	56	N/A	47	53
Maryland	21	13	29	27	20	41
Massachusetts	20	13	39	37	23	52
Michigan	32	27	50	56	31	55
Minnesota	24	19	48	61	38	51
Mississippi	43	29	62	62	60	73
Missouri	34	29	54	56	35	66
Montana	34	32	54	N/A	55	56
Nebraska	32	25	61	72	32	63
Nevada	36	24	48	48	33	53
New Hampshire	21	19	43	46	32	54
New Jersey	23	12	35	37	14	47
New Mexico	43	22	54	36	51	56
New York	30	19	44	39	37	51
North Carolina	37	26	55	53	35	70
North Dakota	24	20	53	93	51	26
Ohio	32	27	52	57	32	56
Oklahoma	40	31	57	62	48	66
Oregon	33	27	49	42	29	60
Pennsylvania	27	21	49	50	32	61
Rhode Island	27	16	56	45	30	73
South Carolina	38	28	56	57	40	61
South Dakota	31	26	62	65	62	59
Tennessee	37	31	55	54	34	69
Texas	38	19	51	44	25	56
Utah	29	23	53	67	39	57
Vermont	26	25	45	64	34	57
Virginia	25	18	37	44	20	42
Washington	28	21	44	43	25	61
West Virginia	32	31	43	36	40	62
Wisconsin	30	22	61	64	40	72
Wyoming	25	22	41	N/A	55	41

*Non-Hispanic.

Note: Estimates are subject to both sampling and nonsampling error. Data for Asian Americans and American Indians are included in the "Other / Two or more Races" category because of their smaller numbers. N/A = Not Available.

Source: 2013 American Community Survey Public Use Microdata Sample (PUMS).

ENDNOTES

¹ Mark Mather is a demographer at the Population Reference Bureau, where he specializes in issues related to U.S. social and demographic trends, child and family well-being, and data from the U.S. Census Bureau. Deborah Povich and Brandon Roberts manage The Working Poor Families Project. Special thanks to Jean D'Amico of the Population Reference Bureau for generating the ACS data for this brief as well as to Armelle Casau and Sharon Kayne of the New Mexico Voices for Children, James Goddard of the Nebraska Appleseed Center for Law in the Public Interest and Laura Dresser, Center on Wisconsin Strategies for providing very helpful comments on the initial draft.

² In this brief, a family is a primary married couple or single-parent family with at least one co-resident child younger than 18 years old. A family is defined as working if all family members ages 15 and older either have a combined work effort of 39 weeks or more in the prior 12 months, or all family members ages 15 and older have a combined work effort of 26 to 39 weeks in the prior 12 months and one currently unemployed parent looked for work in the prior four weeks. In 2013, the low-income threshold for a family of four with two children was \$47,248. Unless otherwise noted, data are from the Population Reference Bureau's analysis of the U.S. Census Bureau's American Community Survey (ACS). Estimates from the ACS are subject to both sampling and non-sampling error.

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