

## WHO IS LOW-INCOME IN DC?

By Jenny Reed

### INTRODUCTION

The District of Columbia's poverty rate is far above the national average and has remained high even in periods of strong economic growth. Some 133,000 residents — nearly one-quarter of the population — are low income, which in 2006-2007 corresponded to an income at or below \$24,475 a year for a family of three.<sup>i</sup> DC's low-income population is so large that it would overflow RFK Stadium and the Nationals' Ballpark combined.<sup>ii</sup>

DC's poverty rate rose significantly during the early 2000s despite strong economic growth, reaching a peak in 2005-2006. The number of low-income DC residents began rising again in 2009 as a result of the economic recession.<sup>iii</sup>

Because poverty is associated with lower educational outcomes, poor nutrition and health, child neglect, and increased neighborhood crime, tackling poverty is an important goal for the District.<sup>iv</sup>

Any attempt to shape policies that will reduce the number of people living on low incomes must take into account which groups of residents are most likely to have low incomes and which groups make up the largest share of the city's low-income population. This report provides a detailed demographic profile of DC's low-income population to help answer these questions. It also examines the work experience of low-income DC residents and analyzes what would happen to the number of DC residents living in low-income families if working residents were paid a higher wage and able to secure full-time, year-round employment.

The key findings and recommendations are summarized below:

### Key Findings and Key Recommendations

- Nearly one quarter of DC's population — over 133,000 residents — had incomes at or below 150 percent of the federal poverty line in 2006-2007, before the recession.
- The majority of DC's low-income residents live in working families, and one-third live in families with a full-time, working adult. Yet at the same time, a significant number of residents live in families with little or no recent work experience.
- Nearly half of DC's low-income residents live in single-parent families, most of them headed by women. In addition, a significant number of low-income residents are in families headed by an adult who is elderly or has a disability.
- Better jobs — including better wages — can help DC families escape poverty. The typical wage for workers in low-income DC families is just \$9 per hour. By contrast, a full-time job paying \$12 to \$15 an hour would lift most low-income families above 150 percent of poverty.
- Additional supports — both for those who can work and those who cannot — are critical to helping DC residents live above poverty. These can include state supplements to Supplemental Security Income (SSI) as well as increases to DC Earned Income Tax Credit (EITC), to name a few.
- Single parents need additional assistance to prepare for higher-paying jobs and supports, like child care, to achieve economic security through work.

## SECTION 1: WHICH GROUPS OF DC RESIDENTS ARE MOST LIKELY TO BE LOW-INCOME?

Overall, approximately one in four DC residents lived at or below 150 percent of poverty in 2006-2007. However, nearly half of the residents of some groups are low-incomes:

- **Single-parent families and residents with disabilities are most likely to be low-income.** Nearly half of the DC residents in single-parent families have incomes below 150 percent of poverty. Most of these families are headed by a single woman. Residents with disabilities also are likely to have low incomes, with 43 percent falling below 150 percent of poverty.
- **Many children, Black residents, and singles without children are low-income.** More than one-third of children, nearly one-third of Black residents, and nearly one-quarter of childless singles have incomes at or below 150 percent of poverty.
- **A large share of residents without a high school diploma are low income.** Residents without a high school diploma are most likely to be members of low-income families, with close to half below 150 percent of poverty. But nearly one-third of residents with a high school diploma — and one-fifth of those with some post-secondary education — also have low incomes.

## SECTION 2: WHICH GROUPS MAKE UP THE LARGEST SHARES OF DC'S LOW-INCOME POPULATION?

The groups with the highest poverty *rates* do not necessarily have the largest *numbers* of low-income residents.

- **Many low-income residents are in families with an adult who is elderly or has a disability.** One-third of low-income residents live in families with an adult who is elderly, has a disability, or both. This means that a strategy focused solely on work will not successfully move all residents above the low-income threshold.
- **Nearly half of DC's low-income population lives in single-parent families.** Some 44 percent of DC's low-income residents live in a single-parent family. The large majority of these families — 81 percent — are headed by women. Given the difficulty single parents have in combining working and caring for children, efforts to reduce the number of low-income residents need to take their special needs into account.

**SECTION 3: THE RELATIONSHIP OF WORK AND PAY TO LOW-INCOME STATUS.** Work — even full-time work — often is not enough to lift an individual or a family above 150 percent of poverty. A significant share of low-income DC residents work full time and many others work part time.

- **A majority (57 percent) of low-income residents live in a family in which at least one adult works.** One-third of DC's low-income residents live in families with a *full*-time worker.
- **At the same time, a significant share (43 percent) of low-income residents are in a family with little or no work in the past year.** Increasing employment among those with limited work experience is an important component of moving families above 150 percent of poverty.
- **Low wages are one of the main causes of economic insecurity for DC residents.** The median wage for workers in low-income families is just \$9.14 an hour, which is too low to lift a family of three above 150 percent of poverty even with full-time, year-round work.

#### **SECTION 4: BETTER JOBS CAN HELP DC RESIDENTS MOVE TOWARD ECONOMIC SECURITY.**

Simulations using Census Bureau data reveal that if all adults in low-income families obtained full-time work at \$15 an hour, this would lift 80 percent of low-income DC families above 150 percent of poverty.<sup>v</sup>

- **Increasing wages will have a greater effect than increasing work hours.** If each low-income working adult in DC were able to work full-time year-round at his or her current wage, the DC low-income population would be reduced by only 25 percent, because wages for this group are so low. By contrast, increasing the wages of all low-income workers to \$15 an hour — without changing their work hours — would move nearly half of all residents in low-income working families above 150 percent of poverty.
- **Increasing work to full time, year round and increasing wages is the most effective way to move working families toward economic security.** Nearly two-thirds of low-income working families would move above 150 percent of poverty if all able-bodied adults were able to work full time and received at least \$12 an hour. Nearly 80 percent of low-income working families would move above 150 percent of poverty if all able-bodied adults were able to work full time and received at least \$15 an hour.
- **The challenge to achieve economic security through work is especially great for single parents.** Even with an adult working full time and year round, more than one-fourth of residents in single-parent families are low income. This is because single-parent families have only one potential earner.

**SECTION 5: POLICY IMPLICATIONS.** The findings of this paper lead to a number of broad policy solutions that DC should consider adopting to help move residents above the low-income threshold.

- **People with disabilities and the elderly, both those who can and who cannot work, need additional supports.** Policies to assist these low-income residents should include enhanced cash assistance benefits, greater access to housing assistance and other basic needs supports. In addition, added job training and supports should be provided to assist persons with disabilities as they begin employment. Lastly, better coordination among businesses, the DC government agencies that provide supports and services, and people with disabilities can help ensure services are efficient and adequate.
- **Helping low-income families find full-time work that pays a decent wage is critical.** Policies to improve education and training opportunities can help both working and out-of-work residents obtain jobs that offer both a decent wage and full-time hours. This could be accomplished by connecting residents with DC's community college system, vocational training through the schools and private job training programs. Additionally, many residents will need help overcoming barriers that are keeping them from employment. This can be accomplished by connecting residents to literacy training, GED completion, mental health, substance abuse and domestic violence services.

Enforcing DC's Living Wage and First Source hiring requirements also would help boost the incomes of some of DC's low-income working families and ensure DC residents are getting some of the jobs generated by DC's growing economic development. DC's living wage — currently about \$12 an hour — applies to all jobs provided by businesses with city contracts and to DC-subsidized development projects. First Source requires the same businesses to

hire DC residents for at least half of new jobs created. Neither law is being enforced effectively.

Lastly, better coordination among the DC government agencies that provide job training supports and services, businesses, and those seeking work can help ensure services are efficient and adequate to meet demand.

- **Single parent families need more assistance.** Single-parents need special help to obtain jobs that can support an entire family on one salary, and they need supports, like child care, to help make work possible. DC's Temporary Assistance to Needy Families program (TANF) serves one out of three children in the District, and almost all of them are in single-parent families. DC's TANF program often fails to assess participant needs and work barriers, and it provides relatively limited employment services. Making improvements to TANF to connect parents with services and quality jobs would be especially helpful to low-income single parents.<sup>vi</sup>
- **Work supports are essential.** There are many jobs in the District with very low wages that keep workers at low incomes even if they work full time. Even with additional training and education opportunities to help residents obtain better paying jobs, training will not likely reach everyone, and there will still be jobs that just don't pay enough to keep all workers from living on low incomes. Reducing high tax liabilities on the working poor and improving access to child care assistance, transportation assistance, affordable housing and other basic needs can help low-income families achieve economic security through work.

## About Our Measure of Low Income:

This analysis defines low-income DC residents as those who live in families with incomes below 150 percent of the poverty threshold. As measured by the U.S. Census Bureau in 2006-2007, this equaled roughly \$24,457 for a family of three and \$15,956 for a single, non-elderly resident.

The 150 percent of poverty threshold provides a more realistic definition of low income than the absolute poverty measure, which is widely considered to have several shortcomings. As detailed in a 2008 paper by Rebecca Blank and Mark Greenberg, these include problems with the inputs used to determine the threshold, the definition of countable family resources, and the small amount of geographic variation incorporated in computation of the measure.

The most significant problem with the formula relies on inputs determined over 40 years ago that have not been updated except for inflation adjustments. The formula was based on a family's food consumption budget in the 1960's; as Blank and Greenberg note, food now comprises a much smaller share of a typical family's budget than it did then, and it is unrealistic to base such a significant share of the poverty measure on one aspect of a family's needs. In addition, the poverty measure does not account for resources a family must devote to taxes or to other critical spending needs such as transportation and child care. Nor does it take into account any tax credits a family receives or the value of non-cash benefits such as housing assistance or food stamps.

Another major criticism of the current poverty measure is that it is the same in DC — with its very high cost of living — as in the rest of the nation, even areas with much lower housing and transportation costs.

As a result of these inadequacies, the current poverty threshold is widely considered to be too low in many areas, including DC. The poverty threshold for a family of three in 2006-2007, for example, was about \$16,458 a year, well below an income level that would support even a minimal existence in the District.

The level of 150 percent of poverty, or \$24,457 a year for a family of three, more realistically defines the income point below which three people cannot be reasonably expected to meet basic needs for food, shelter, and clothing in DC.

It is important to distinguish between this low-income threshold used in this report and a “self sufficiency” income threshold that enables families to pay for their housing, child care, food, transportation, health care, and taxes. The latter threshold, as computed by Wider Opportunities for Women, currently is \$85,680 a year for a single parent with two children.

For more information on how the U.S. Census Bureau measures poverty visit <http://www.census.gov/hhes/www/poverty>. For the Blank and Greenberg paper, visit: [www.brookings.edu/papers/2008/12\\_poverty\\_measurement\\_blank.aspx](http://www.brookings.edu/papers/2008/12_poverty_measurement_blank.aspx). For more information on a “self sufficiency” standard, visit: <http://www.wowonline.org/ourprograms/fess/sss.asp>

## SECTION 1

### WHICH GROUPS OF DC RESIDENTS ARE MOST LIKELY TO BE LOW INCOME?

One in four DC residents lived at or below 150 percent of poverty in 2006-2007. In some demographic groups, however, nearly half of the residents are low-income, including members of single-parent families and residents without a high school diploma. Substantial shares of several other groups also are low-income, including children, Black residents, and residents with disabilities.

#### DC's children are more likely than adults and elderly residents to be low-income.

Children under age 18 in DC are almost twice as likely to be low-income as non-elderly adults. Some 39 percent of children lived in families that had incomes below 150 percent of poverty in 2006-2007, compared with 20 percent of adults aged 18 to 64 and 24 percent of residents 65 and older. This is consistent with the national picture.<sup>vii</sup>

#### Single-parent families with children are the family type most likely to have low incomes.

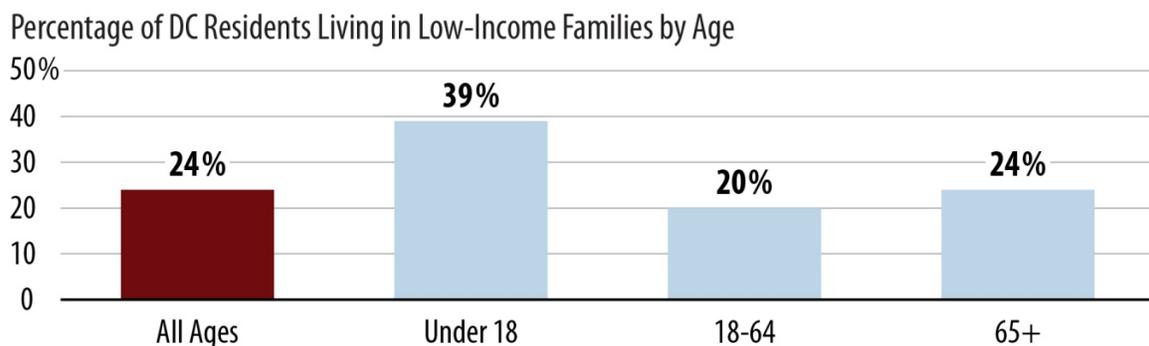
In 2006-2007, nearly half — 47 percent — of DC residents living in a single-parent family were low-income; this rate was more than twice as high as for any other family type. Women make up the large majority of adults in single-parent families — 81 percent.

**TABLE 1:  
A Breakdown of DC's Overall Population**

<b>Age</b>	
Under 18	20%
18-64	67%
65+	12%
<b>Race</b>	
White (non-Hispanic)	31%
Black (non-Hispanic)	55%
Other (non-Hispanic)	5%
Hispanic	8%
<b>Disability</b>	
Person with a disability	14%
Person without a disability	86%
<b>Gender</b>	
Male	47%
Female	54%
<b>Education</b>	
Less than a high school degree	14%
High school diploma or GED	22%
Some college or associates degree	17%
Bachelors degree or masters degree	48%

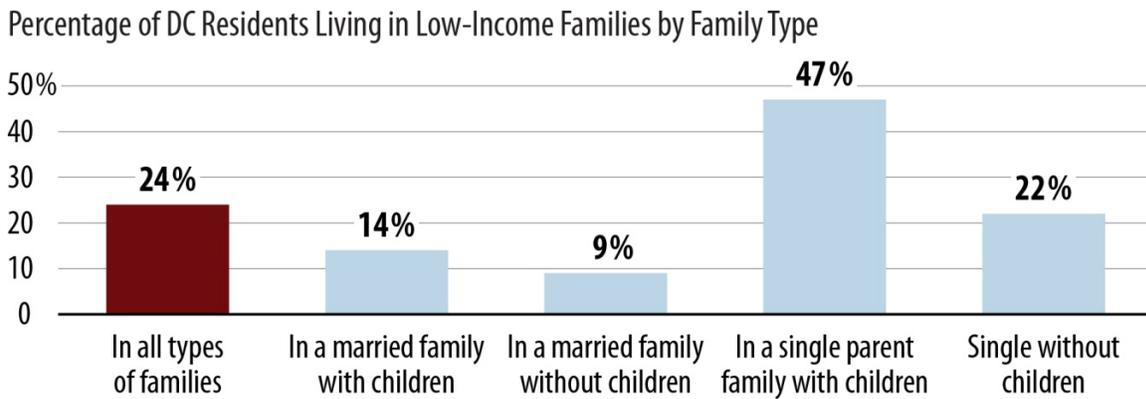
Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006 and 2007. Numbers may not add to 100% because of rounding.

**FIG. 1: DC Children Are Twice as Likely as Any Other Age Group to be Low Income**



Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006 and 2007.

**FIG. 2: Nearly Half of DC Residents in Single-Parent Families Are Low-Income**



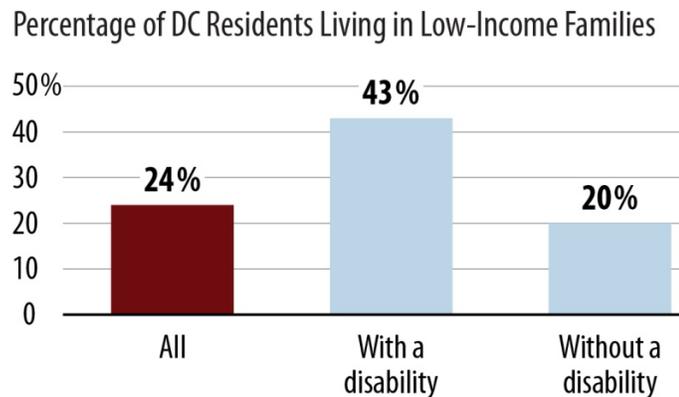
Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006 and 2007.

Single residents *without* children are the family type with the second-highest low-income rate. Nearly one in four single residents in DC without children are low-income. Residents in married-couple families are far less likely to have low incomes (see Figure 2). Women make up the majority — 58 percent — of low-income single adults.

**Residents with disabilities are more likely to be low income than those without a disability.** DC

residents who have a disability are twice as likely to be low-income as those without a disability.<sup>viii</sup> Approximately 43 percent of persons with a disability are low-income, compared with 20 percent of persons without a disability (see Figure 3). Some residents have severe disabilities that preclude them from entering the job market or limit the types of jobs they can hold. For others with disabilities, discrimination reduces job opportunities.<sup>ix</sup> Because of this, many people with disabilities are unemployed or able to obtain only lower-skilled, lower-wage jobs.<sup>x</sup>

**FIG. 3: DC Residents With a Disability Are More Than Twice as Likely as Those Without a Disability to Live on Low Incomes**

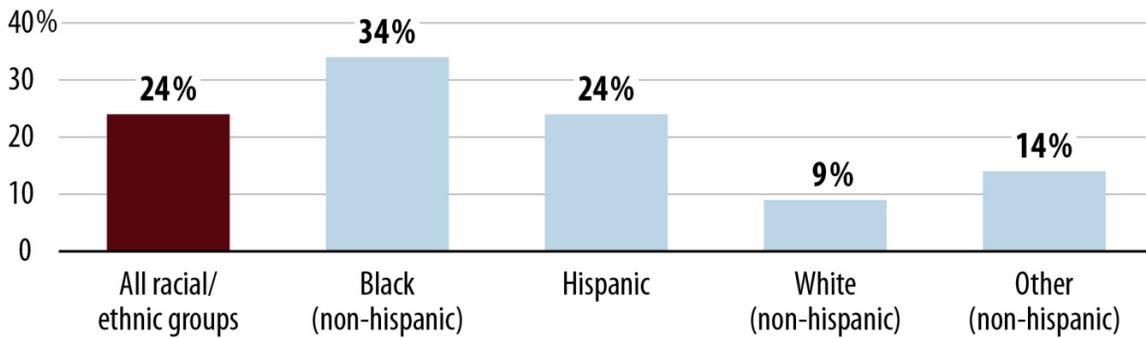


Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006 and 2007.

**Blacks and Hispanics are more likely than Whites to be low-income.** In 2006-2007, one-third — 34 percent — of non-Hispanic Black residents were low-income as were one-fourth of Hispanic residents (see Figure 4). By contrast, only 9 percent of non-Hispanic White residents were low-income.

**FIG. 4: Black and Hispanic Residents More Likely Than Whites to Be Low-Income**

Percentage of DC Residents Living in Low-Income Families by Race

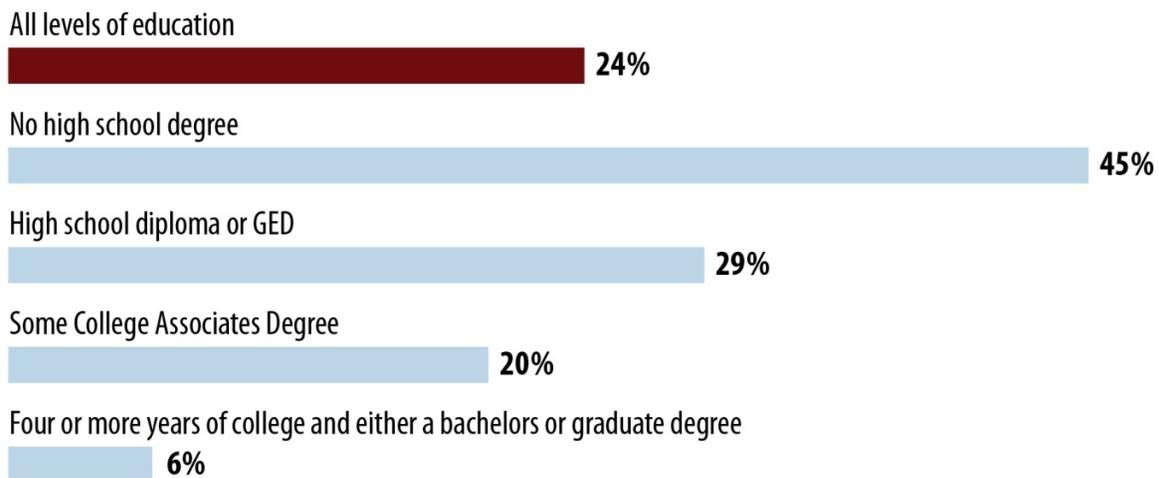


Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006-2007. Other also includes residents who identify themselves as two or more races.

**Residents without a high school diploma are more than seven times as likely to be low-income as those with a college degree.** In 2006-2007, nearly half (45 percent) of DC adults ages 25 and older without a high school diploma or GED were low-income, compared with just 6 percent of those with at least four years of college or an advanced degree. Those with a high school diploma or some college education fare better, yet many are still low-income. Approximately 29 percent of residents with a high school diploma but no higher education had incomes at or below 150 percent of poverty as did one-fifth of residents with some college or an associate's degree.

**FIG. 5: Nearly Half of DC Adults Who Lack a High School Diploma Live on Low Incomes**

Percentage of DC Residents Living In Low-Income Families by Education Level



Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006-2007.

**Residents living east of the Anacostia River are the most likely to be low-income.**

The Census Bureau provides some information on poverty for different sections of the city, but not at the Ward level. Instead, the Census Bureau's American Community Survey breaks the District into five areas called Public Use Micro Areas, or PUMAs.

- In 2006-2007, just over 40 percent of residents of PUMA 4, which mainly encompasses Wards 7 and 8 east of the Anacostia River, had incomes at or below 150 percent of poverty.
- Some 27 percent of residents of PUMA 5, which covers DC’s downtown core — including parts of Wards 1, 2, and 6 — were low-income.
- By contrast, just 9 percent of residents of PUMA 1 — an area covering most of upper Northwest DC — were low income. (Figure 6 displays the low-income rates across the PUMA areas of the District.)

**FIG. 6: DC Residents Living in Areas East of the Anacostia River Are the Most Likely to Be Low-Income**

Percentage of DC Residents Living In Low-Income Families by Area of Residence

All areas of DC



Puma 1 (mostly upper Northwest DC)



Puma 2 (mostly Ward 4, some of Wards 1 & 5)



Puma 3 (mostly Wards 5 & 6)



Puma 4 (mostly Wards 7 & 8)

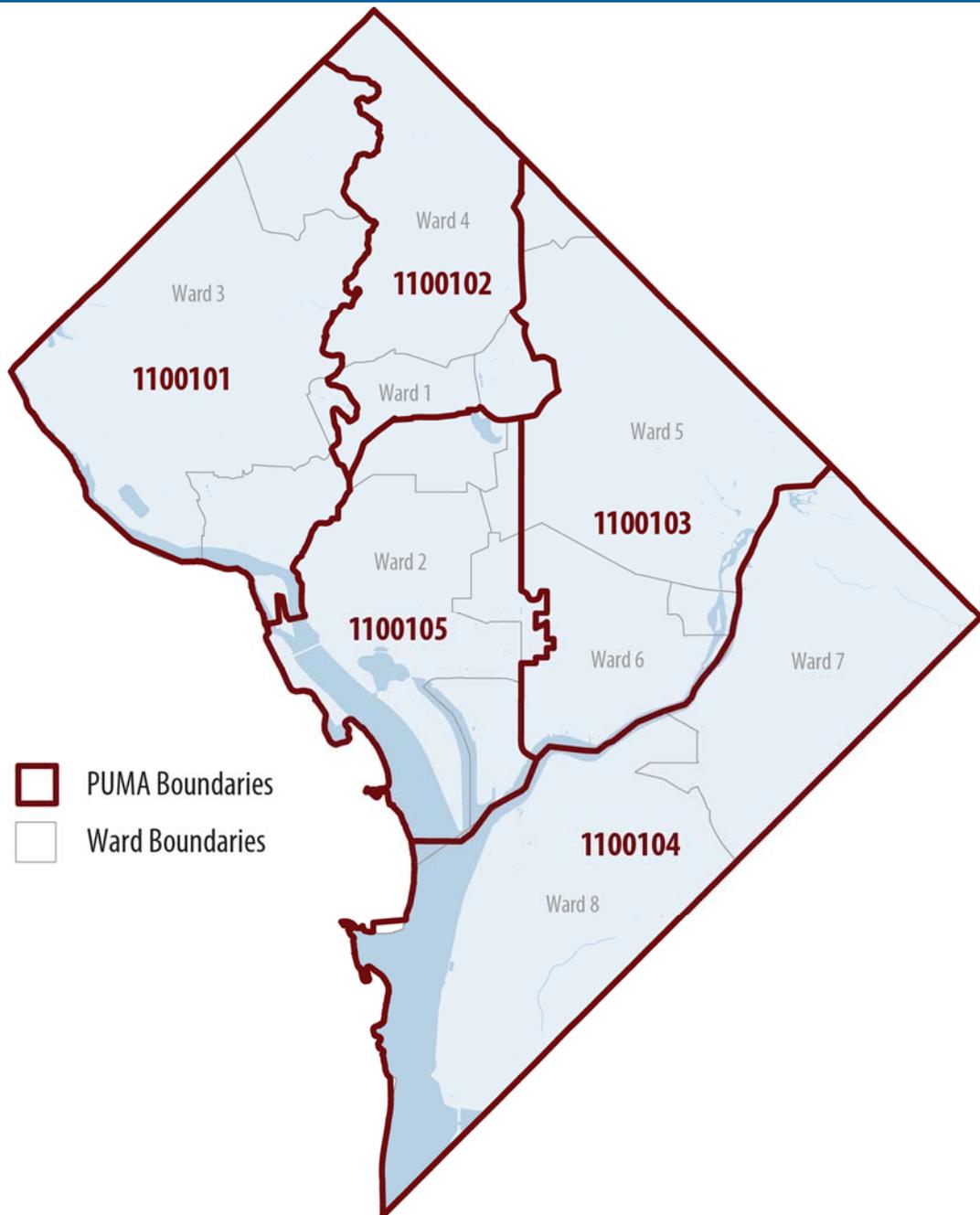


Puma 5 (DC's downtown core, parts of Wards 1,2, & 6)



Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006-2007. For an explanation and map of the PUMA’s (Public Use Micro Areas) please see page 10.

District of Columbia Public Use Microdata Areas (PUMA) Boundaries  
As of 2000 and Ward Boundaries as of 2002



Source: Neighborhoodinfo DC.

## SECTION 2

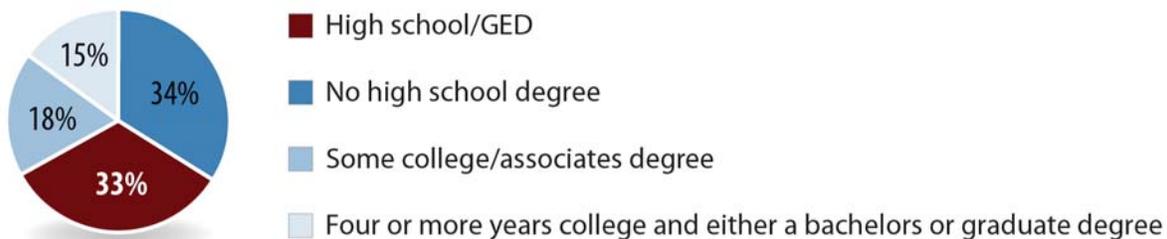
### WHICH GROUPS MAKE UP THE LARGEST SHARES OF DC'S LOW-INCOME POPULATION?

Another important consideration for those designing policies and programs to reduce the number of residents with low incomes is the characteristics of low-income DC residents. The groups whose members are most likely to be low-income do not necessarily have the highest *numbers* of low-income residents. If one group of residents has a high low-income rate but comprises a small share of the overall population, it may make up a small share of the low-income population. On the other hand, a group that represents a large share of the overall population may also comprise a large share of the low-income population even if its low-income rate is not especially high.

**Low-income residents are fairly evenly divided by education level.** About one-third of DC adults with low incomes do not have a high school degree or GED. Another third have a high school diploma or GED. The remaining third have attended college or earned an associate's degree, a four-year degree, or a graduate degree (see Figure 7). The fact that a large majority of low-income residents have a high school degree or never graduated from high school highlights the reality that many living-wage jobs require higher education or specialized training. At the same time, the fact that one-third of low-income residents have at least some post-secondary education indicates that education alone often is not sufficient to secure adequate-paying jobs. Therefore, efforts beyond providing greater access to education and occupational training are needed to help low-income families, such as improving financial and in-kind supports like food stamps or housing assistance.

**FIG. 7: Two-Thirds of Low-Income DC Residents Have A High School Diploma/GED or Less**

Percentage of DC Residents Living in Low-Income Families by Education Level

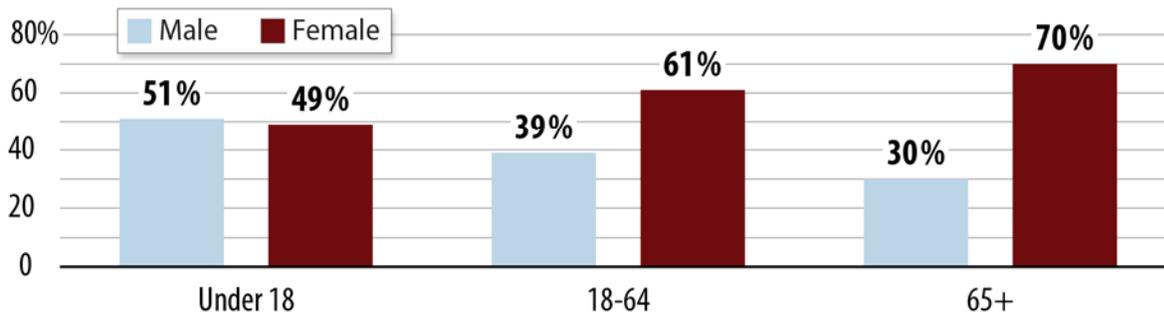


Source: DCFPI analysis of ACS data, 2006-2007.

**Women make up a large share of low-income adults.** Women make up 63 percent of all low-income adults (ages 18 and above). Women make up 53 percent of DC's overall non-elderly adult population (ages 18-64) but 61 percent of *low-income* non-elderly adults. Similarly, women make up 62 percent of DC's overall elderly population but 70 percent of its *low-income* elderly population (see Figure 8).

**FIG. 8: Women Make Up a Large Share of Low-Income DC Residents**

Percentage of DC's Low-Income Residents by Age

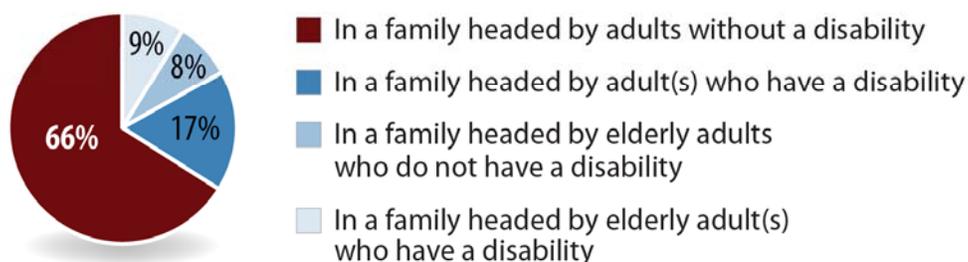


Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006-2007.

**One-third of DC's low-income residents live in families with one or more adults who are elderly, have a disability, or both.**<sup>xi</sup> Seventeen percent of low-income residents live in a family with an elderly member and another seventeen percent live in non-elderly families with one or more adults who have a disability. These figures suggest that remedies for poverty alleviation need to take into account programs and policies for residents who may not be able to work (see Figure 9).

**FIG. 9: A Large Share of Low-Income District Residents Live In Families Headed by Elderly Residents and/or Residents with a Disability**

Percentage of DC's Low-Income Residents Living in Families Headed By Residents Who are Elderly and/or Have a Disability



Source: DCFPI analysis of U.S. Census Bureau American Community Survey Data, 2006-2007. A family is defined as elderly and/or disabled if the Householder (and spouse or unmarried partner) is elderly or has a disability.

**More than 80 percent of low-income residents live in either single-parent families or are singles without children.** Forty-four percent of DC's low-income residents live in a single-parent family (see Figure 10). A significant share — 40 percent — are single adults without children. People in married-couple families (with and without children) make up just over 16 percent of all low-income residents.

**FIG. 10: Single-Parent Families Are the Largest Group of Low-Income DC Residents**

Percentage of DC's Low Income Residents by Family Type



Source: DCFPI Analysis of the American Community Survey, 2006-2007.

**What Does the Low-Income Population Look Like In DC?**

What would a cross section of the District's low-income population look like? The following provides a more detailed, graphical look at the characteristics of DC's low-income residents:

**Among 100 low-income DC residents...**

**34 may live in families with limited work options**

17 people live in elderly families



8 are in families with an elderly adult(s) who has a disability

17 people live in adult families where one or more adults have a disability



9 live in families with children

**66 people live in families where work options may not be as limited**

33 are in single parent families



22 are singles without children



11 live in a married couple family



Note: 'Adult' is the householder, spouse or unmarried partner.

## Extreme Poverty: Over 47,000 DC Residents Live Below *Half* the Poverty Line

Over 47,000 District residents — 9 percent of the total population — live in extreme poverty, with incomes at or below 50 percent of the poverty line. That equates to less than \$8,229 for a family of three in 2006-2007 or less than \$5,319 for a single non-elderly person. These extremely impoverished families comprise just over one-third of DC's low-income population.

The general characteristics of those living in extreme poverty are similar to those of all low-income residents, but there are some notable and even counter-intuitive differences.

Extremely poor residents are:

- **Less likely than other low-income residents to have a disability.** Some 19 percent of extremely poor residents have a disability compared with 25 percent of all low-income residents.
- **Less likely to be elderly.** Some 6 percent of the extremely poor are elderly, compared with 12 percent of all low-income residents.
- **More likely to be single adults without children.** While 40 percent of all low-income residents are single, childless adults, 47 percent of the extremely poor are in this category.

These findings may reflect that many elderly residents and those with disabilities receive various safety net benefits such as Social Security or Supplemental Security Income in amounts sufficient to keep them out of extreme poverty (but insufficient to move them above 150 percent of poverty). Single persons without children typically are eligible for fewer public assistance programs, and if they do qualify and receive assistance, benefit levels usually are very low.

(For more information, see Sharon Parrot, "Recession Could Cause Large Increases in Poverty and Push Millions into Deep Poverty: Stimulus Package Should Include Policies to Ameliorate Harshest Effects of Downturn," Center on Budget and Policy Priorities, November 2008, <http://www.cbpp.org/cms/index.cfm?fa=view&id=1290>.)

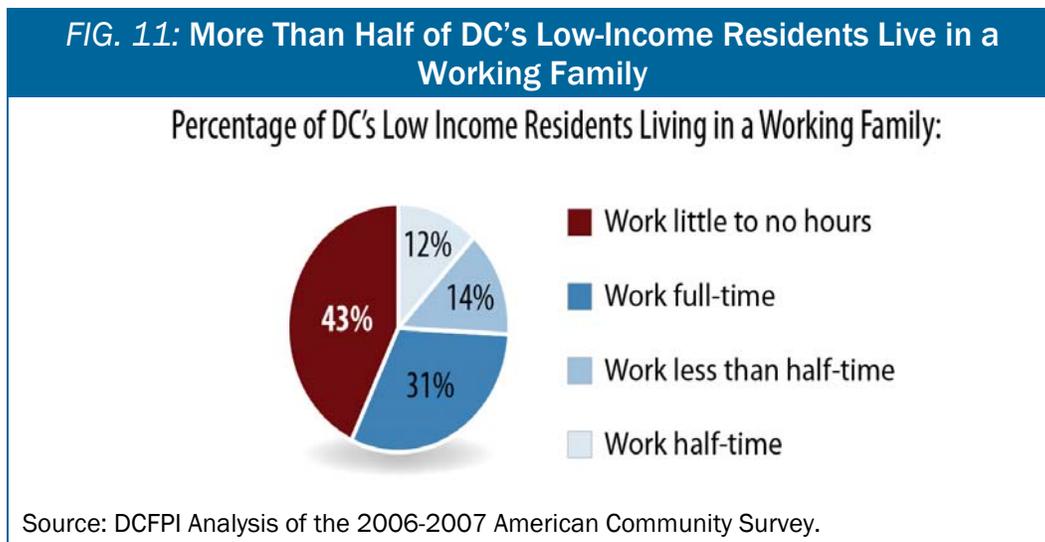
## SECTION 3

### THE RELATIONSHIP OF WORK AND PAY TO LOW-INCOME STATUS

The work experience of low-income residents in DC suggests that work — even full-time work — is not always enough to lift an individual or a family above 150 percent of poverty. A significant share of low-income District residents work full time and many others work but less than full time. At the same time, many low-income residents have limited work experience.

Roughly 90,000 low-income DC residents are single or in families where the adults are neither elderly nor disabled — and thus may be considered able to work.<sup>xii</sup> Census data reveal the following about the work experience of these households:

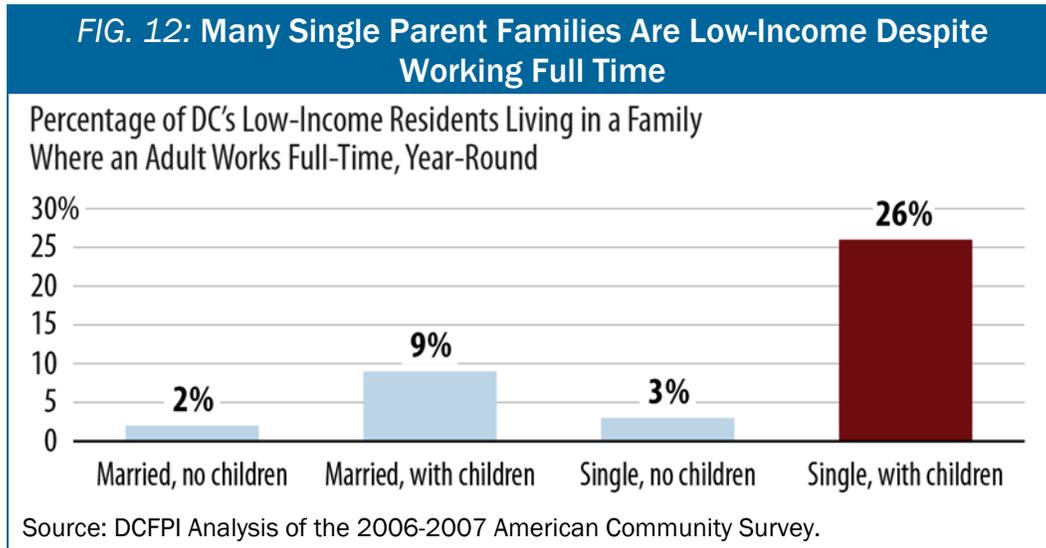
- **Most low-income residents live in working families.** Some 51,000 residents in low-income families with adults who are able to work, or more than half (57 percent) of all such residents, are in a household with one or more workers.<sup>xiii</sup>



- **Nearly one-third of low-income families have a full-time worker.** Thirty-one percent of low-income residents live in a family that has one or more full-time workers.<sup>xiv</sup>
- **One-fourth of low-income families have adults who work part time or part of the year.** Another 12 percent of low-income residents live in families with a worker employed more than half time but less than full time.<sup>xv</sup> This group includes families where an adult worked year-round but part time, either because the job didn't offer full-time hours or because the worker chose part-time work. It also includes residents who worked full time but not the entire year, including workers who experienced a job loss. Some 14 percent of low-income residents lived in families that had workers employed less than half-time — less than the equivalent of 25 weeks of full-time work.<sup>xvi</sup>
- **Low wages are a main reason that many working families are impoverished.** The median wage for workers in low-income families is just \$9.14 an hour. Even with full-time, year-round work, hourly earnings of \$9.14 would not be enough to lift a family of three above 150 percent of poverty. As discussed below, three-fourths of low-income working DC families would remain low-income even if the working adults in the family were employed full time all year.<sup>xvii</sup>

- **Single-parent families are especially likely to be working but have low incomes.** Single parent families with children are much more likely to be low-income than all other family types, and this is true even if the single parent works full time (See Figure 12).

The problems of working single parent families are critical as these families make up a large share of the city’s low-income population. Nearly half (44 percent) of low-income residents are in single-parent families with children.



- **A significant share of low-income residents lives in families with little or no recent work.** Some 39,000 low-income residents live in families where the adults worked less than the equivalent of five hours per week (or less than eight weeks of full-time work in 12 months). This equals 43 percent of all low-income residents in families where adults are non-elderly and do not have a disability.

### What Kinds of Occupations Do Low-Income Workers Have?

Not surprisingly, workers in low-income families tend to be in low-wage occupations. In the District, the top ten occupations among low-income workers in 2006-2007 included janitors and building cleaners, cashiers, and secretaries and administrative assistants. (See Table 2.) Eight of the top 10 occupations of low-income workers have lower median wages than the citywide median wage of \$20.43.

**Table 2: Low-Income Working Residents Tend to Be in Low-Wage Occupations**

<b>Occupation</b>	<b>Median Hourly Wage*</b>	<b>Percent of Low-Income Adults Employed in Occupation**</b>
Janitors and Building Cleaners	\$11.12	5.8%
Cashiers	\$9.88	4.9%
Secretaries and Administrative Assistants	\$20.79	3.6%
Security Guards and Gaming Surveillance Officers	\$13.84	3.2%
Waiters and Waitresses	\$8.52	3.1%
Cooks	\$12.33	2.8%
Retail Salespersons	\$10.79	2.7%
Paralegal and Legal Assistants	\$24.81	2.6%
Construction Laborers	\$14.31	2.6%
Receptionists and Information Clerks	\$13.70	2.3%

Sources: \*Bureau of Labor Statistics, 2006 and 2007 State Occupational Employment and Wage Estimates, District of Columbia. Available at: <http://www.bls.gov/bls/blswage.htm>. Median Hourly wages are the average of the median wage for the occupation in 2006 and 2007. \*\* DCFPI Analysis of the 2006-2007 American Community Survey, U.S. Census Bureau.

## SECTION 4

### BETTER JOBS CAN HELP DC RESIDENTS ESCAPE POVERTY

As noted, employment — even full-time employment — does not guarantee that an individual or a family can move above 150 percent of poverty in DC. This reflects both the low wages of many jobs and a limited availability of full-time, year-round work for which low-income workers are qualified.

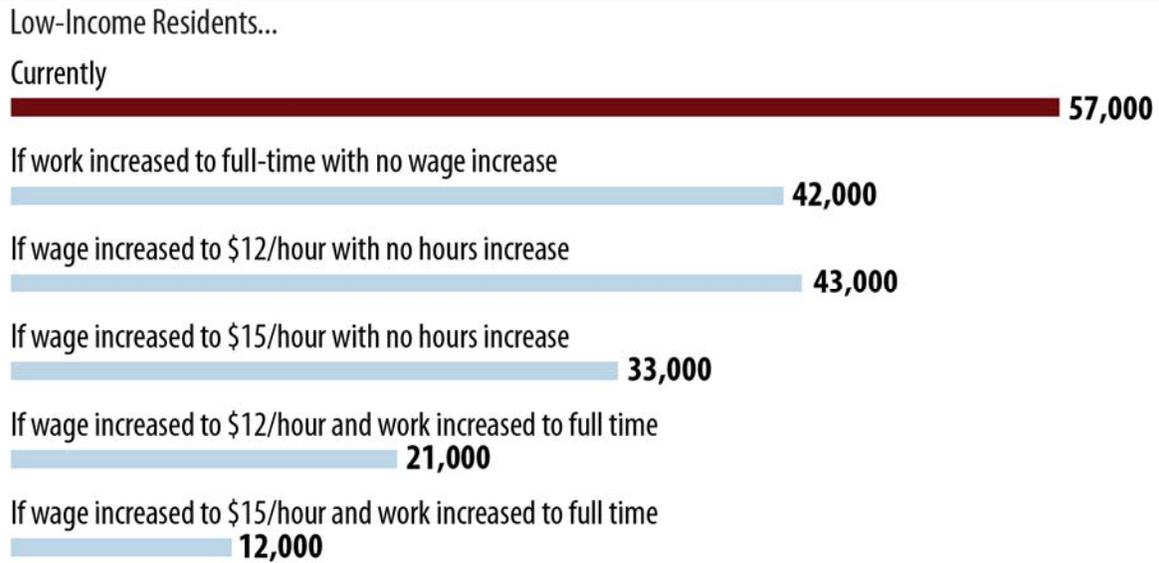
What would be the effect on the number of residents in low-income families in the District if all adults who are able to work (i.e., are not elderly or disabled) were paid a higher wage or were able to find jobs that provided full-time work — or both? <sup>xviii</sup>

We simulated the impact of raising wages for all the District’s adult low-income workers — to \$12 or \$15 per hour. <sup>xix</sup> We also simulated the impact of moving from part-time to full-time work, either at a worker’s current wages or at \$12 or \$15 per hour. Finally, we explored the impact of helping families with non-working adults move to employment at these wage levels.

There are roughly 57,000 low-income DC residents in working families, and another 30,000 low-income residents in *non*-working families with a parent that is non-elderly and with no disabilities. The simulations reveal that low-income workers need *both* better pay *and* stable full-time work if they are to bring their families above 150 percent of poverty.

- **Moving working adults to full-time work at *current* wages would lift just one-fourth of residents in low-income working families above 150 percent of poverty.** <sup>xx</sup> If all low-income working adults in the District were able to achieve full-time, year-round work, but stayed at their current wages, the number of residents in low-income working families would fall 26 percent — from 57,000 to 42,000. <sup>xxi</sup> This relatively modest decrease reflects the strong impact of low wages on economic security.
- **Increasing the wages of eligible low-income workers to \$15 an hour — without increasing their hours worked — could lift half of residents in low-income families above 150 percent of poverty.** Increasing the wages of all low-income working DC residents to a minimum of \$12 an hour would move 14,000 residents above 150 percent of poverty, about one-fourth of DC’s 57,000 low-income working residents. Increasing wages to a minimum of \$15 an hour would move 24,000 residents above 150 percent of poverty; nearly half of DC’s working poor residents.
- **Full-time work coupled with increased wages would most effectively help low-income workers and their families move toward economic security.** The simulations show that helping low-income workers find full-time work at a minimum of \$12 an hour would lift 36,000 residents — two thirds of the low-income working population — above 150 percent of poverty. Full-time work at a minimum of \$15 an hour would lift 45,000 residents — 80 percent of the low-income population — above 150 percent of poverty (see Figure 15).

**FIG. 15: The Number of Residents Living in Low-Income Working Families Can Be Greatly Reduced If Workers Can Access Full-Time Work and Higher Wages**

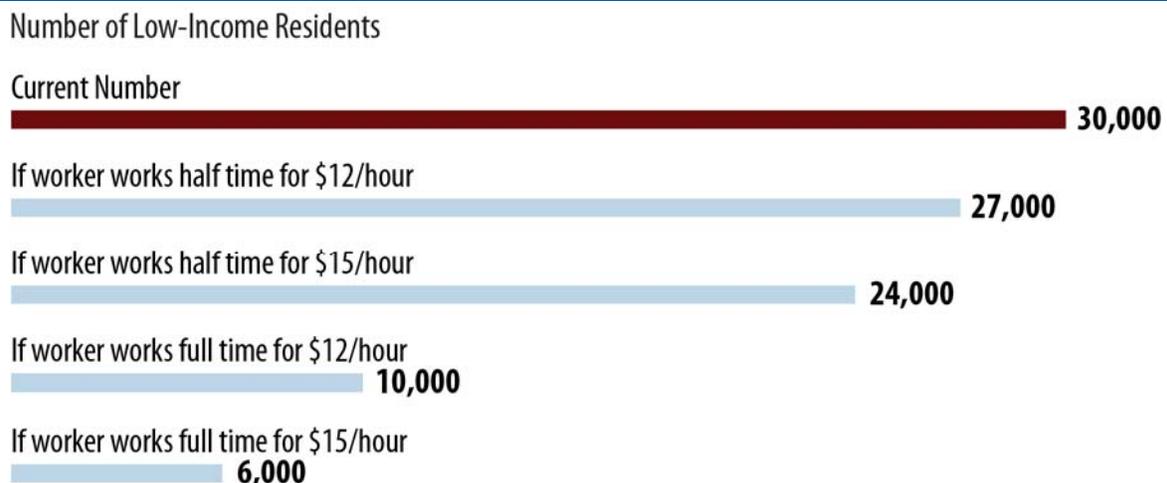


Source: DCFPI Analysis of the 2006-2007 American Community Survey.

The simulations reveal similar trends for the 30,000 low-income residents living in families with no recent work experience. Helping eligible adults in these families move to part-time work would do relatively little to lift them above 150 percent of poverty, but helping them find full-time work at moderate wages would accomplish a great deal.

A half-time job at \$15 per hour would help just one-fifth of these residents rise above 150 percent of poverty. But full-time employment at \$12 an hour would lift 19,000 of 30,000 residents in these families above 150 percent of poverty. Full-time work at \$15 an hour would move some 80 percent of low-income non-working residents — 24,000 out of 30,000 — above 150 percent of poverty. Figure 16 highlights these findings.

**FIG. 16: The Number of Residents Living in Low-Income Families Can Be Greatly Reduced If Non-Working Families Can Access Full-Time Work That Pays a Decent Wage**



Source: DCFPI Analysis of the 2006-2007 American Community Survey.

- **Single parents with children will need more intensive job assistance to move out of poverty.** The challenges for helping single-parent families with children move above 150 percent of poverty through work are especially great because these families have only one potential worker. Even if all working single parents worked full time, year round and earned \$15 an hour, approximately 10 percent would still have low incomes. By contrast, just 1 percent of families without children, and 4 percent of married-couple families with children, would be low-income with a \$15 per hour full-time job.<sup>xxii</sup> Many single parents would need to find jobs at higher wages to lift their families above 150 percent of poverty.

These findings suggest that efforts to help more DC residents find stable work at moderate wages would be an important part of reducing DC's low-income population. Setting target wages of \$12 to \$15 an hour appears to be a realistic goal. The median wage for DC residents with a high school diploma is nearly \$15 an hour. In addition, a number of occupations in the city with pay levels in this range require some training but not a college education, such as construction laborers and medical equipment repairers. The District could identify suitable occupations and provide training for them.

While helping more residents secure full-time work in better-paying jobs is an important objective, it is unlikely that the District can expand training and education programs to assist all low-income DC residents who need such help. Moreover, many low-income residents likely face significant barriers — such as low literacy or mental health issues — that limit their ability to work without intensive support.

Nevertheless, these simulations suggest that education and training can be an important factor in improving economic security for many residents.

## SECTION 5

### POLICY CONCLUSIONS

The analysis leads to a number of broad policy recommendations that should guide efforts to help DC residents move above 150 percent of poverty.

**People who have disabilities and the elderly — both those who can work and those who cannot – need additional supports.** Almost half of all DC residents with a disability are low-income. One-sixth of all low-income residents live in families where the head of household is age 65 or above. Policies to assist these residents should provide:

- **Additional cash benefits.** The average monthly federal Social Security Disability Income (SSDI) benefit was \$948 in 2009 or less than \$11,400 a year.<sup>xxiii</sup> The average benefit in December 2009 for an individual receiving Supplemental Security Income (SSI) and living independently was \$564 a month, or less than \$6,768 a year.<sup>xxiv</sup> Often, individuals do not receive both SSDI *and* SSI at these levels. Without additional assistance, a person with a disability would have a very difficult time affording the basic necessities in DC on either SSDI or SSI. Additional cash benefits could be provided in the form of an increase to DC's supplement to federal SSI benefits. Currently, additional benefits are only provided for individuals living in adult foster care homes or Medicaid facilities.
- **Non-cash benefits such as food stamps and housing assistance to help residents meet basic needs.** As mentioned above, the average SSI or SSDI annual benefit for a person with a disability would make it difficult to afford the basic necessities in DC. Providing assistance in meeting food and housing needs could help persons with disabilities or low-income elderly residents afford the basic necessities on less than \$11,400 a year.

One step the District could take to improve participation and access in food assistance programs is to implement a Combined Application Project (CAP). Often because of limited mobility, difficulty navigating the application process, and the stigma associated with applying for benefits, elderly residents and residents with disabilities may not be receiving the food assistance they are eligible for.<sup>xxv</sup> A CAP makes it easier for individuals applying for Supplemental Security Insurance to receive food stamps by simplifying the application process and waiving face-to-face interviews.

- **For those with disabilities who are able to work, additional job training and employment supports.** Additional supports that are tailored to assisting people with disabilities could help connect job seekers to employers and assist them during the initial months of employment.
- **Better coordination among DC government agencies, businesses, and people with disabilities to identify and remove barriers, increase opportunities for employment and provide supports.** A number of DC government agencies provide these types of services and supports: the Department of Disability Services' Rehabilitation Services Administration and the Developmental Disabilities Administration, the Department of Employment Services, The Department of Human Services' Temporary Assistance for Needy Families program, and the Department of Mental Health. Better coordination among those agencies, the private sector and people with disabilities can help ensure more efficient and adequate services.

**Helping low-income families find full-time work that pays a decent wage is critical to moving them above 150 percent of poverty.** More than half of all low-income DC residents live in a working family, and one-third live in a family with a full-time, year-round worker. This suggests that low wages — and in some cases a lack of full-time hours — leave many residents with low incomes. At the same time, two out of every five low-income residents live in families who worked few or no hours over the course of a year. Policies to assist these residents should include:

- **Connect residents to quality training programs that prepare them for jobs with full-time hours, decent wages, and career ladders.** Training should also include career counseling services. Residents could be connected to DC’s expanding community college, vocational training through the schools, apprenticeships, or private workforce development training programs that demonstrate results.
- **Help connect residents with barriers to employment with services.** Many DC residents have barriers to obtaining steady employment. The District should connect residents to services such as literacy training, GED completion, mental health, substance abuse, and domestic violence services to help prepare them for employment.
- **Improve enforcement efforts on DC’s First Source.** The First Source program requires that projects that receive public funds from the District make a best effort to hire DC residents for at least 51 percent of all jobs created. The program has not been properly enforced and many companies have not complied with the hiring requirements. At the same time DC needs to ensure it has pools of job-ready residents for businesses to find easily. Better enforcement and oversight of the program could help ensure that DC residents benefit from jobs created by District contracts and economic development projects.
- **Improve enforcement efforts on DC’s Living Wage law.** DC’s Living Wage law requires that projects that receive tax subsidies and companies working under a contract with DC pay their workers a living wage of \$12.10 per hour. The law has not been properly enforced and workers have not been receiving the pay they should. As the simulations in this analysis demonstrated, helping residents find full-time jobs at \$12 hour would be sufficient to move significant numbers of families above the low-income threshold.
- **Better coordination among DC government agencies, businesses, and those looking for work to identify and remove barriers, increase opportunities for employment and provide supports.** A number of DC government agencies provide workforce development training services and supports: the Department of Employment Services, the Office of the State Superintendent of Education, the University of the District of Columbia, the DC Public Schools, The Department of Human Services and the Department of Mental Health. Better coordination among those agencies, the private sector and those looking for work can help ensure more efficient and adequate services to meet demand.

**Single-parent families need additional assistance.** Almost half of all DC residents in single-parent families with children are low-income. The workers in these families, most of whom are women, tend to earn the lowest wages and thus are likely to be low-income even if they work full-time. Policies to help these families should include:

- **Increasing the amount of quality, affordable child care.** Child care can often be one the largest expenses for families. Increasing the amount of quality, affordable childcare is important to help single parents with their financial burden and makes them available for work.

Child care is especially needed for younger children and children with special needs in the District.

- **Improvements to DC’s Temporary Assistance to Needy Families (TANF) program.** One out of three children in DC is served by TANF, nearly all of them in single-parent families. The system for assessing the needs of TANF recipients often fails to identify barriers to work and to refer parents to appropriate services. In addition, TANF offers most families only basic employment readiness services – as opposed to more intensive education and job-skills training – intended to move parents into the job market as soon as possible. Improving assessments and referrals for services, improving the quality of the job training services and increasing the benefit levels would help many low-income single parent families prepare for, and get connected to, quality employment opportunities.<sup>xxvi</sup>

**Work supports are critical to helping low-income working DC residents afford a decent**

**quality of life:** Many DC jobs just don’t pay above-poverty wages. Even if a significant number of residents can obtain the skills and education to rise to better jobs, it is unlikely that enough assistance will reach all residents, and many jobs will still exist in DC that do not pay adequate wages. Policies to assist families that remain low-income despite work should include:

- **Reductions to the high tax liabilities on the working poor.** Families that make between \$20,000 and \$60,000 pay 10 percent of their earnings in income, property, and sales taxes – higher than DC’s wealthier families.<sup>xxvii</sup> Reducing the high tax burden on the working poor could be accomplished by increasing the District’s Earned Income Tax Credit (EITC), removing the barrier that prevents low-income residents from claiming both the EITC and DC’s low-income credit on their tax return, improving DC’s low-income property tax credit (also known as Schedule H) and increasing DC’s personal exemption and standard deduction.
- **Provide more affordable housing opportunities.** More than 60 percent of low-income DC households pay more than half of their income on housing, which leaves them with little for other basic necessities. From 2000 to 2007, DC lost over one-third of its low-cost rental units and two-thirds of its low-cost homeownership units. Providing affordable housing at a range of income levels can help those with low- and moderate-incomes live in DC. Additional funding for DC’s Housing Production Trust Fund and DC’s Local Rent Supplement Program are two ways the District could provide more affordable housing opportunities.
- **Provide transportation assistance.** The recent rise in Metro fares is a reminder of the pressure transportation expenses can put on a low-income family. Transportation costs in the DC area are estimated to be \$210 a month for a single parent with children.<sup>xxviii</sup> Most low-income families get little or no transportation aid.

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<sup>i</sup> This analysis defines “low-income” as having income at or below 150 percent of the federal poverty line. For more information, see the box on page 5.

<sup>ii</sup> The Nationals’ Ballpark seats 41,888 and RFK can seat 56,692.

<sup>iii</sup> Jenny Reed, “Poverty on the Rise in the District: The Impact of Unemployment in 2009 and 2010,” DC Fiscal Policy Institute, March 24, 2010, available at: [www.dcfpi.org](http://www.dcfpi.org).

<sup>iv</sup> DC Fiscal Policy Institute, “Disparities in the District of Columbia: Poverty is a Major Cause,” November, 2006, <http://dcfpi.org/?p=44>.

<sup>v</sup> Adults include the head of household, spouses or unmarried partners who are ages 18-64 and not disabled.

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<sup>vi</sup> Katie Kerstetter and Joni Podschun, “Voices for Change: Perspectives on Strengthening Welfare-to-Work From DC TANF Recipients,” DC Fiscal Policy Institute and SOME, Inc. (So Others Might Eat). Available at: <http://www.dcfpi.org/voices-for-change-perspectives-on-strengthening-welfare-to-work-from-dc-tanf-recipients>

<sup>vii</sup> “Poverty Facts,” National Poverty Center, University of Michigan Gerald R. Ford School of Public Policy, available at: <http://npc.umich.edu/poverty/>

<sup>viii</sup> The Census defines a disability as, “a long-lasting sensory, physical, mental, or emotional condition or conditions that make it difficult for a person to do functional or participatory activities such as seeing, hearing, walking, climbing stairs, learning, remembering, concentrating, dressing, bathing, going outside the home, or working at a job.” See American Community Survey & Puerto Rican Community Survey 2007 Subject Definitions: <http://www.census.gov/acs/www/Downloads/2007/usedata/2007%20ACS%20Subject%20Definitions.pdf>

<sup>ix</sup> Dan Atkins & Guisti Christi, “The Confluence of Poverty and Disability” Section 1: Poverty and the Most Vulnerable, The Realities of Poverty in Delaware, 2003-2005. Available at: <http://www.housingforall.org/rop0304%20poverty%20and%20disability.pdf>

<sup>x</sup> *Ibid*

<sup>xi</sup> An elderly or disabled family is defined as elderly and/or disabled if the head of household (or spouse or unmarried partner) is elderly or has a disability.

<sup>xii</sup> Adult includes the head of household, spouse or unmarried partner.

<sup>xiii</sup> This includes households with a worker that worked more than 260 hours a year.

<sup>xiv</sup> Full-time work covers 1,750 hours or more in one year.

<sup>xv</sup> This includes people who worked between 875 and 1,749 hours a year.

<sup>xvi</sup> This includes people who worked between 260 and 874 hours a year.

<sup>xvii</sup> Adult workers include the head of household, spouse or unmarried partner who is ages 18-64, and does not have a disability.

<sup>xviii</sup> Adult workers include the head of household, spouse, or unmarried partner who is ages 18-64, and does not have a disability.

<sup>xix</sup> Adult workers who were the head of household, spouse or unmarried partner who is ages 18-64, and does not have a disability.

<sup>xx</sup> Adult workers include the head of household, spouse or unmarried partner who is ages 18-64, and does not have a disability.

<sup>xxi</sup> The total number of people in working families includes families with a head of household, spouse or unmarried partner who worked at any point over the course of a year.

<sup>xxii</sup> The difference in the drops in poverty rates for those without children and those with children can partly be attributed to their poverty thresholds. Singles without children have the lowest poverty thresholds. For example, a single householder under 65 had a low-income threshold of \$16,181 in 2007; the \$24,960 that this individual would have earned at a job that paid \$12 hour for full-time work would have put him or her above the low-income threshold. A single parent with two children, on the other hand would have had a low-income threshold of \$25,058 in 2007, so a \$12 an-hour, full-time job would fall just short of the low-income threshold for this family.

<sup>xxiii</sup> [http://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/2009/index.html](http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2009/index.html)

<sup>xxiv</sup> [http://www.ssa.gov/policy/docs/factsheets/cong\\_stats/2009/dc.html](http://www.ssa.gov/policy/docs/factsheets/cong_stats/2009/dc.html)

<sup>xxv</sup> Food Research and Action Center, “SNAP/Food Stamps Outreach and Access Toolkit,” May 2010, [http://www.frac.org/pdf/snap\\_outreach\\_access\\_toolkit\\_2010.pdf](http://www.frac.org/pdf/snap_outreach_access_toolkit_2010.pdf)

<sup>xxvi</sup> For more on ways to improve DC’s TANF program, see: Katie Kerstetter and Joni Podschun, “Voices for Change: Perspectives on Strengthening Welfare-to-Work from DC TANF Recipients,” DC Fiscal Policy Institute and SOME, Inc. (So Others Might Eat). Available at: <http://www.dcfpi.org/voices-for-change-perspectives-on-strengthening-welfare-to-work-from-dc-tanf-recipients>

<sup>xxvii</sup> Ed Lazere, “The Middle Class Squeeze: DC’s Tax System Falls Most Heavily on Moderate-Income Families,” DC Fiscal Policy Institute, December 2009, available at: <http://dcfpi.org/wp-content/uploads/2009/12/12-1-09itep.pdf>

<sup>xxviii</sup> Wider Opportunities for Women, “Basic Economic Security Tables for the Washington, DC Metro Area, available at: [http://www.wowonline.org/ourprograms/dc/dc\\_fess/documents/DCBESTReport.pdf](http://www.wowonline.org/ourprograms/dc/dc_fess/documents/DCBESTReport.pdf)