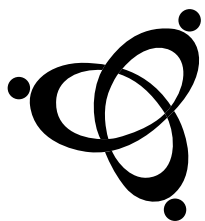


Families OUT of **BALANCE**

How a living wage helps working families move from debt to stability





ALLIANCE FOR A JUST SOCIETY

TAKING ACTION, MAKING CHANGE

The Alliance for a Just Society's mission is to execute regional and national campaigns and build strong state affiliate organizations and partnerships that address economic, racial, and social inequities.

► www.allianceforajustsociety.org



The Alliance's Job Gap Economic Prosperity series examines the ability of working families to move beyond living paycheck-to-paycheck in today's economy, seeking to understand both the barriers keeping families from achieving economic prosperity and what actions policymakers can take to help families and communities thrive.

► www.thejobgap.org

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NAZMIE BATISTA • LEDYARD, CT

‘I’m still paying my loan debt. We’re going to have to start making bigger payments in 2016 and I’m not sure how that’s going to happen.’ [PAGE 16](#)



SHAWN LEVESQUE • LEWISTON, ME

‘Facing my remaining \$17,000 of student debt without a job, at the age of 36, I moved back in with my mother just to have a place to live.’ [PAGE 22](#)



MANDI SHERADEN • POUGHKEEPSIE, NY

‘I don’t have health care and am still paying off medical bills. I just paid off an \$800 hospital bill and I am currently paying \$300 for a doctor’s note that I needed to return to work.’ [PAGE 26](#)

Making ends meet can be difficult for any low-wage worker, but for households saddled with debt, supporting a family on low wages can be next to impossible.

Across the country, families are finding that the amount they need to earn to make ends meet — or a living wage — far exceeds minimum-wage incomes. And, when you factor in the debt loads many households face, it is clear that our nation’s families are falling short of meeting their basic needs.

A family balance sheet is comprised of income, assets and liabilities. Non-wealthy families are witnessing a steep decline in real earnings, while

living wages remain out of reach for many.

Meanwhile, systemic inequities allow the affluent to accumulate more wealth, as the rest of America finds itself with fewer assets and more debt, reducing their ability to climb the economic ladder.

As net worth for the non-wealthy declines, families across the nation face increasingly stressful kitchen table conversations, as they must choose what to cut to survive. Ultimately, when off-balance families are unable to gain a firm fiscal foothold, they cannot build a strong financial foundation that allows them to weather financial storms and pursue a life of prosperity.

The Alliance for a Just Society's living wage study examines what it takes to get by in 10 states (Colorado, Connecticut, Idaho, Florida, Maine, Montana, New York, Oregon, Virginia and Washington State) and in New York City. The study calculates living wage levels in each geographic area for different household structures while putting those numbers in the context of family debt.

On a national level, the study examined the Federal Reserve's 2010 Survey of Consumer Finances, specifically examining two groups: those whose incomes amount to \$15 per hour of full-time income or lower, and those with higher incomes.

The study finds that low-income households bear a disproportionate debt burden relative to income; higher-income families have 2-3 times more income per dollar of debt, depending on the type of debt examined, making them better able to pay off their balances. Despite this, the vast majority of low-income earners continue to prioritize their debt payments.

The 2014 study's key national findings include:

- ▶ When measuring ability to pay, low-income households comparatively lack the resources to handle their debt loads, relative to income. This group bears a disproportionate debt burden.
- ▶ Low-income households have little to fall back on in case of emergencies, and live on the brink of financial insolvency.
- ▶ Nine of 10 low-income households make debt payments a priority, not reporting payments more than 60 days past due.

On the state level, the study also finds that current minimum wage rates fall well short of living wages, with minimum wages providing less than half of the living wage for a single adult in seven of the 10 states studied, and less than one-third of the living wage for a single adult with two children in all 10 states.

The report examines what workers need to earn in a full-time job for their families to make ends

meet.¹ The study assumes workers receive no public assistance and covers five distinct household types, from a single individual to a married couple with two children.

The 2014 study's findings for the 10 states analyzed and New York City include:

- ▶ **In Households Comprised of a Single Individual:** Living wages range from \$14.40 in Montana to \$22.49 in New York City.
- ▶ **In Households Comprised of a Single Adult with a School-Age Child (Age 6-8):** Living wages range from \$19.72 in Idaho to \$31.23 in New York City.
- ▶ **In Households Comprised of a Single Adult with a Toddler (12-24 Months) and a School-Age Child:** Living wages range from \$25.12 in Idaho to \$40.66 in New York City.
- ▶ **In Households Comprised of Two Adults (One Working, One Caring for Children) with a Toddler and a School-Age Child:** Living wages range from \$28.14 in Idaho to \$37.49 in New York City.
- ▶ **In Households Comprised of Two Adults (Both Working) with a Toddler and a School-Age Child, Combined Wages:** Living wages per earner range from \$17.69 in Idaho to \$25.14 in New York City.

Getting by on less than a living wage is challenging enough, but, as this study shows, it can be even more difficult when debt is added to the equation. As large as our living wage numbers are, the methodology employed to calculate them does not factor in as a variable debt payments; we examine basic needs only. Debt has become a wide-spread, pervasive and structural phenomenon in the United States, and low-income workers are not exempt.

It is up to Congress and state legislatures to address the pervasiveness of debt and the lack of state investments to help working families by raising the wage floor, strengthening safety net programs, and making investments that help working families thrive.

Families OUT of BALANCE



How sky-high debt and low wages force working families to confront increasingly unrealistic ledger sheets.

INTRODUCTION

Getting by in today's economy is tough, as most of the jobs gained since the Great Recession have been in lower-wage sectors.² Hourly wages have been stagnant for most Americans for years,³ while the cost of living has continued to rise.

Adding debt to the equation only makes matters worse. When working families are earning inadequate wages and have debts like student loans or medical expenses to pay off, something has to give.

Families Out of Balance, the first report in the 2014 Job Gap Economic Prosperity series, examines just what it takes to move beyond living paycheck-to-paycheck in 10 states and in New York City, and just how much harder it can be for low-income families burdened with debt. The study provides an analysis of:

- ▶ How debt across the nation places a disproportionate burden on low-income households.
- ▶ State-specific living wages — or the amount a full-time worker needs to earn to make basic ends meet — for Colorado, Connecticut, Idaho, Florida, Maine, Montana, New York (without New York City), Oregon, Virginia and Washington state, and in New York City.
- ▶ A comparison of state minimum wages to living wages, highlighting the tough choices families face to make ends meet.

A review of how different types of debt impact working families provides a reminder of how low-income households acquire debt and how pervasive it is in our society. The stories of working people and those looking for work, meanwhile, illustrate the struggle they face to pay off their debts and the difficult tradeoffs they must make when full-time work does not pay a living wage. Many are forced to make impossible choices — between paying for prescriptions, balanced nutrition and monthly bills, while somehow making debt payments on time.

When working families aren't making enough to cover the basics of everyday living, businesses ultimately lose out on potential customers. Policymakers must understand this reality if they hope to promote strong families, economy-boosting jobs, and a stable and growing economy.

NATIONAL FINDINGS

This study examines the Federal Reserve's 2010 Survey of Consumer Finances, separated into two groups: "low income," defined as those whose incomes amount to \$15 per hour of full-time income or lower, and "higher incomes," or those with incomes greater than \$15 an hour. This threshold was chosen to represent a highly conservative living wage, as the calculated living wages in eight of 10 states in our study exceed \$15 per hour for a single adult. (The living wages in the two remaining states fall between \$14 and \$15 per hour. Living wages overall are much higher when factoring in children.) Key findings include:

When measuring ability to pay, the low-income group comparatively lacks the resources to handle their debt loads, relative to income. This group bears a disproportionate debt burden.

- ▶ **Total Debt:** For every dollar in non-mortgage total debt, the low-income group has, on average, \$15.64 in income. The higher-income group, meanwhile, has \$32.42, more than twice the low-income group.
- ▶ **Student Loans:** For every dollar in student loan debt, members of the low-income group with student loans have, on average, \$4.18 in income. The higher-income group, meanwhile, has \$13.24, more than three times as much.
- ▶ **Credit Card Balances:** For every dollar in credit card debt, members of the low-income group with credit card debt have, on average, \$46.65 in income. The higher-income group, meanwhile, has \$127.32, nearly three times as much.

Low-income households have little to fall back on in case of emergencies, and live on the brink of financial insolvency.

- ▶ **Wealth:** The low-income group has significantly less to work with. Median accumulated wealth for the higher-income group is nearly 14 times greater than the low-income group.
- ▶ **Stock Equity:** On average, the value of total stock holdings for the higher-income group is nearly 12 times more than the low-income group.

- ▶ **Savings:** The higher-income group is more equipped to weather financial crises and build for the future. On average, the higher-income group has nearly six times more in savings than the low-income group. Meanwhile, the low-income group is nearly 37 percent less likely to have saved over the past 12 months, and is nearly 71 percent more likely to be unable to save.
- ▶ **Net Worth:** Controlling for mortgage debt (as homeownership rates are significantly higher for higher-income households than for low-income households), we see that net worth not including mortgage debt and home equity is nearly 22 times greater for the higher-income group than that of the low-income group.

Nine out of 10 low-income households make debt payments a priority.

- ▶ Low-income households are only slightly less able to keep up with debt payments. Nearly 11 percent of the group reported a debt payment that was more than 60 days past due within the past year, compared to nearly 7 percent of the higher-income group. Nearly nine of 10 low-income households do not report 60-day past-due payments and find some way to make their payments. This demonstrates that, rather than letting debt pile up, these households prioritize paying off their debt, often forgoing other expenses and investments to keep up with their debt loads.

HIGH DEBT AND LOW WAGES: AN IMPOSSIBLE BALANCE SHEET

Debt — nearly everyone has it. In the United States, holding some form of debt is almost a given. Be it student loans, credit cards, medical bills underwater mortgages or payday loans, nearly 70 percent of U.S. households hold some sort of debt. In fact, many families end up using one form of debt to pay off another, such as using a credit card or payday loan to pay off medical bills. For workers earning low wages, paying off debt can be a never-ending struggle, as wages don't pay enough to live without debt, let alone to pay off debt already accrued.

METHODOLOGY

Note: For a complete discussion of the methodology of this study, see “Technical Notes.”

NATIONAL DEBT ANALYSIS

On a national level, the study examined the Federal Reserve’s 2010 Survey of Consumer Finances, specifically examining two groups: those whose incomes amount to \$15 per hour of full-time income or lower, and those with higher incomes.

We considered other thresholds, including the 2010 federal poverty standard for a family of four, which amounts to \$10.73 an hour, or \$22,315 a year of full-time work. We also considered the current federal minimum wage of \$7.25 an hour, or \$15,080 annually. However, these measures fall far below living wage standards, and are inadequate measures of living needs.

Ultimately, we believe even the \$15 threshold to be a conservative measure of a living wage. Our state-level findings show \$15 to be an inadequate living wage measure in eight of 10 states for a single individual — and that is assuming the household has no children. Further, our living wage calculations do not take debt payments into account.

Data from the 2010 triennial survey is the most recent available.

LIVING WAGE ANALYSIS FOR STATES AND NEW YORK CITY

In state- and city-level analyses, we determine the living wage for certain household types and compare them to state minimum wages. We also include information on family debt statistics for context.

To calculate a living wage for each state, the Job Gap Study estimates the costs of basic needs such as housing, food, utilities, transportation, health care and child care, for certain household sizes. Data for this calculation comes from state and federal public data sources, such as the U.S. Department of Labor’s Bureau of Labor Statistics (BLS), the Department of Housing and Urban Transportation, the U.S. Department of Agriculture (USDA), the U.S. Census Bureau, the Consumer Expenditure Survey, and others.

The findings of this report are based on data from 2013, the most recent year for which data is available.

Debt that low-income workers acquire is much greater as a proportion of their income than for higher-income workers, who have a cushion of both income and other wealth to fall back on. But across the country, families are finding that living wages far exceed minimum-wage incomes. And, when you factor in debt, it is clear that our nation’s families are falling short of meeting their basic needs.

A family balance sheet is comprised of income, assets and liabilities. Low-income families are witnessing a steep decline in real earnings, while living wages remain out of reach for many. Ultimately, when off-balance families are unable to gain a firm fiscal foothold, they cannot build a strong financial foundation that allows them to weather financial storms and build for the future.

STUDENT LOANS

For decades, many students have had to borrow to finance their education; the theory stood, though, that those loans could be paid off once students graduated. A college degree would assure a secure job with a paycheck substantial enough to pay off loans and provide for a good life. However, as states disinvest in higher education and the gap between available living-wage jobs and job-seekers has remained high, student loan debt has increased, while the ability to pay off that debt has become a growing challenge. We find that higher-income workers have, on average, more than three times the income per dollar in student loan debt than do low-income workers, hampering low-income workers’ ability to pay off their student loans.

In the summer of 2013, the Consumer Financial

Protection Bureau announced that total federal student loan debt had passed \$1.2 trillion — second only to home mortgage debt. Since the peak of the recession, state funding for higher education has declined nationwide, leaving students to pay more of the total bill for their education. With that decline and colleges facing rising costs, student debt at graduation in 2012 averaged \$29,400 per graduate.⁴ And, as student loans cannot be discharged through bankruptcy, those in severe financial straits who take this extreme step will still be left with suffocating student debt.

With the exception of North Dakota and Wyoming, every state in the country spends less on higher education today than in 2008, and 13 states have cut funding by one-third or more per student.⁵ Rather than investing in solutions that can benefit the economy in years to come, states' disinvestment in the public good of higher education has led to increased debt, discouraging graduates from innovative entrepreneurship and reducing their ability to purchase goods to invest in the economy.

In the face of decreased state funding and increased pressure to build new facilities to attract students,⁶ colleges and universities across the country have increased tuition by an average of 27 percent since the 2007-2008 school year,⁷ far outpacing inflation.⁸ Seven states and the District of Columbia have seen four-year public colleges and universities increase tuition by more than 50 percent, including increases of over 70 percent in California, the District of Columbia, and Arizona.⁹

Once students graduate, paying off their student loans is often easier said than done. While workers saddled with other forms of debt — including mortgage and credit card debt — can restructure their loans or discharge them through bankruptcy, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ensured that “no student loans — federal or private — could be discharged in bankruptcy unless the borrower can prove repaying the loan would cause ‘undue hardship.’”¹⁰ With interest rates as high as 6.8 percent for recent graduates (and higher for graduates with older loans)¹¹ and a continuing gap between the number of job seekers and available living wage jobs,¹² nearly half of new graduates accept jobs that do not require a college degree and are often low-wage to begin to chip away at their debt.¹³

Even more must restrict their other spending¹⁴ in order to make monthly loan payments. For

FIGURE 1: AVERAGE DEBT AT GRADUATION

Year	2008	2012	% Change
Colorado	\$18,321	\$24,540	34%
Connecticut	\$26,138	\$27,816	6%
Florida	\$18,621	\$22,873	23%
Idaho	\$21,706	\$26,751	23%
Maine	\$24,916	\$29,352	18%
Montana	\$19,563	\$27,475	40%
New York	\$25,950	\$25,537	-2%
Oregon	\$21,029	\$26,639	27%
Virginia	\$19,747	\$25,017	27%
Washington	\$18,987	\$23,293	23%
Nationwide	\$23,200	\$29,400	27%

Source: The Project on Student Debt

example, graduates whose monthly debt payment exceeds 10 percent of their monthly income have a homeownership rate 22 percentage points lower than those without debt or with lower payments.¹⁵ (See Figure 1.)

Since 2008, all 10 states covered in this study have decreased funding for higher education; likewise, tuition at public four-year universities in all 10 states has increased over the same period.¹⁶ As a result, the average student debt load for graduates has increased since 2008 in all of these states except New York, with more than half of all graduates exiting school with student loan debt.^{17 18}

CREDIT CARDS

Households across the United States of all income types use credit cards to pay for at least some of their purchases. Consumers are encouraged to use credit cards to build credit to help with major purchases, such as a car or a home.¹⁹ Additionally, many people use credit cards to spread out the cost of other expenses and to pay for emergencies, such as car repairs or hospital visits.²⁰ In 2011, bank credit cards were used for nearly 22 billion transactions at an estimated \$2.1 trillion,²¹ and it is estimated that over 70 percent of Americans have at least one credit card.²²

While credit cards can provide the means to pay for emergencies and are often considered a necessary evil to build the credit necessary to purchase a home or car, many consumers do not pay off the full value of their debt each month, leading to interest fees

and increased indebtedness. In fact, 56 percent of consumers carried an unpaid balance on a credit card between July 2013 and July 2014.²³ A February 2014 survey by Bankrate.com concluded that nearly half of Americans do not have enough cash in emergency savings to pay off their credit card debt;²⁴ on average, about 14 percent of consumers' disposable income goes to paying off credit card debt,²⁵ though this can vary greatly depending on the amount of debt accumulated. As already noted, most low-income households find some way to make payments on their debt; however, higher-income workers have nearly three times the income per dollar of credit card debt than do low-income workers, stretching low-income families thin. (See Figure 2.)

Nationwide, consumers had average credit card debt of \$4,965 per borrower in 2013,²⁶ with 15 percent holding a balance greater than \$10,000 and 40 percent holding a balance of less than \$1,000.²⁷ Of the 10 states in this study, Colorado has the highest debt per borrower of \$5,625, and Idaho the lowest at \$4,549.

MEDICAL BILLS

In 2012, President Obama signed the Affordable Care Act (ACA) into law. In theory, the ACA would ensure that all Americans were covered by medical insurance; however, in practice, not everyone in every state is covered, and even those who are covered can find themselves facing medical bills that are too costly to pay immediately. Life-threatening illnesses, car accidents, or other catastrophes can lead to high bills that even those with good insurance will have a hard time paying; for lower-income workers already stretched thin with high deductibles, even a trip to the doctor for a minor illness can break the bank.

Because not all states are required to accept funds for expanding Medicaid, lower-income workers in the 24 states choosing not to expand Medicaid can end up without insurance. As federal subsidies are based on expanding eligibility for the program, states that do not expand Medicaid will leave thousands of lower-income workers whose incomes fall between Medicaid and subsidy eligibility uninsured and more likely to accumulate medical debt.^{28 29} In total, states refusing to expand Medicaid will leave 7.6 million Americans uninsured, including more than 1.7 million uninsured in the 10 states included in this study.³⁰ (See Figure 3.)

Even with insurance, though, medical bills can be difficult to pay off immediately, especially if the

FIGURE 2: AVERAGE CREDIT CARD DEBT BY STATE, 2013

Colorado	\$5,625
Connecticut	\$5,617
Florida	\$4,861
Idaho	\$4,549
Maine	\$4,797
Montana	\$4,565
New York	\$4,952
Oregon	\$4,773
Virginia	\$5,329
Washington	\$5,269
Nationwide	\$4,965

Source: TransUnion, as reported by the Washington Post

FIGURE 3: POTENTIAL UNINSURED BY LACK OF MEDICAID EXPANSION, 2014

State	# Who Will Remain Uninsured
Colorado	—
Connecticut	—
Florida	1,212,000
Idaho	86,000
Maine	38,000
Montana	63,000
New York	—
Oregon	—
Virginia	314,000
Washington	—
Nationwide	7,598,000

Note: Local estimates may vary. Source: Henry J. Kaiser Family Foundation

expense is sudden. In 2012, nearly one in three non-elderly adults reported difficulty paying off recent or long-term medical debt;³¹ of those, 70 percent had some form of health insurance.³² When health plans have high premiums, high deductibles, or when treatments span multiple plan years, expenses can add up, especially for people with lower incomes.

PAYDAY LOANS

While payday loans have been around in some form for decades, it was not until the 1990s that payday loan storefronts took off en masse across the country. While payday loans originate from storefronts, many major banks actually provide financing for those

storefronts. In fact, a 2012 report found that Bank of America, JP Morgan Chase, and Wells Fargo financed more than 40 percent of the payday loan industry.³³ The industry itself is also dominated by a small group of corporations, including six that are publicly traded: Advance America, Cash America, Dollar Financial, EZ Corp, First Cash Financial, and QC Holdings.

Payday loans are pitched as one-time, short term loans meant to help borrowers who find themselves in a tight situation with an immediate need for cash.³⁴ However, with interest rates that are typically well above those of standard bank loans, many borrowers find themselves caught in a cycle of payday loan debt. This is especially true in communities of color, as “the racial and ethnic composition of a neighborhood is the primary predictor of payday lending locations.”³⁵

Most payday loans are relatively small, but the costs can add up. A 2013 report found that the mean, or average loan amount is \$392, with an APR of over 300 percent.³⁶ The same report found that the median consumer conducted 10 transactions over a 12-month period, with fees totaling \$458, not including the loan principal, and that most borrowers were indebted for more than half the year. For low-income workers who are more likely to take out a payday loan than are higher-income workers, payday loans that are marketed as a one-time fix can “prove to be a debt trap for these families and financially set them back even further.”³⁷

Of the 10 states included in this report, many have implemented laws regulating the payday lending industry. Payday lending is illegal in Connecticut and New York through small loan rate caps and usury limits.³⁸ Montana,³⁹ Oregon⁴⁰ and Virginia⁴¹ have changed their payday lending laws to force lenders to cap interest rates at 36 percent. Other states, such as Washington, Maine, and Florida, have allowed payday lenders to continue to charge their own fee rates, but have capped the amounts that can be borrowed and the number of loans that may be taken by borrowers.⁴² Idaho remains the lone state in our study that lacks meaningful laws regulating the payday lending industry, and the state faces average annual payday lending interest rates of 582 percent.⁴³ An industry backed law that took effect in July 2014 limits loan amounts to 25 percent of the borrower’s monthly income, but research has found that the average borrower can only afford to pay back a loan of up to 5 percent of their monthly income.⁴⁴

In recent years, the payday lending industry has revived itself by reappearing online as opposed to

FIGURE 4: MORTGAGES & MORTGAGE DEBT OUTSTANDING Q2 2012

State	Percent of Mortgages Underwater	Ave. Debt Outstanding Per Mortgage
Colorado	18%	\$190,201
Connecticut	14%	\$204,206
Florida	42%	\$160,682
Idaho	22%	\$140,212
Maine	N/A	N/A
Montana	7%	\$148,741
New York	8%	\$212,318
Oregon	19%	\$173,460
Virginia	20%	\$229,565
Washington	19%	\$203,175
Nationwide	22%	\$178,466

Source: CoreLogic

storefronts, allowing payday lenders to skirt many state laws, which only regulate physical storefronts.⁴⁵ States that sought to regulate the industry now find themselves unable to control the lending practices of institutions that carry out their business in the digital and online realm, leaving many low-income workers in those states again at the will of payday lenders.⁴⁶

HOUSING DEBT

While the rate of homeownership by lower-income households is far below that of those with higher incomes,⁴⁷ housing debt can still affect low-income households.

Housing debt makes up the vast majority of household debt, at \$8.69 trillion in the first quarter of 2014.⁴⁸ Despite the recent housing crisis, owning a home remains a major part of the American Dream; for most, that dream includes taking out a mortgage that will leave the homeowner in debt for years to come, with an average mortgage debt of \$156,474.⁴⁹

Millions of families nationwide have mortgages on their homes, including more than 9 million with mortgages that are underwater, or worth more than the current value of the home.⁵⁰ Many of these homeowners are in foreclosure, facing mortgage payments that are no longer sustainable.

Foreclosures of homes of low-income families can cause tenuous financial stability to come undone, leaving families at risk of losing their homes and jeopardizing their ability to take care of their basic

FIGURE 5: 2014 LIVING WAGES	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Colorado	\$16.18	\$23.83	\$32.49	\$30.84	\$21.32*
Connecticut	\$19.08	\$28.81	\$40.48	\$35.18	\$24.92*
Florida	\$16.98	\$23.92	\$30.43	\$32.35	\$20.18*
Idaho	\$14.57	\$19.72	\$25.12	\$28.14	\$17.69*
Maine	\$15.82	\$22.57	\$28.86	\$30.48	\$19.49*
Montana	\$14.40	\$19.85	\$25.82	\$28.44	\$18.17*
New York State**	\$18.47	\$27.13	\$36.52	\$33.01	\$23.14*
New York City***	\$22.49	\$31.23	\$40.66	\$37.49	\$25.14*
Oregon	\$15.96	\$23.74	\$30.75	\$31.14	\$20.72*
Virginia	\$18.57	\$26.47	\$35.07	\$33.95	\$22.52*
Washington state	\$15.99	\$22.09	\$30.01	\$30.47	\$20.02*

* Per adult ** Living wage in all New York State counties except New York City *** Living wage in five boroughs of New York City

needs. When underwater homes are rental properties, a foreclosure can jeopardize not only the homeowner — who may or may not be struggling to provide for their other basic needs and costs of living — but can also leave tenants without a home at no fault of their own. (See Figure 4.)

Of the states in this study, most had about 20 percent of mortgages underwater in the third quarter of 2012, and all but two states had average mortgage debt greater than \$160,000.⁵¹

When families already struggling to make ends meet have debt to consider, as well, often tough choices have to be made of which expenses to cut. For many families, this means cutting meals, not getting new clothes, foregoing savings, and hoping that no emergencies happen that put them even more out of balance, as most low-income families make debt payments a priority over other items in their budgets.

A living wage can help families find balance and find some financial stability. Even with a living wage, though, debt burdens can cause many families to barely get by.

WHAT IS A LIVING WAGE?

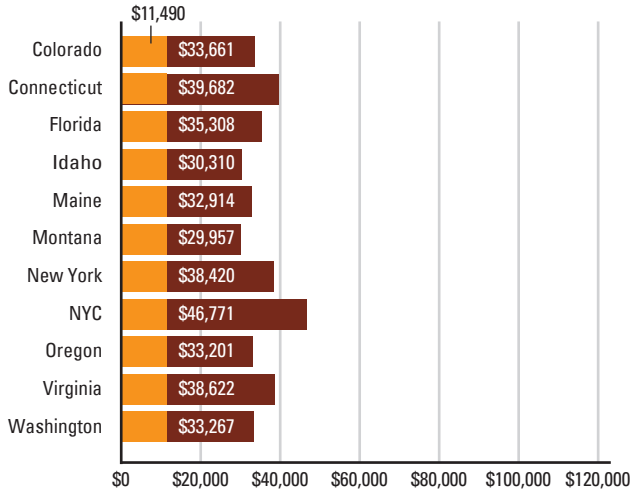
A living wage is one that allows families to meet their basic needs, without public assistance, and that provides them some ability to deal with emergencies and plan ahead. It is not a poverty wage. Notably, though, it does not account for paying off debt.

Living wages are calculated on the basis of family budgets for several household types. Family budgets include basic necessities, such as food, housing, utilities, transportation, health care, child care, clothing and other personal items, savings, and state and federal taxes. Living wages for a single adult range from \$14.40 per hour (\$29,957 annually) in Montana to \$19.08 (\$39,682 annually) in Connecticut, and \$22.49 per hour (\$46,771 annually) in New York City. This assumes full-time work on a year-round basis. For a single adult with two children, living wages range from \$25.12 per hour (\$52,239 annually) in Idaho to \$40.48 per hour (\$84,208 annually) in Connecticut, and \$40.66 per hour (\$84,563 annually)

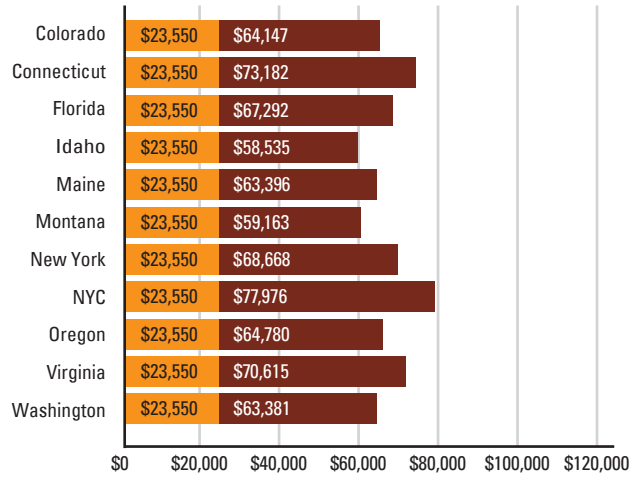
When families already struggling to make ends meet have debt to consider, as well, often tough choices have to be made of which expenses to cut. For many families, this means cutting meals, not getting new clothes, foregoing savings, and hoping that no emergencies happen that put them even more out of balance.

LIVING WAGE VS. POVERTY GUIDELINES

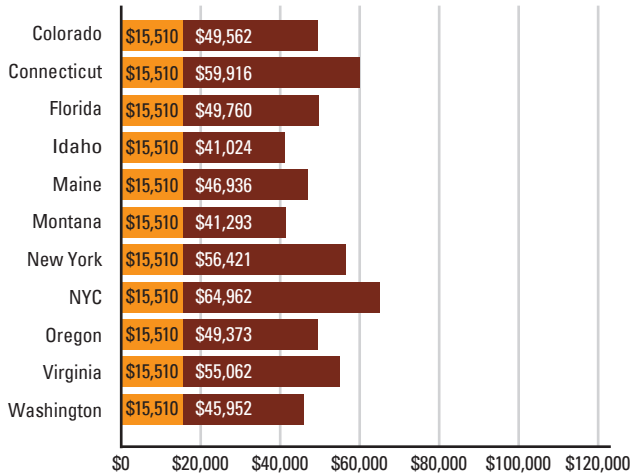
SINGLE ADULT



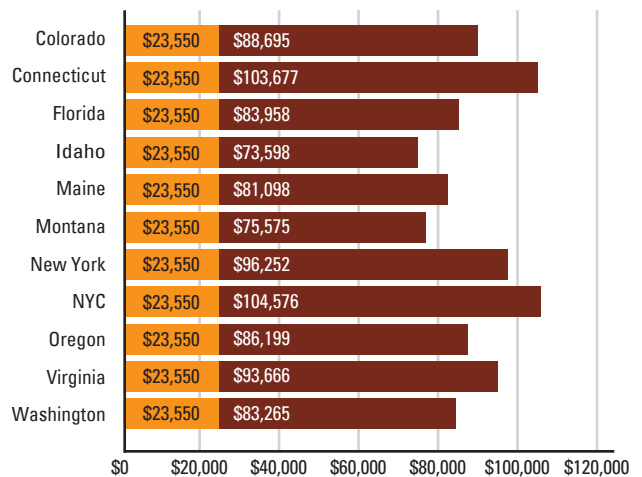
2 ADULTS (1 WORKING), 2 CHILDREN



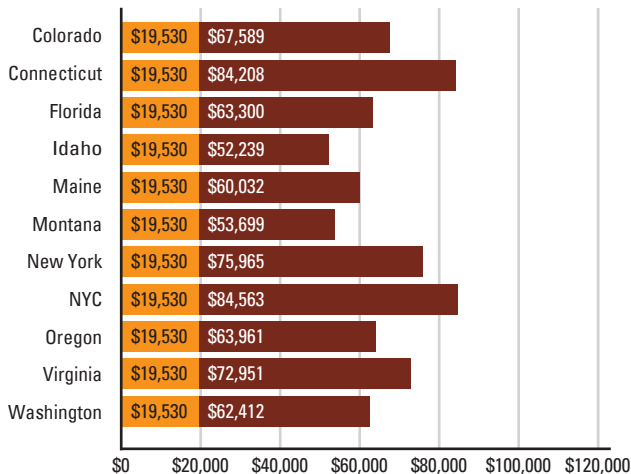
SINGLE ADULT, 1 CHILD



2 WORKING ADULTS, 2 CHILDREN (EARNINGS PER ADULT)



SINGLE ADULT, 2 CHILDREN



 Federal Poverty Guidelines
  Living Wage

New York state numbers are statewide but exclude New York City.

Source: Alliance for a Just Society and U.S. Department of Health and Human Services, 2013



in New York City.

State-by-state living wage estimates, as shown in the table below, are as follows. All data assumes full-time work on a year-round basis:

- ▶ For a single adult, the living wage ranges from \$14.40 per hour (\$29,957 annually) in Montana to \$19.08 (\$39,682 annually) in Connecticut, and \$22.49 per hour (\$46,771 annually) in New York City.
- ▶ For a single adult with one child, the living wage ranges from \$19.85 per hour (\$41,293 annually) in Montana to \$28.81 per hour (\$59,916 annually) in Connecticut, and \$31.23 per hour (\$64,962 annually) in New York City.
- ▶ For a single adult with two children, the living wage ranges from \$25.12 per hour (\$52,239 annually) in Idaho to \$40.48 per hour (\$84,208 annually) in Connecticut, and \$40.66 per hour (\$84,563 annually) in New York City.
- ▶ For two adults, one of whom is working, with two children, the living wage ranges from \$28.44 per hour (\$59,163 annually) in Montana to \$35.18 per hour (\$73,182 annually) in Connecticut, and \$37.49 per hour (\$77,976 annually) in New York City.
- ▶ For two adults, both of whom are working, with two children, the living wage per adult ranges from \$17.69 per hour (\$36,799 annually) in Idaho to \$24.92 per hour (\$51,839 annually) in Connecticut, and \$25.14 per hour (\$52,288 annually) in New York City.

WHO ARE LOW-WAGE WORKERS? AN ISSUE OF RACIAL EQUITY

While the narrative has been slowly changing over the past several years, there is still a tendency by many to think of low-wage workers as teenagers or college students earning some extra spending money. As has been noted in past reports,⁵² though, low-wage workers do not fit this stereotype. Minimum wage workers are overwhelmingly adult workers providing

for themselves and their families on meager incomes.

As the Economic Policy Institute has noted,⁵³ 88 percent of workers who would benefit from increasing the federal minimum wage are over age 20, and more than one-third are over the age of 40. Forty-four percent even have some college experience. Also, 56 percent are women and 28 percent have children.

Low-wage workers are also disproportionately people of color. A study of 2000 Census data by UC Berkeley's Center for Labor Research and Education found that 68.7 percent of Latinos work in jobs that pay \$12.87 per hour or less. Among Blacks, 56.5 percent earned low wages, compared to 43.9 percent of Whites.⁵⁴ In 2012, the median income of American Indians was only \$35,310⁵⁵ — 68 percent of the median income of \$51,371 of the entire population.⁵⁶ In fact, of those who would benefit from an increase in the federal minimum wage, 60 percent are people of color.

Because people of color are disproportionately represented in low-wage employment, they have more to gain with a wage increase.⁵⁷

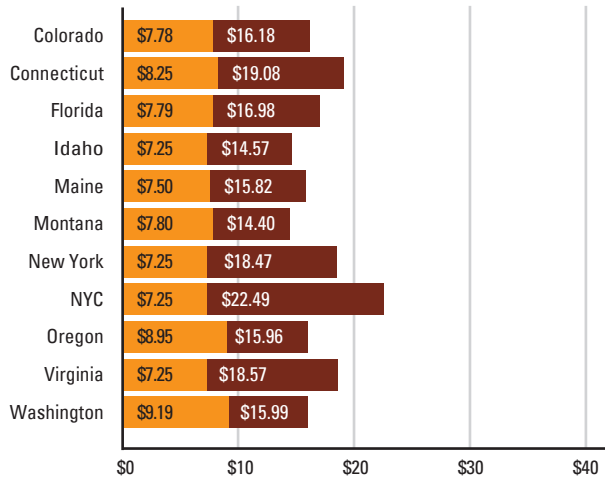
LIVING WAGES VERSUS THE MINIMUM WAGE AND FEDERAL POVERTY MEASURES

Federal poverty thresholds, the income limits that the federal government uses to measure whether a person or family is living in poverty, are calculated by multiplying the cost of a minimum food budget by three. When this formula was derived in 1964, it was generally true that food occupied one-third of a typical family budget. Since then, however, living expenses such as housing, gasoline, utilities, health care, and child care have increased much faster than food expenditures. Because spending on food has fallen dramatically as a proportion of all costs, and because the formula for the poverty threshold has not been adjusted to accommodate this change, the federal poverty measure substantially underestimates a family's basic needs. Many families with incomes above the federal poverty threshold still lack sufficient resources to meet their basic needs.

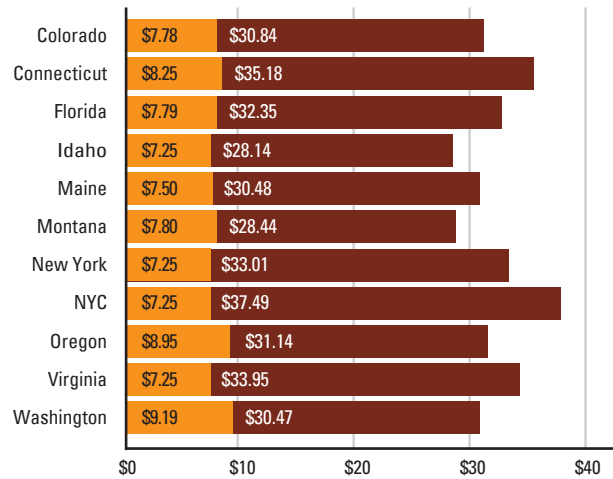
Many families with incomes above the federal poverty threshold still lack sufficient resources to meet their basic needs. A family of two, for example, could be earning more than double the federal poverty threshold, but still be making well less than a living wage.

LIVING WAGE VS. MINIMUM WAGE

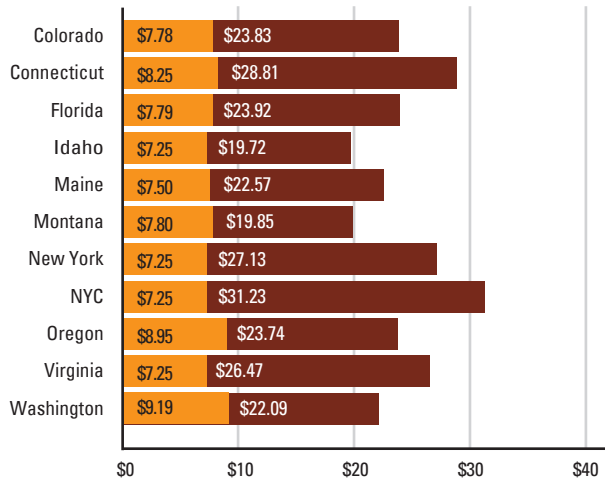
SINGLE ADULT



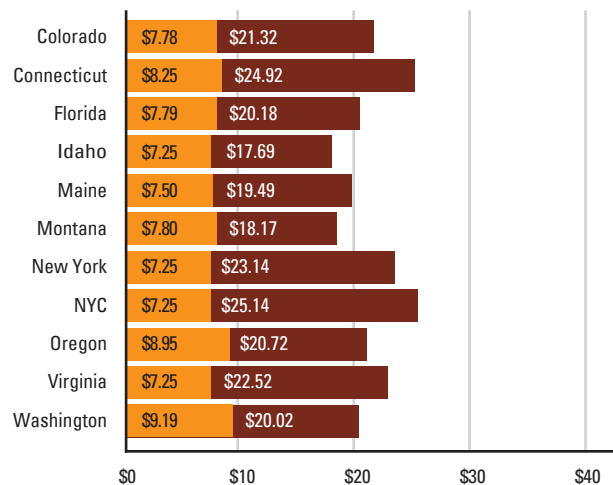
**2 ADULTS (1 WORKING),
2 CHILDREN**



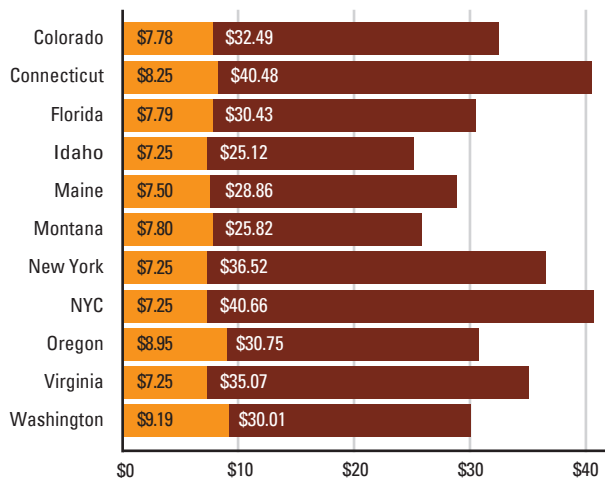
SINGLE ADULT, 1 CHILD



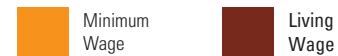
**2 WORKING ADULTS, 2 CHILDREN
(EARNINGS PER ADULT)**



SINGLE ADULT, 2 CHILDREN



Hourly Wages



2013 figures. In Montana, the minimum wage of \$7.80 an hour does not apply to businesses with gross annual sales of \$110,000 or less, for which the minimum wage is \$4 an hour. New York state numbers are statewide but exclude New York City.

Source: Alliance for a Just Society and U.S. Department of Labor, 2013



A family of two, for example, could be earning more than double the federal poverty threshold, but still be making well less than a living wage.

This study found living wages were two to four times greater than the federal poverty guidelines.

The minimum wage also fails to provide a family or individual with a basic standard of living. In the areas covered in this report, minimum wages in 2013 varied from \$7.25 per hour, or \$15,080 annually (the federally mandated minimum wage, assuming full-time work throughout the year), in Idaho, New York and Virginia, to \$9.19 per hour, or \$ 19,115 annually, in Washington.

This study found that living wages for a single adult with two children were more than double the minimum wage in 7 of 10 states and three to five times higher than the minimum wages in all 10 states.

Even recent minimum wage increases fail to achieve a living wage. Seattle recently passed a \$15 minimum wage within the city, making it the highest in the country. However, that wage is still a dollar less per hour than the state's living wage for a single adult and only half of the living wage for a single adult with two children.

WHAT HAPPENS TO FAMILIES WHO DO NOT MAKE A LIVING WAGE?

When families are unable to find work that pays living wages, many are forced to make difficult choices between adequate health care, balanced nutrition, paying bills, and saving for emergencies. For families are also saddled with debt, getting by can be even more difficult. The personal stories in this report illustrate some of the complex issues and choices confronted by households living on earnings below the living wage.

In the pages that follow, this report provides state-by-state findings, determining the living wage for certain household types and putting those numbers in the context of family debt not included in the calculations, as well as comparing living wages to state minimum wages.

COLORADO

KEY FINDINGS

The living wage for a single adult is \$16.18 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$32.49 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Colorado graduate with \$24,540 in student loans,⁵⁸ and the average credit

card holder in the state has an outstanding debt of \$5,625.⁵⁹ Additionally, nearly 20 percent of mortgages in the state are underwater.⁶⁰

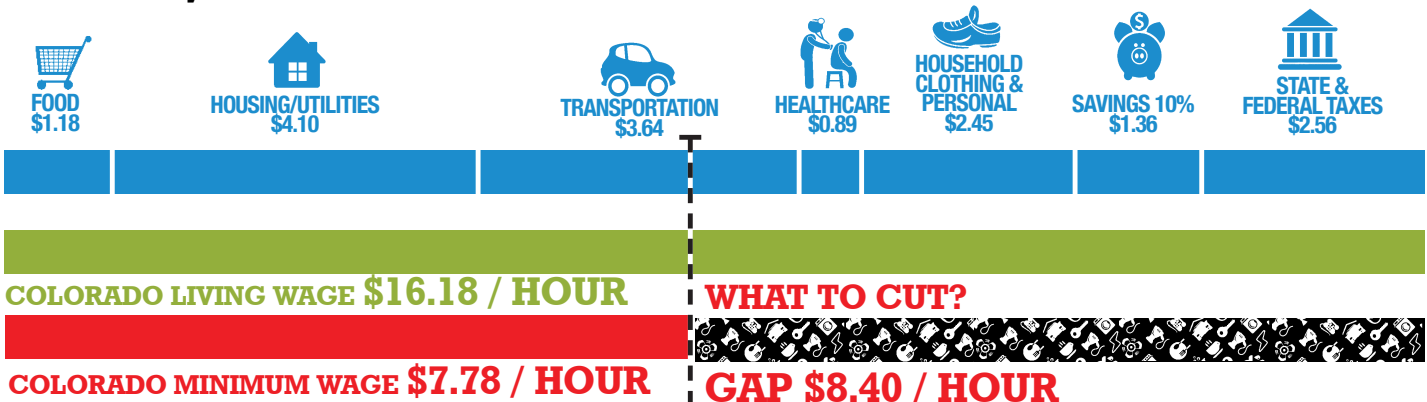
The minimum wage in Colorado does not allow working families to make ends meet. The state's 2013 minimum wage provided less than half of a living wage for a single adult and only a quarter of the living wage for a single adult with two children. Even the 2014 minimum wage of \$8.00 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$710	\$909	\$909	\$909	\$909
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$155	\$302	\$440	\$498	\$498
Household, clothing & personal (18%)	\$425	\$545	\$610	\$854	\$891
Savings (10%)	\$236	\$303	\$339	\$475	\$495
Child care	—	\$538	\$1,482	—	\$1,482
State/federal taxes (annually)	\$5,321	\$6,800	\$9,132	\$7,191	\$11,503
Gross income needed (monthly)	\$2,805	\$4,130	\$5,632	\$5,346	\$3,696*
Gross income needed (annually)	\$33,661	\$49,562	\$67,589	\$64,147	\$44,348*
LIVING WAGE (HOURLY)	\$16.18	\$23.83	\$32.49	\$30.84	\$21.32*

* Per working adult

\$16.18 LIVING WAGE for single adult

How much you have to make PER HOUR to live in COLORADO



CONNECTICUT

KEY FINDINGS

The living wage for a single adult is \$19.08 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$40.48 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Connecticut graduate with \$27,816 in student loans,⁶¹ and

the average credit card holder in the state has an outstanding debt of \$5,617.⁶² Additionally, 14 percent of mortgages in the state are underwater.⁶³

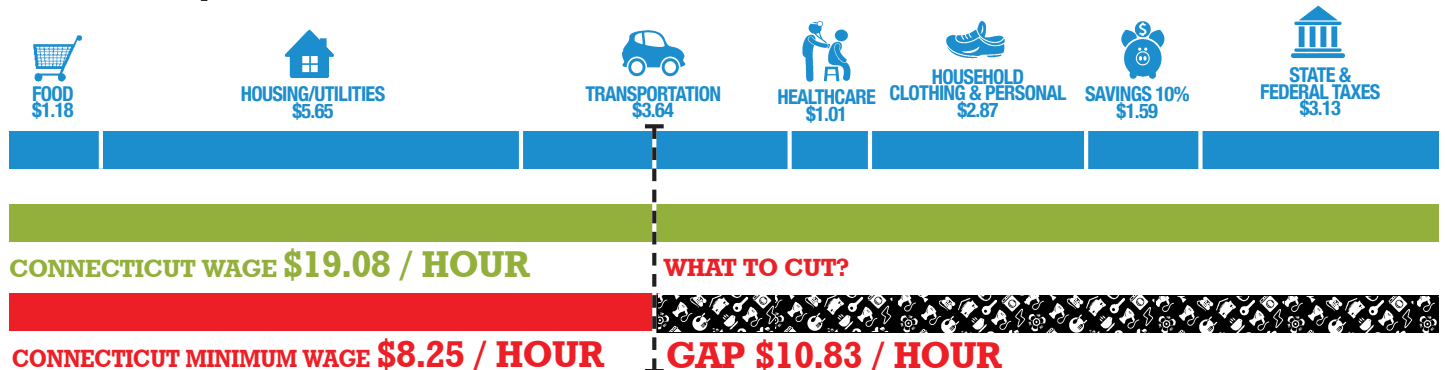
The minimum wage in Connecticut does not allow working families to make ends meet. The state's 2013 minimum wage provided less than half of a living wage for a single adult and only 20 percent of the living wage for a single adult with two children. Even the 2014 minimum wage of \$8.70 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$979	\$1,229	\$1,229	\$1,229	\$1,229
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$175	\$332	\$531	\$581	\$581
Household, clothing & personal (18%)	\$497	\$632	\$713	\$955	\$992
Savings (10%)	\$276	\$351	\$396	\$531	\$551
Child care	—	\$696	\$1,849	—	\$1,849
State/federal taxes (annually)	\$6,520	\$9,429	\$14,488	\$9,505	\$15,358
Gross income needed (monthly)	\$3,307	\$4,993	\$7,017	\$6,098	\$4,320*
Gross income needed (annually)	\$39,682	\$59,916	\$84,208	\$73,182	\$51,839*
LIVING WAGE (HOURLY)	\$19.08	\$28.81	\$40.48	\$35.18	\$24.92*

* Per working adult

\$19.08 LIVING WAGE for single adult

How much you have to make PER HOUR to live in CONNECTICUT



'I'M STILL PAYING MY LOAN DEBT. WE'RE GOING TO HAVE TO START MAKING BIGGER PAYMENTS IN 2016 AND I'M NOT SURE HOW THAT'S GOING TO HAPPEN.'

I grew up in Hartford, Connecticut's inner-city, where I was told that, to make a difference and help my community, that I should get a good education.

As a first-generation college student, coming from a single-mother family, I had to learn what subsidized vs. non-subsidized vs. private loans were and how to fill out a FAFSA on my own. I majored in Women's Studies and English Literature at Eastern Connecticut State College. When I graduated in 2009, I had about \$30,000 in student debt, with a combination of private and public loans.

I graduated and entered the AmeriCorps as a Vista Volunteer. Now I'm a senior case manager working with battered women through the Connecticut Coalition Against Domestic Violence. It's hard work, but amazing and so very needed. I've always wanted to do socially conscious work and I went to school to be able to better contribute to my community. Now I'm scrounging for pennies trying to make ends meet while keeping up with my student debt payments.

I live in Ledyard, Conn., with my husband and our two children (3 years old and a week and a half old). Childcare costs are over \$300 per month, almost like paying a second mortgage. I dropped down to part-time work to lower costs, but now we have less income. My husband's work with the Department of Corrections helps us afford the mortgage and provides health care.

We don't have savings for emergencies. We have to decide to cut back on groceries or pay the utility bill late in order to not fall behind on the debt payments.

I want to be able to tell young people coming from my community that I did it and I'm fine, but they should be prepared for the ridiculous price tags that come with a college education. I'm still paying my loan debt. Whenever we miss a payment, even by just a couple of days, Sallie Mae calls and calls. Right now, I'm paying the minimum, about \$206 a month. We're going to have to start making bigger payments in 2016 and I'm not sure how that's going to happen.

It's a cycle. You go to school to get a degree for a



better-paying job. Then when you get the job, your debt payments increase because your salary is over the limits for income-based repayment.

I studied hard and went to college to make a better life for my family, my community, and myself. All we want is to have a little more financial security. We're not seeking luxury, just comfort.

FLORIDA

KEY FINDINGS

The living wage for a single adult is \$16.98 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$30.43 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Florida graduate with \$22,873 in student loans,⁶⁴ and the average credit card holder in the state has an outstanding

debt of \$4,965.⁶⁵ Because the state has not expanded Medicaid, nearly 850,000 lower-income workers remain uninsured.⁶⁶ Additionally, over 42 percent of mortgages in the state are underwater.⁶⁷

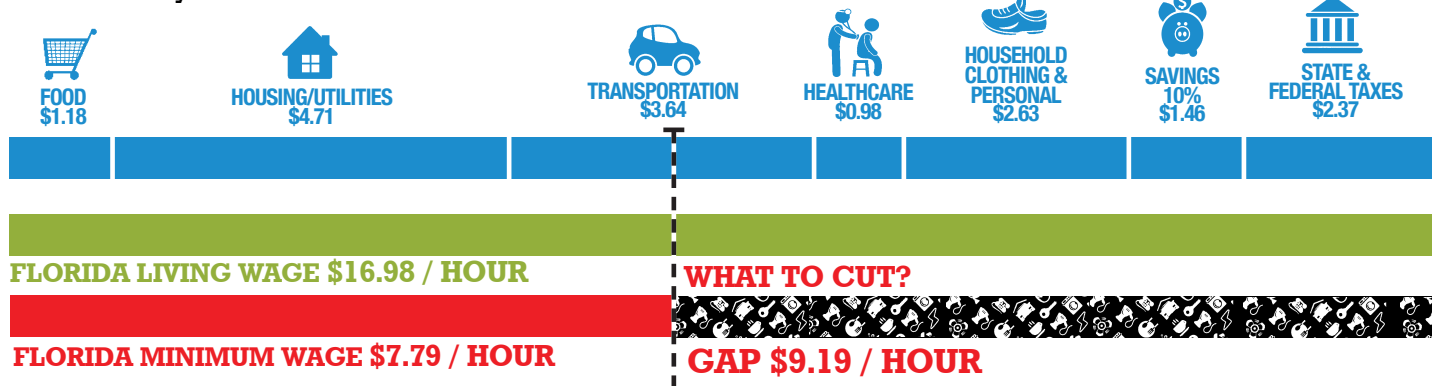
The minimum wage in Florida does not allow working families to make ends meet. The state's 2013 minimum wage provided less than half of a living wage for a single adult and only a quarter of the living wage for a single adult with two children. Even the 2014 minimum wage of \$7.93 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$817	\$1,013	\$1,013	\$1,013	\$1,013
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$170	\$379	\$561	\$613	\$613
Household, clothing & personal (18%)	\$456	\$590	\$667	\$909	\$946
Savings (10%)	\$253	\$328	\$370	\$505	\$526
Child care	—	\$385	\$1,010	—	\$1,010
State/federal taxes (annually)	\$4,933	\$5,819	\$6,749	\$6,668	\$8,766
Gross income needed (monthly)	\$2,942	\$4,147	\$5,275	\$5,608	\$3,498*
Gross income needed (annually)	\$35,308	\$49,760	\$63,300	\$67,292	\$41,979*
LIVING WAGE (HOURLY)	\$16.98	\$23.92	\$30.43	\$32.35	\$20.18*

* Per working adult

\$16.98 LIVING WAGE for single adult

How much you have to make PER HOUR to live in FLORIDA



'I WAS FORCED TO ADJUST TO WORKING JUST PART TIME. NOW I'M EARNING BETWEEN \$15,000 AND \$17,000 PER YEAR AND WE'RE FALLING BEHIND.'

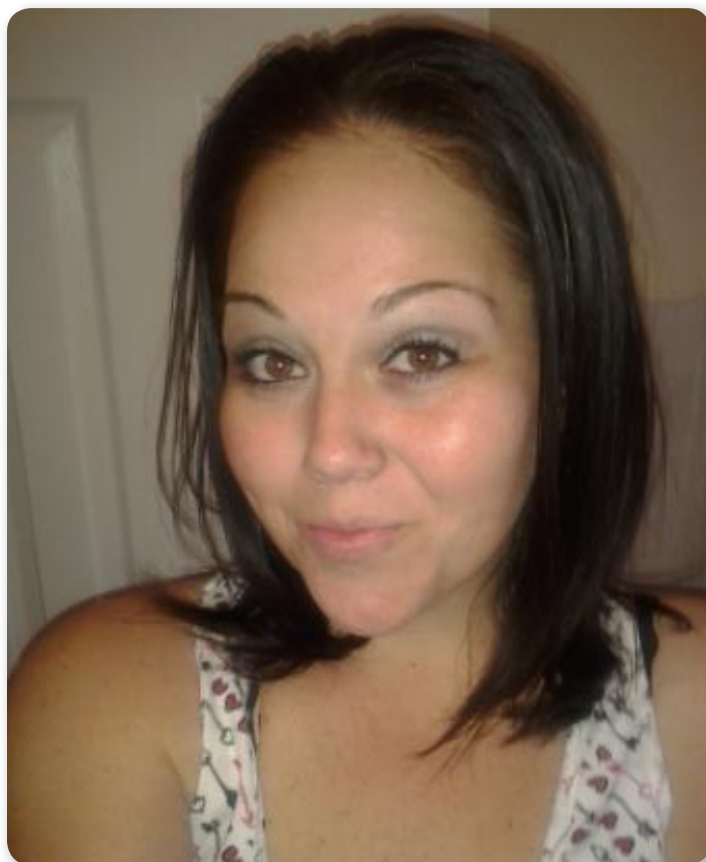
I'm a single mother of three, ages 6, 8, and 9. I attended a year of college, studying criminal defense, but I dropped out of school when I had my first child and worked restaurant jobs, did call center work and worked as an assistant manager for an apartment complex to make ends meet.

Now I work for a bank as a customer service representative. I was working full-time, earning between \$29,000 and \$32,000 a year. Then, my daughter came down with a virus that required a visit to the emergency room. The next day, I came down with the same sickness and also had to go to the emergency room. My kids come first, so I took several days off for us all to get better.

I had been on unpaid, job-protected leave before, under the Family and Medical Leave Act, to take care of my son, who has a mental illness. But this didn't cover myself or my daughter, so I couldn't use it when I needed to take time off to recover from this virus.

At the same time, my employer was laying off workers and opening more branches overseas. I was forced to adjust to working just part-time. Now I'm earning between \$15,000 and \$17,000 per year and we're falling behind. I'm devastated by this loss of income and it's having big impacts on my family. It's unjust that companies as large as Suntrust would not offer more to their employees in situations like these. When companies only care about making money, workers like me with young families pay the price.

I've always lived paycheck-to-paycheck, but, before these cuts, I knew what was coming in and knew how to make ends meet. Now, we've had to make cutbacks. We downsized our Internet package, we turned off the cable, we adjusted our water bill, and rely on a family member to cover our power bill. We canceled our YMCA membership, which was really painful, because it was such a positive space for my kids to play and for me to exercise. I can't afford to give my kids the things they want, and they don't



understand that I just don't have the money. Luckily my daughters got a scholarship to continue dance classes at our church.

When my hours got cut back, I called places that help families in need, but either all of the appointments were filled or there was no funding. Now we're behind on our power bills, water bills, and rent, and I don't know where that money will be coming from.

I know there are people in worse situations than me and, as long as my kids have a roof over their head, food in their bellies, and light and power in the house — and I know I'm doing everything that I can — we're going to be OK.

KEY FINDINGS

The living wage for a single adult is \$14.57 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$25.12 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Idaho graduate with \$26,751 in student loans,⁶⁸ and the average

credit card holder in the state has an outstanding debt of \$4,549.⁶⁹ Because the state has not expanded Medicaid, 55,000 lower-income workers remain uninsured.⁷⁰ Additionally, over 20 percent of mortgages in the state are underwater.⁷¹

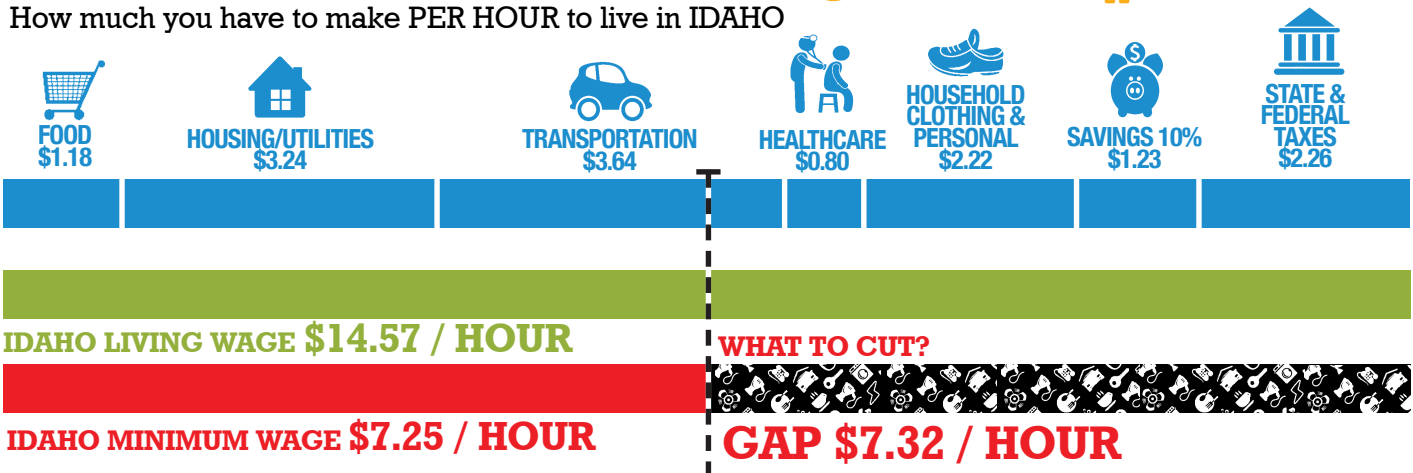
The minimum wage in Idaho does not allow working families to make ends meet. The state's 2013 minimum wage provided only half of a living wage for a single adult and less than one-third of the living wage for a single adult with two children.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$562	\$710	\$710	\$710	\$710
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$139	\$282	\$379	\$437	\$437
Household, clothing & personal (18%)	\$384	\$490	\$545	\$790	\$826
Savings (10%)	\$213	\$272	\$303	\$439	\$459
Child care	—	\$301	\$866	—	\$866
State/federal taxes (annually)	\$4,700	\$4,751	\$5,492	\$5,898	\$8,116
Gross income needed (monthly)	\$2,526	\$3,419	\$4,353	\$4,878	\$3,067*
Gross income needed (annually)	\$30,310	\$41,024	\$52,239	\$58,535	\$36,799*
LIVING WAGE (HOURLY)	\$14.57	\$19.72	\$25.12	\$28.14	\$17.69*

* Per working adult

\$14.57 LIVING WAGE for single adult

How much you have to make PER HOUR to live in IDAHO



'I TAKE HOME ABOUT \$1,600 A MONTH. OUR TOTAL BUDGET COMES TO \$1,568, AND THAT DOESN'T LEAVE ANY ROOM FOR EMERGENCIES OR SAVINGS.'

I am 21 years old and married, and my wife and I have a beautiful 1-year-old daughter.

I have worked for several years now as a heavy truck tire tech at a local tire store. I have had two raises since I began working here, and now I make \$12 an hour. I work long hours and my days off are Thursday and Sunday, so I rarely get two days off together.

My employer pays for a portion of my health insurance, but I must also contribute about \$70 per month. On top of that the company requires us to wear uniforms and they charge us for having them cleaned each week. After all the other regular deductions, I take home about \$1,600 a month. I continue to look for a better job, but, really, around here, I am lucky to have a job that pays more than minimum wage, which is \$7.25 an hour.

We've been getting by, but with my growing daughter the expenses also continue to grow.

Our total budget comes to \$1,568, and that doesn't leave any room for emergencies or savings.

My wife just started working last month. She is working 20 hours a week as a laundry aide in a retirement facility. She makes \$8.50 an hour, but will have to pay around \$280 a month for childcare, so she will bring home less than \$300 a month.

Her income will certainly help us with things like medical and dental co-pays. My wife needs about \$5,000 for dental work after insurance pays their portion and, right now, she has to suffer because we can't afford that much.

We try to save for emergencies, but every month something comes up and that extra \$10 was always spent on something important like having our dog spayed at the low-cost clinic. We were devastated when she got really sick following surgery and died because we couldn't afford thousands of dollars for emergency care. The reality that we can't even afford a pet is really depressing considering we were both raised surrounded by pets.



5R Photography

Our reality is that we can't even afford to live in our own house because rent is out of our budget on what the two of us earn. We are fortunate to live in a nice house as roommates, but, as a young family, we can't wait for the day we can move into our own place, and maybe have a little dog for our daughter to grow up with.

KEY FINDINGS

The living wage for a single adult is \$15.82 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$28.86 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Maine graduate

with \$29,352 in student loans,⁷² and the average credit card holder in the state has an outstanding debt of \$4,797.⁷³ Additionally, because the state has not expanded Medicaid, nearly 30,000 lower-income workers remain uninsured.⁷⁴

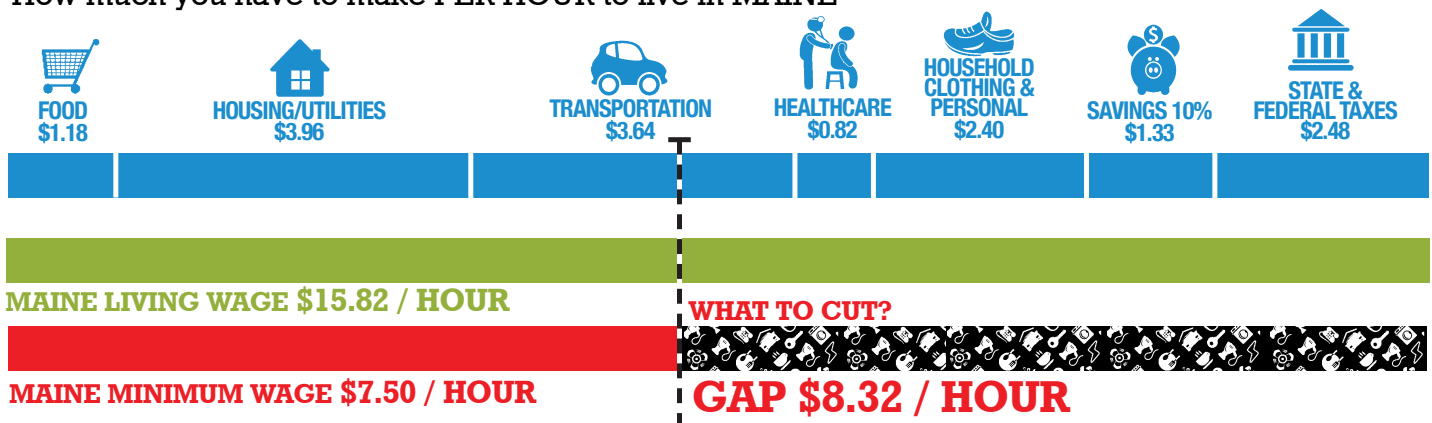
The minimum wage in Maine does not allow working families to make ends meet. The state's 2013 minimum wage provided less than half of a living wage for a single adult and only a quarter of the living wage for a single adult with two children.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$686	\$854	\$854	\$854	\$854
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$143	\$344	\$468	\$518	\$518
Household, clothing & personal (18%)	\$416	\$541	\$603	\$846	\$882
Savings (10%)	\$231	\$301	\$335	\$470	\$490
Child care	—	\$377	\$1,031	—	\$1,031
State/federal taxes (annually)	\$5,159	\$6,327	\$7,428	\$7,019	\$9,894
Gross income needed (monthly)	\$2,743	\$3,911	\$5,003	\$5,283	\$3,379*
Gross income needed (annually)	\$32,914	\$46,936	\$60,032	\$63,396	\$40,549*
LIVING WAGE (HOURLY)	\$15.82	\$22.57	\$28.86	\$30.48	\$19.49*

* Per working adult

\$15.82 LIVING WAGE for single adult

How much you have to make PER HOUR to live in MAINE



'FACING MY REMAINING \$17,000 OF STUDENT DEBT WITHOUT A JOB, AT THE AGE OF 36, I MOVED BACK IN WITH MY MOTHER JUST TO HAVE A PLACE TO LIVE.'

I graduated with a degree that I hoped would lead to doing administrative work for non-profits. I worked as security personnel at a hospital while I pursued my degree and became disenchanted with the field after seeing the corruption and abuse that occurred by hospital administrators.

Changing my career trajectory entirely, I worked as a part-time librarian until I learned about opportunities to teach English as a second language, which led to me accepting a position in northern China. The job was a great experience; however, I chose to return home to help my family care for my ailing father and attend to mounting debt back home. As a consequence, I had to accept a position as a car-washer to help make ends meet.

An opportunity for advancement at a growing local marketing firm turned into unemployment, as the managerial position folded. Facing my remaining \$17,000 of student debt without a job, at the age of 36, I moved back in with my mother just to have a place to live. To decrease the financial burden I imposed on my mom, I applied for and began to receive food stamp benefits while I continued to search for jobs.

After eight months of searching for and being rejected for jobs ranging from marketing to working as a janitor, I finally found work with the State of Maine with the Maine Conservation Corps. I now work maintaining the trail ways of Maine's state park system. While the pay is very modest, my room and food expenses will be covered as part of my pay. I don't mind living simply, and, as part of my job, my outstanding student loans will enter forbearance and Maine will assist me in paying them down while I work.

If I hadn't been fortunate enough to find this job with these specific benefits, I know I would still be living with my mother to help lower costs. I can't imagine what I would have done if my mom hadn't been willing to take me back in. Bill collectors don't



stop demanding payment just because you're down on your luck.

I have no idea what people who aren't as fortunate as I am would do if placed in a similar situation.

It's not possible to afford to live on your own in Maine on the minimum wage, even without any sort of loan debt. Our safety net system needs to be improved both here and nationwide. Without my mother being willing to take me in, there is no way I would have been able to make it back onto my feet.

MONTANA

KEY FINDINGS

The living wage for a single adult is \$14.40 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$25.82 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Montana graduate with \$27,475 in student loans,⁷⁵ and the average credit card holder in the state has an outstanding

debt of \$4,565.⁷⁶ Because the state has not expanded Medicaid, nearly 40,000 lower-income workers remain uninsured.⁷⁷ Additionally, 7 percent of mortgages in the state are underwater.⁷⁸

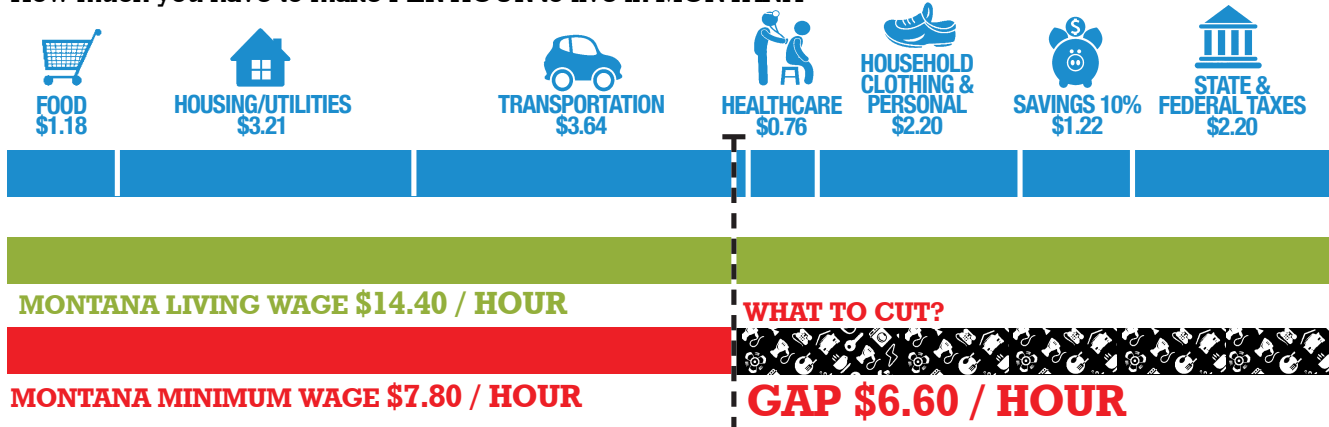
The minimum wage in Montana does not allow working families to make ends meet. The state's 2013 minimum wage provided just over half of a living wage for a single adult and less than one-third of the living wage for a single adult with two children. Even the 2014 minimum wage of \$7.90 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school- age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$556	\$709	\$709	\$709	\$709
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$131	\$286	\$370	\$428	\$428
Household, clothing & personal (18%)	\$381	\$491	\$543	\$787	\$824
Savings (10%)	\$212	\$273	\$302	\$437	\$458
Child care	—	\$295	\$929	—	\$929
State/federal taxes (annually)	\$4,570	\$5,052	\$6,370	\$6,693	\$9,511
Gross income needed (monthly)	\$2,496	\$3,441	\$4,475	\$4,930	\$3,149*
Gross income needed (annually)	\$29,957	\$41,293	\$53,699	\$59,163	\$37,788*
LIVING WAGE (HOURLY)	\$14.40	\$19.85	\$25.82	\$28.44	\$18.17*

* Per working adult

\$14.40 LIVING WAGE for single adult

How much you have to make PER HOUR to live in MONTANA



'IT'S IRONIC AND FRUSTRATING THAT THE REASON I CAN'T PAY OFF MY LOANS IS BECAUSE I CAN'T FIND A JOB THAT USES THE DEGREE THAT I WENT TO SCHOOL FOR IN THE FIRST PLACE.'

I grew up in Oregon but I've lived in Missoula, Mont., for about four years. I work about 30 hours a week as a barista in a local coffee shop, making \$10 an hour, plus some tips.

It's frustrating to be working a food service job, especially after earning a master's degree in environmental studies and sustainable food and agricultural studies from the University of Montana. I want to be doing the work that my graduate program trained me to do, but those jobs don't seem to be out there.

I feel like I'm in a dead end, barely getting by and working a job that I didn't need to go to college and grad school to do. I graduated undergrad with about \$15,000 in loans. I paid off about \$4,000 of that debt through participating in the AmeriCorps for two years, but then I went to graduate school, upping my debt load to \$35,000.

Right now, without a good-paying job, I can't afford to make any payments on my debt, but I know I'm running out of time for income-based repayment.

During grad school, I rationalized my debt. Since I didn't work full-time, I ended up putting some extra costs on my credit card. Each semester I had to figure out how to take out more loans to pay off my expenses. Now I'm also about \$3,000 in debt on my credit card.

I feel stuck. I've been looking at a variety of jobs, all over the country, but it's now been a year without any luck. I'm passionate about working on sustainable food systems, but I'm starting to feel like there's nothing available. It's ironic and frustrating that the reason I can't pay off my loans is because I can't find a job that uses the degree that I went to school for in the first place.

It's stressful to have the burden of debt just sitting there. I have no idea if or when I'll be able to pay it off, and it's impacting all parts of my life.

When I was in high school, my counselors



and family always told me, "you have to go to college so that you don't end up flipping burgers at McDonald's." I'm not flipping burgers, but I do feel frustrated. I was a valedictorian in high school; I've always been driven and was excited about college. Now I feel like I've hit a dead end, and wish I could have the job security to make plans for my future instead of just living day to day.

NEW YORK STATE

KEY FINDINGS

The living wage for a single adult is \$18.47 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$36.52 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in New York graduate with \$25,537 in student loans,⁷⁹ and

the average credit card holder in the state has an outstanding debt of \$4,952.⁸⁰ Additionally, nearly 10 percent of mortgages in the state are underwater.⁸¹

The minimum wage in New York does not allow working families to make ends meet. The state's 2013 minimum wage provided just over one-third of a living wage for a single adult and only 20 percent of the living wage for a single adult with two children. Even the 2014 minimum wage of \$8.00 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

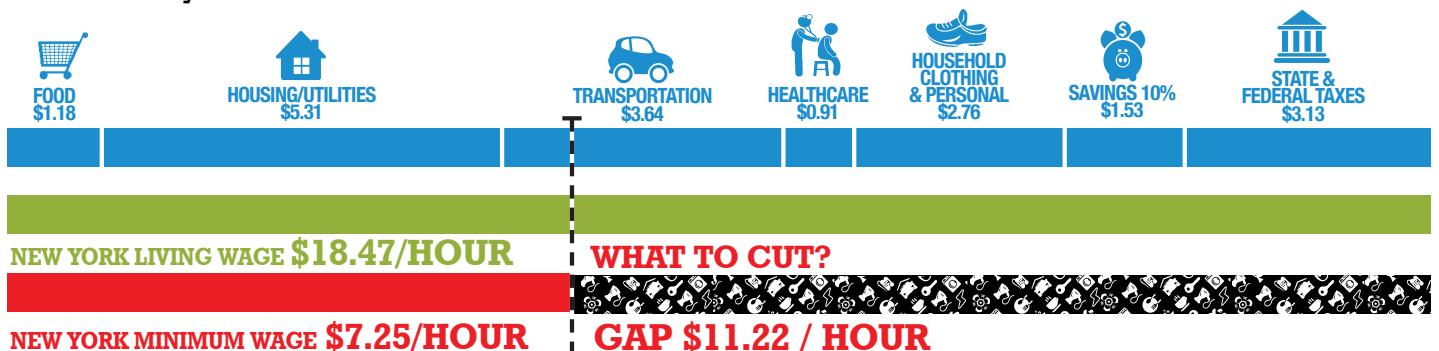
STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$921	\$1,133	\$1,133	\$1,133	\$1,133
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$157	\$300	\$423	\$473	\$473
Household, clothing & personal (18%)	\$478	\$600	\$662	\$904	\$941
Savings (10%)	\$266	\$333	\$368	\$502	\$523
Child care	—	\$691	\$1,669	—	\$1,669
State/federal taxes (annually)	\$6,521	\$8,113	\$11,792	\$8,374	\$13,480
Gross income needed (monthly)	\$3,202	\$4,702	\$6,330	\$5,722	\$4,011*
Gross income needed (annually)	\$38,420	\$56,421	\$75,965	\$68,668	\$48,126*
LIVING WAGE (HOURLY)	\$18.47	\$27.13	\$36.52	\$33.01	\$23.14*

* Per working adult

Note: These numbers are statewide but exclude New York City.

\$18.47 LIVING WAGE for single adult

How much you have to make PER HOUR to live in NEW YORK



'I DON'T HAVE HEALTH CARE AND AM STILL PAYING OFF MEDICAL BILLS. I JUST PAID OFF AN \$800 HOSPITAL BILL AND I AM CURRENTLY PAYING \$300 FOR A DOCTOR'S NOTE THAT I NEEDED TO RETURN TO WORK.'



It's been a journey — my mom and I were homeless for a year in 2007. It took 11 months of looking almost every day to find a job. During that time my mom and I both became seriously depressed and she found out that she has Lupus. My mom has her ups and downs. She needs my help every day — help with showering and help with other daily chores.

Through all the ups and downs, I graduated from Dutchess Community College with a degree in Community Mental Health. Today, I am working two part-time jobs.

I work part-time at Taconic Resource Center for Independence. I am the independent living specialist — I help anyone with disabilities live a more independent life, for example, helping people move out of a nursing home into the community. I get \$12 an hour and work 20 hours a week.

I have a second job — I work on campus at the Office of Accommodative Services. They pay me \$14 an hour for 20 hours a week. At Taconic, I get sick days, holidays and vacation, but no health care. The college doesn't offer me any benefits.

Even working two jobs, it's hard for me to make ends meet. To work, I need a car and have to make payments. I don't have health care and am still paying off medical bills. I just paid off an \$800 hospital bill and I am currently paying \$300 for a doctor's note that I needed to return to work.

I do good work — I enjoy making a contribution. I just hope that I can earn enough to live independently and pay my own bills. Those jobs, even for someone with an A.A. degree, aren't out there. I know, I've been looking.

NEW YORK CITY

KEY FINDINGS

The living wage for a single adult is \$22.49 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$40.66 per hour.

The minimum wage in New York does not allow

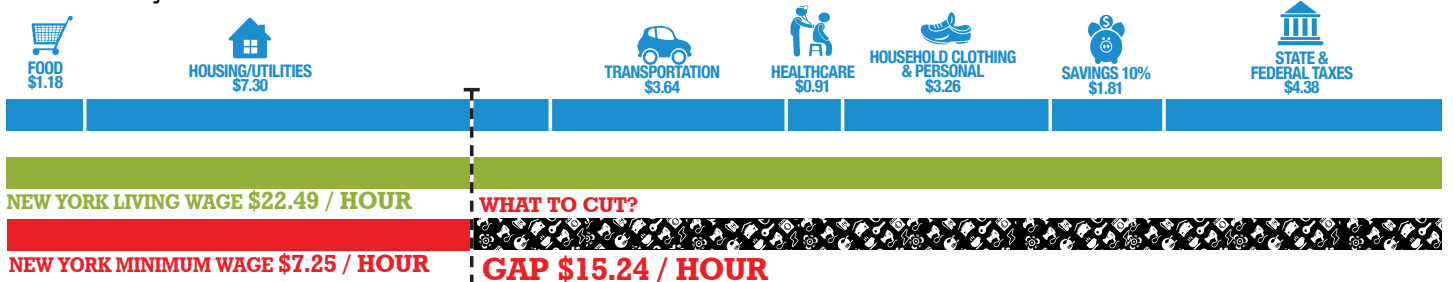
working families in New York City to make ends meet. The state's 2013 minimum wage provided less than one-third of a living wage for a single adult in the city and only 18 percent of the living wage for a single adult with two children. Even the 2014 minimum wage of \$8.00 falls well short of allowing workers in New York City to move beyond living paycheck-to-paycheck.

CITYWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$1,266	\$1,497	\$1,497	\$1,497	\$1,497
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$157	\$300	\$423	\$473	\$473
Household, clothing & personal (18%)	\$565	\$691	\$753	\$995	\$1,032
Savings (10%)	\$314	\$384	\$418	\$553	\$573
Child care	—	\$615	\$1,557	—	\$1,557
State/federal taxes (annually)	\$9,118	\$11,512	\$15,668	\$11,620	\$17,082
Gross income needed (monthly)	\$3,898	\$5,413	\$7,047	\$6,498	\$4,357*
Gross income needed (annually)	\$46,771	\$64,962	\$84,563	\$77,976	\$52,288*
LIVING WAGE (HOURLY)	\$22.49	\$31.23	\$40.66	\$37.49	\$25.14*

* Per working adult

\$22.49 LIVING WAGE for single adult

How much you have to make PER HOUR to live in NEW YORK CITY



'AFTER I WENT TO THE HOSPITAL THEY SENT US A BILL FOR \$19,000. WE HAD ABSOLUTELY NO WAY TO PAY. WE DON'T GET TO EAT EVERY DAY, BECAUSE WE'RE PAYING BACK WHAT WE OWE.'

I moved to New York from Mexico 21 years ago with my husband. We live in an apartment in Brooklyn with our two children. I work full-time in a bakery earning \$8.55 an hour, but it has become harder and harder to get by. My husband works in construction earning \$10 an hour.

About a year ago, I was at work when I had an accident. My hand got caught in a machine and I lost part of my right hand. Instead of being supportive and getting me help, my boss almost fired me and they didn't put any money toward my medical insurance or bills.

After I went to the hospital, they sent us a bill for \$19,000. We had absolutely no way to pay. Because of my medical expenses, I fell behind on my rent check, so my landlord filed a case in court. In the past month, I've had to go to court twice for not being able to pay our rent, which means more unpaid time that I have to take off from work. I just don't know how I will get out of this debt.

Now, when we get to the end of the month, we can't always afford food. We were on food stamps, but when my daughter got a job as a medical assistant, they took us off, saying we should be able to afford food. I think it's really unjust, because sometimes people who really need the benefits can't get them. We don't get to eat every day, because we're paying back what we owe. Some days I just have tortillas and eggs to cook.

Our wages are very low and our costs are very high. I just don't know what else to do to pay off my debt. I tell my children to study hard so that they can get jobs that pay better than mine, so they don't end up in my situation.



OREGON

KEY FINDINGS

The living wage for a single adult is \$15.96 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$30.75 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Oregon graduate with \$26,639 in student loans,⁸² and the average credit

card holder in the state has an outstanding debt of \$4,773.⁸³ Additionally, nearly 20 percent of mortgages in the state are underwater.⁸⁴

The minimum wage in Oregon does not allow working families to make ends meet. The state's 2013 minimum wage provided just over half of a living wage for a single adult and less than one-third of the living wage for a single adult with two children. Even the 2014 minimum wage of \$9.10 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

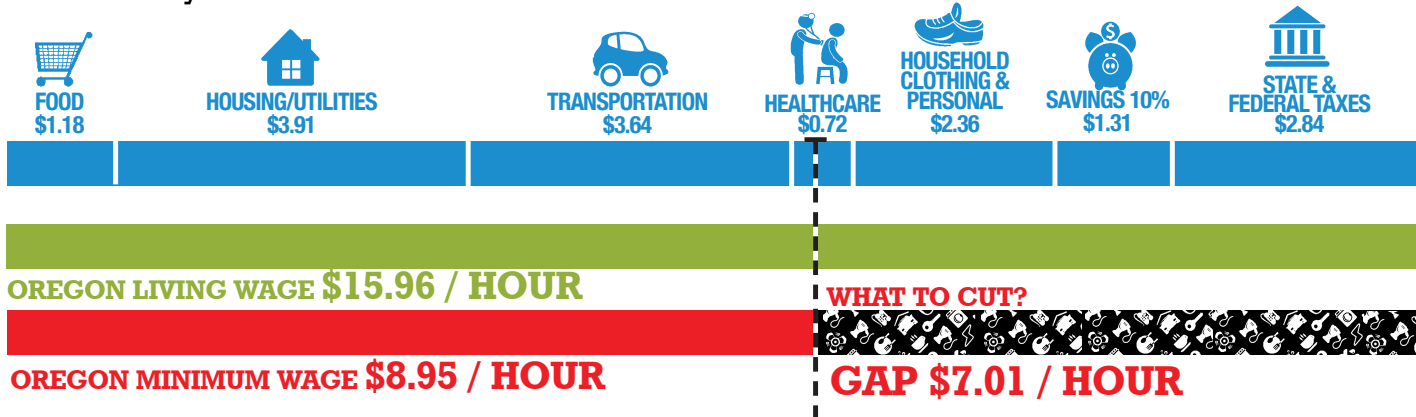
STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$677	\$843	\$843	\$843	\$843
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$125	\$325	\$440	\$498	\$498
Household, clothing & personal (18%)	\$410	\$534	\$594	\$838	\$875
Savings (10%)	\$228	\$297	\$330	\$466	\$486
Child care	—	\$495	\$1,236	—	\$1,236
State/federal taxes (annually)	\$5,900	\$7,853	\$9,555	\$8,919	\$13,058
Gross income needed (monthly)	\$2,767	\$4,114	\$5,330	\$5,398	\$3,592*
Gross income needed (annually)	\$33,201	\$49,373	\$63,961	\$64,780	\$43,100*
LIVING WAGE (HOURLY)	\$15.96	\$23.74	\$30.75	\$31.14	\$20.72*

* Per working adult

\$15.96 LIVING WAGE for single adult



How much you have to make PER HOUR to live in OREGON



'RIGHT NOW, I ONLY HAVE \$40 IN MY BANK ACCOUNT, BUT I OWE \$2,000 IN MEDICAL DEBT FROM AN EMERGENCY ROOM VISIT FOR STOMACH PAIN.'

I've been living in Medford, Ore., for 11 years with my three children, who are 13, 7 and 3, and my husband. He and I came to the U.S. from Mexico in order to work hard for a better life for our kids, but it's hard here, too.

My biggest dream is to be able to buy a home and move out of our trailer so that my daughter can have her own room. But, on two minimum wage salaries, it's hard to imagine even starting a savings account.

I spent two years working at a fast food restaurant. There, they provided no benefits, denied us our breaks and lunches, gave us no vacation time, and assigned two or three people to do the work of five or six people. If we didn't keep up, our bosses would yell at us. They only gave me 20 or so hours a week earning minimum wage.

The discrimination was blatant. They never let any of us who are Latino/Mexican work at the register or out in front, always in the kitchen. I felt like we were living and working in the shadows.

Three weeks ago, after searching for more than three months, I found a better job working at the Ashland Hills Hotel. There the hours are better and I haven't had experiences of such intense discrimination. I'm still earning minimum wage, though, even with this job, so I can't create savings.

Right now, I only have \$40 in my bank account, but I owe \$2,000 in medical debt from an emergency room visit for stomach pain. Without savings, we can only afford to pay the minimum of \$60 on our two credit card bills. I pay \$300 to \$400 a month to feed our growing kids. I'm working as hard as I can, but I don't know how I'm going to make it with this debt and this stress.

Last week, the county fair came to town and my kids were begging me to take them. We didn't have



the money, so I had to borrow some because I want to give them the things and experiences that they want. We came here to contribute and work so that our kids can have a better future. I love this country, but we just need the opportunity. Maybe, then, I can give my daughter her own room.

VIRGINIA

KEY FINDINGS

The living wage for a single adult is \$18.57 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$35.07 per hour.

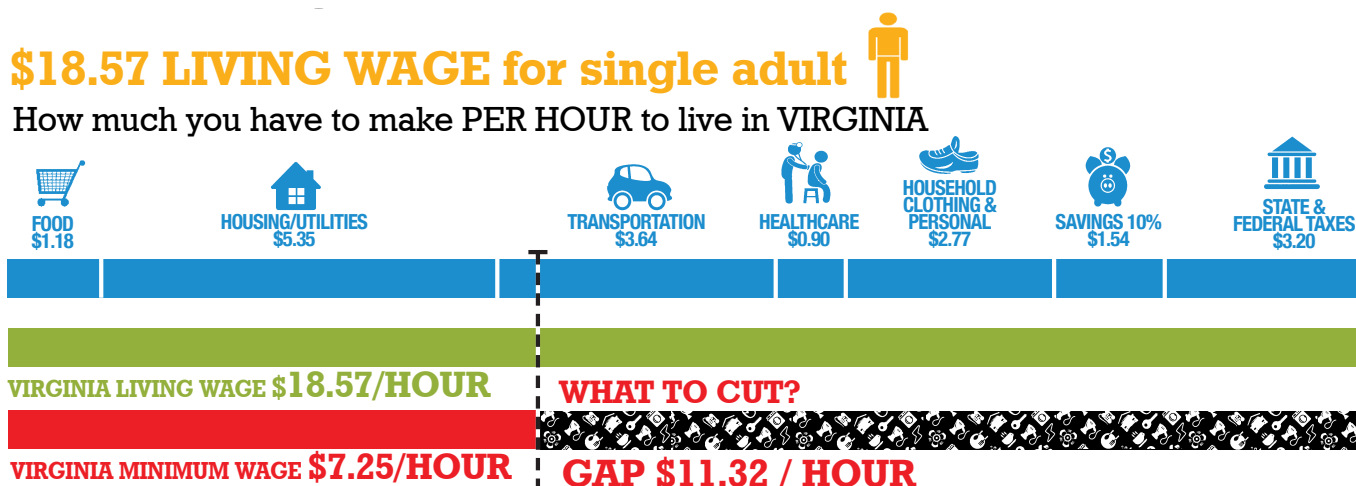
For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Virginia graduate with \$25,017 in student loans,⁸⁵ and the average

credit card holder in the state has an outstanding debt of \$5,329.⁸⁶ Because the state has not expanded Medicaid, more than 200,000 lower-income workers remain uninsured.⁸⁷ Additionally, 20 percent of mortgages in the state are underwater.⁸⁸

The minimum wage in Virginia does not allow working families to make ends meet. The state's 2013 minimum wage provided just over one-third of a living wage for a single adult and only one-fifth of the living wage for a single adult with two children.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$927	\$1,107	\$1,107	\$1,107	\$1,107
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$156	\$319	\$498	\$550	\$550
Household, clothing & personal (18%)	\$480	\$598	\$674	\$917	\$954
Savings (10%)	\$266	\$332	\$375	\$509	\$530
Child care	—	\$563	\$1,409	—	\$1,409
State/federal taxes (annually)	\$6,651	\$8,412	\$11,100	\$9,481	\$13,174
Gross income needed (monthly)	\$3,218	\$4,589	\$6,079	\$5,885	\$3,903*
Gross income needed (annually)	\$38,622	\$55,062	\$72,951	\$70,615	\$46,833*
LIVING WAGE (HOURLY)	\$18.57	\$26.47	\$35.07	\$33.95	\$22.52*

* Per working adult



‘EVEN THOUGH I WAS WORKING FOR THE COUNTY AND HAD INSURANCE, I HAD OUTRAGEOUS CO-PAYMENTS FOR MEDICAL TESTS. I REFINANCED MY HOUSE TO PAY OFF THE \$7,000 IN MEDICAL DEBT.’

I’m a 30-year resident of Rocky Gap, Va., located in Bland County, a rural county of about 8,000 people. I live on a two-acre property in a house built over 150 years ago. My daughter, her husband, and their four children also live on the property in a trailer.

I graduated from Emory and Henry College with a bachelor’s in history while working two jobs and raising two children. I had scholarships and funding to cover most of the costs, but I still needed to take out loans. I graduated with a little over \$20,000 in debt, but, with interest, that grew to almost \$40,000.

Luckily this year, my loans were forgiven for being on disability. But, if my health improves and I return to work within the next five years, my student loan debt will become active again. Unless I make a living wage, I still won’t be able to afford to pay it off. Plus, getting that debt forgiven counts as income, so I still owe taxes on it.

Sicknesses in my family really put us over the edge financially. I was diagnosed with an immune system disease and heart problems. Even though I was working for the county and had state insurance, I had outrageous co-payments for medical tests. I refinanced my house to pay off the \$7,000 in medical debt.

Then, my son was diagnosed with an aggressive form of arthritis, so now he’s unemployed. We have to pay \$120 a week for his medicine. Because Virginia failed to expand Medicaid, we’re hurting even more trying to cover his medical health costs.

It’s really hard to make ends meet even when living as cheaply as we can. We rely on food pantries, do without luxuries, and are working as hard as we can to pay off our debts. My mortgage is \$384 a month and my vehicle payment is \$240 a month. We are trying to pay off a \$4,000 credit card debt created by my son’s medical situation.

I receive about \$700 in disability per month. My



daughter and her husband earn about \$50,000 per year with their working salaries combined. With costs still rising and our incomes stagnant, there’s not enough to cover basic expenses, let alone pay off our debt.

I am worried about my grandchildren because they are going to have even less opportunity than I had. I could live in a tent, my life is all I need, but I want a better future for my grandchildren.

WASHINGTON STATE

KEY FINDINGS

The living wage for a single adult is \$15.99 per hour. This reflects what is needed to meet basic needs and maintain some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$30.01 per hour.

For workers saddled with debt, the wage to pay off that debt would be even greater than the calculated living wage. Students in Washington graduate with \$23,293 in student loans,⁸⁹ and

the average credit card holder in the state has an outstanding debt of \$5,269.⁹⁰ Additionally, nearly 20 percent of mortgages in the state are underwater.⁹¹

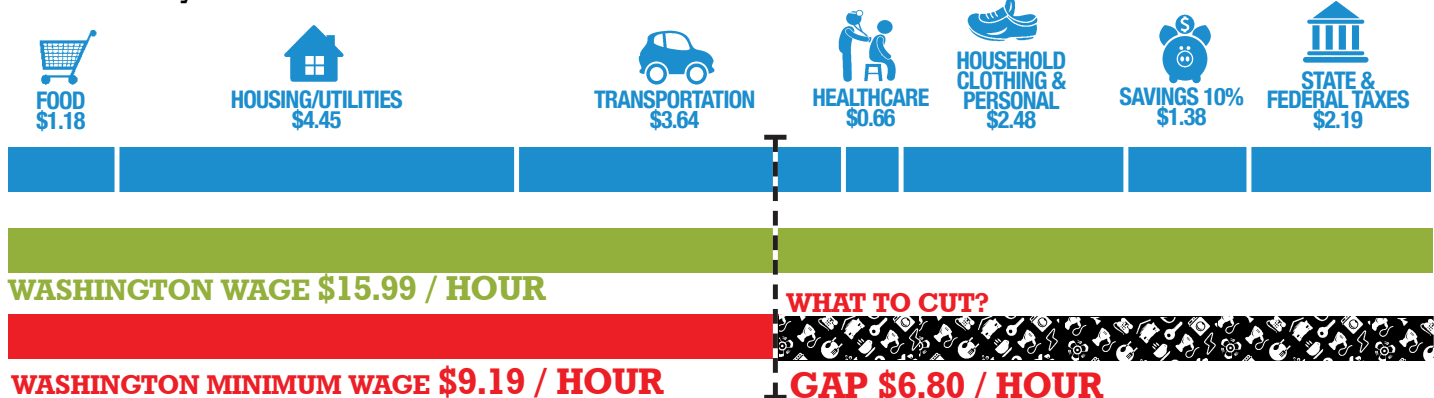
The minimum wage in Washington does not allow working families to make ends meet. The state's 2013 minimum wage provided just over half of a living wage for a single adult and less than one-third of the living wage for a single adult with two children. Even the 2014 minimum wage of \$9.32 falls well short of allowing workers to move beyond living paycheck-to-paycheck.

STATEWIDE 2014 Monthly Family Budgets	Household 1: Single adult	Household 2: Single adult with a school-age child (age 6-8 years)	Household 3: Single adult with a toddler (12-24 months) and a school-age child (6-8 years)	Household 4: Two adults (one of whom is working) with a toddler and a school-age child	Household 5: Two adults (both of whom are working) with toddler and school-age child
Food	\$205	\$391	\$516	\$752	\$752
Housing & utilities	\$772	\$970	\$970	\$970	\$970
Transportation	\$631	\$577	\$577	\$1,260	\$1,407
Health care	\$115	\$283	\$407	\$465	\$465
Household, clothing & personal (18%)	\$431	\$555	\$617	\$862	\$898
Savings (10%)	\$239	\$308	\$343	\$479	\$499
Child care	\$0	\$322	\$1,228	\$0	\$1,228
State/federal taxes (annually)	\$4,559	\$5,067	\$6,523	\$5,945	\$8,641
Gross income needed (monthly)	\$2,772	\$3,829	\$5,201	\$5,282	\$3,469*
Gross income needed (annually)	\$33,267	\$45,952	\$62,412	\$63,381	\$41,632*
LIVING WAGE (HOURLY)	\$15.99	\$22.09	\$30.01	\$30.47	\$20.02*

* Per working adult

\$15.99 LIVING WAGE for single adult

How much you have to make PER HOUR to live in WASHINGTON



'A YEAR AFTER MY HUSBAND'S DEATH, I HAD A MEDICAL EMERGENCY THAT LANDED ME IN THE HOSPITAL FOR SIX DAYS. I NOW OWE TWO DIFFERENT HOSPITALS OVER \$200,000.'

I am a mom. I have a grown daughter and an autistic son. I am a widow, and an active member of my church and community. Until 2008, we were far from well off, but we were able to meet our basic necessities without accumulating insurmountable debt. My life in 2014 is very different.

In 2008, I was laid off from my job. My husband, Charly, was on disability at the time because of a back injury, so the loss of our only income was devastating to the family. We couldn't afford our mortgage payments and lost our home to foreclosure.

I was determined to keep moving forward. We found a place we could afford to rent, and I went to school. After completing my associate's degree, I transferred to the University of Washington in Tacoma in 2010 to pursue a bachelor's degree in social work. I paid for tuition with a combination of student loans and federal grants. I was pursuing my dreams that I had put on hold for many years.

It wasn't too long after I transferred to UW that Charly's health began to decline. He lost more than 60 pounds in a few months. He had insurance through disability on Medicare, but we couldn't afford the co-payments. Our medical debt accumulated, and our family doctor at St. Joseph Clinic in Tacoma, where we'd gone to for 20 years, informed us that due to non-payment, Charly could no longer be seen there.

Charly was terrified of acquiring more debt. We had enough of his prescriptions to last a couple months, so we put off going to the doctor. I regret this decision more than anything, but we felt we had no choice. In 2011 Charly's pain became so severe that we rushed him to the ER. They found a tumor in his lower abdomen the size of a tennis ball that turned out to be metastasized, inoperable, pancreatic cancer. He passed away in the ICU just three weeks later.

I was devastated. I had lost the love of my life so suddenly. Unfortunately, Charly's debt survived him. I receive endless bills and calls from collectors for



the debt. The year after my husband's death, I had a medical emergency that landed me in the hospital for six days. I now owe two different hospitals over \$200,000. I have tried negotiating with the collectors, but they demand more money than I can afford. I get harassing, demeaning phone calls every day.

I should be paying \$300 a month for my student loan bills, but I can't afford that. I am drowning in debt with no way out. I can't find a job without finishing my degree — but I am terrified of adding to the debt I have. I skip meals to make sure my son can eat. I ration my prescriptions. I cannot plan and I cannot save. That said, I am doing my best to stay optimistic.

RECOMMENDATIONS

Across the country, there has been significant momentum in the movement for fair wages. The fast-food workers strikes continue to push for higher wages and unionization, and cities like Seattle are moving the conversation forward with passage of a citywide \$15 minimum wage.

Even with this momentum, though, families continue to struggle, especially when they have debt to pay off in addition to their other monthly expenses. While total debt may be less for low-income families than for higher-wage earners, the debt that they do have represents a much greater part of their income. Low-income families must already make difficult decisions about how to spend their money, and those with debt in the mix must stretch their meager earnings even more.

Action to ensure that working families can move beyond living paycheck-to-paycheck must focus on both income supports like increased minimum wages and on addressing the structures that lead low-income families into debt, including the lack of investment in higher education and the lack of access to quality healthcare for millions of lower-income families. The following recommendations would help working families across the country to thrive:

INCOME AND WORK SUPPORTS

- ▶ **Increase the federal minimum wage:** Wages should provide enough for workers to make ends meet. Seattle has set the bar for a minimum wage at \$15 per hour. In the 10 states we look at in our study, a \$15 wage would only cover the cost of living for single individuals in Idaho and Montana, and falls well short when factoring in families with children and households in debt. Meanwhile, it has been five years since the federal wage floor was last increased. Congress must keep pace with increasing wage demands.
- ▶ **Abolish the federal tipped minimum wage:** The federal tipped minimum wage has been stagnant at \$2.13 per hour for over 20 years, gradually losing more and more of its purchasing power. While businesses are supposed to ensure that tips bring workers' wages up to the minimum wage for non-tipped workers, this is not always the case in practice. Additionally, this takes pressure off of employers to pay workers wages that allow them to support themselves, and instead leave customers to pick up the difference. Abolishing the tipped minimum wage would help millions of workers get closer to making ends meet, and put the responsibility on businesses to pay their workers' wages — not customers who do not always tip consistently.
- ▶ **Invest in state and federal safety net programs:** Until there are enough living wage jobs to go around for all household types, families will continue to make tough choices.

Federal programs like the Supplemental Nutrition Assistance Program (SNAP) should be strengthened, not cut, and state supports like earned income tax credits and child care assistance should be bolstered.

ADDRESSING SKY-HIGH DEBT

- ▶ **Reinvest in higher education:** One of the driving forces behind increased student debt is disinvestment in higher education at the state level. Every state in our study has cut higher education funding, leading universities to raise tuition and leaving students and their families to pick up the cost. Reinvestment in higher education would allow colleges and universities to take some of the burden off of students.
- ▶ **Address outstanding medical debt acquired prior to the implementation of the Affordable Care Act:** Before the implementation of the Affordable Care Act, health insurance companies could impose a lifetime maximum benefit, leaving many families who had faced serious medical events with no remaining insurance and outstanding debt. A clean slate would help families stuck paying off old debt and leave everyone on a more level playing field as the ACA gains momentum.
- ▶ **Expand Medicaid eligibility:** Nearly half of the states in the country have not expanded Medicaid, leaving millions of workers without access to affordable health insurance. Expanding Medicaid would help to address

medical debt for these lower-income families and ensure that they have access to quality medical care.

- ▶ **Restrict payday lending and address Internet-based lending companies:** Many states have already used usury and other commerce laws to restrict and even prohibit store-front payday lending establishments, and other states should follow suit. With an increase in online payday lending, though, restrictions on such predatory lending must address not only storefront establishments but also those that are Internet-based.
- ▶ **Give banks the incentive to reset underwater mortgages:** There are millions of homeowners across the country with underwater mortgages that are only an emergency away from missed payments and foreclosure. Pushing banks to reset these mortgages based on the current value of the home will help millions of families stay in their homes, where they are more likely to maintain financial stability.

CONCLUSION

Millions of working families are not making ends meet. When low-wage workers add debt to their monthly balance sheet, it can be impossible to get by without cutting back somewhere.

We've found that minimum wages aren't keeping up with the cost of living, leaving low-wage workers with a gap between what they earn and the cost of their basic needs. We've also found that most low-income workers make debt payments on time, though, so for low-income families with debt, cutbacks happen in other areas like savings, utilities, or even food.

Without policy interventions to incentivize higher wages and support working families, though, debt and wages will continue to be impossible to balance for families across the country.

NATIONAL DEBT ANALYSIS

This analysis utilizes the 2010 Survey of Consumer Finances (SCF), sponsored by the Federal Reserve Board of Governors and the U.S. Department of the Treasury. The SCF, which surveys thousands of households nationally, is widely regarded as one of the top publicly available datasets measuring household finances, including income, assets and debt. Data from the 2010 triennial survey is the most recent available.

In an attempt to examine balance sheet conditions for workers not making a living wage, we separated the dataset into two groups: “low income,” or respondents who reported the equivalent of less than \$15 an hour, assuming full-time work, and “higher income,” or those who reported more than \$15 an hour.

In doing this we utilized the “income” variable, which, according to the SCF codebook, includes for a calendar year “wages, self-employment and business income, taxable and tax-exempt interest, dividends, realized capital gains, food stamps and other support programs provided by the government, pension income and withdrawals from retirement accounts, Social Security income, alimony and other support payments, and miscellaneous sources of income.”

While we would have preferred to isolate wages, we found examples of low-wage respondents with significant non-wage income, which would have significantly skewed our findings. Analyzing by income was our best substitute.

We avoided an analysis breaking the population into segments like quartiles or quintiles, as we believe defining these groups to be a substantive research design decision and wanted to set a threshold that offered a financial analysis in the context of a living wage.

Breaking down the entire dataset, we found income levels at the 25th percentile to be \$24,396, the 50th percentile to be \$45,743, and the 75th percentile to be \$81,321. Annual income at \$15 an hour amounts to \$31,200.

We considered other thresholds, including the 2010 federal poverty standard for a family of four, which amounts to \$10.73 an hour, or \$22,315 a year of full-time work. We also considered the current federal minimum wage of \$7.25 an hour, or \$15,080 annually.

However, these measures fall far below living wage standards, and are inadequate measures of living needs.

The current federal minimum wage has not increased since 2009, while the Consumer Price Index increased 8.6 percent between 2009 and 2013.⁹² In real dollars, the federal minimum wage is actually lower today than it was in 1968.⁹³

And the poverty standard is outdated and does not come near to a living wage. (See “Living Wage vs. the Minimum Wage and Federal Poverty Measures.”)

Ultimately, we believe even the \$15 threshold to be a conservative measure of a living wage. Our state-level findings show \$15 to be an inadequate living wage measure in eight of 10 states for a single individual — and that is assuming the household has no children.

Further, our living wage calculations do not take debt payments into account.

In our analysis, we examined several survey variables, including assets, debt and savings.

We examined net worth, but, because homeownership rates for the higher-income group were almost twice as high as the low-income group, mortgage debt — which brings with it the benefit of considerable equity — skewed the ability to examine the true impact of debt on households. And so we calculated net worth excluding mortgage debt and equity.

We also calculated average debt-to-income ratios for non-mortgage, student loan and credit card debt.

Finally, we examined households with any debt payments more than 60 days past due in past year.

LIVING WAGE ANALYSIS FOR STATES AND NEW YORK CITY

Given limitations in the available data and continuity of data sets, this study updates the previous Job Gap Study living wage calculations as closely as possible using 2013 data. Where 2013 data were not available, data for the closest year available were adjusted for inflation to reflect 2013 dollars.

FAMILY LIVING WAGE BUDGETS

A living wage is a wage that provides a household with economic self-sufficiency, allowing it to meet its basic needs and have money for savings and miscellaneous personal and household expenses without government subsidy. For this study, a modified market basket approach was used. Household budgets, upon which living wages are based, include:

- ▶ Food;
- ▶ Housing and utilities;
- ▶ Transportation;
- ▶ Health care;
- ▶ Child care;
- ▶ Household, clothing, and personal items;
- ▶ Savings; and
- ▶ State and federal taxes

HOUSEHOLD ASSUMPTIONS

Household types are selected to reflect the range of budget requirements for five household types:

- ▶ Single adult
- ▶ Single adult with one child between the ages of 6 and 8
- ▶ Single adult with two children, one between the ages of 6 and 8 and the other between the ages of 1 and 2
- ▶ Two adults including one wage earner, with two children, one between the ages of 6 and 8 and the other between the ages of 1 and 2
- ▶ Two adults, both wage earners, with two children, one between the ages of 6 and 8 and the other between the ages of 1 and 2

FOOD

Food costs are derived from the “Low Cost Food Plan” in the U.S. Department of Agriculture’s (USDA) monthly report “Cost of Food at Home: U.S. Average at Four Cost Levels.”⁹⁴ Food costs are based on an annual average of monthly food costs.

The Low Cost Food plan values are based on food expenditures by the 25th to 50th percentiles of the U.S. population, as determined in the National Household Food Consumption Survey. This plan is 25-50 percent higher than the “Thrifty Food Plan,” which is used as the basis for food stamp allocations and federal poverty benchmarks. The Thrifty Plan was not used because nutritionists consider it to be nutritionally inadequate on a long-term basis. The Low Cost Plan is based on the assumption that all food is prepared at home.

Households are calculated based on the following: Single Adult HH1 (20-50 year old woman); Single Adult with Child HH2 (20-50-year-old woman and 6-8-year-old child); Single Adult with two children HH3 (20-50-year-old woman, 6-8-year-old child, and 1- to 2-year-old child); HH4 and HH5 are calculated with one woman 20-50 years old, one man 20-50 years old, one 6-8-year-old child, and 1-2-year-old child.

There are no adjustments for these food plans by state or region. Other reports indicate that the variation in food prices is small enough that geographic adjustments are not necessary. The USDA values are based on 2001-2002 data and updated monthly for inflation.⁹⁵

HOUSING AND UTILITIES

Housing and utilities costs are derived from U.S. Department of Housing and Urban Development (HUD) Fair Market Rents and information provided by CenturyLink, Fairpoint, and Sage Telecom.

Fair Market Rent data are provided at a county level.⁹⁶ Fair Market Rents are gross rent and utilities estimates “that would be needed to rent privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities.” They include shelter rent plus the cost of all utilities, except telephones. HUD sets Fair Market Rents at the 40th percentile (in other words, 40 percent of the standard quality rental housing units are at or below this cost, but 60 percent cost more than this figure). The 40th percentile rent is drawn from the distribution of rents of all units occupied by renter households who moved to their present residence within the past 15 months. Public housing units and units less than 2 years old are excluded. It is assumed that families with one or two children will rent a two-bedroom unit, and that a single adult household will rent a one-bedroom unit.

Affordable housing is typically defined as less than 30 percent of a household’s annual income. Households that spend more than this are considered “cost burdened” and may have difficulty affording other necessities.⁹⁷

The cost of basic service for unlimited local calls, with no call waiting, voice messaging, or other extras was determined based on the rates from CenturyLink in Colorado, Florida, Idaho, Montana, Oregon, Virginia, and Washington, and with conversations with experts in New York, where the state has a rate cap for basic phone service. In Connecticut, rates for the most comparable phone plan from Sage Telecom were used, and in Maine rates come from Fairpoint. The estimate does not include any long distance calls.⁹⁸ The estimate also

does not include set-up fees, federal fees, or taxes. Each state’s basic phone cost was added to its weighted average Fair Market Rent to determine the whole cost of rent and utilities.

Housing and utilities does not include the cost of Internet, television service, or other additional optional utilities. While many families do include the costs of these in their utilities budget, for the purposes of this study, these are considered optional expenses so are not included in our report.

TRANSPORTATION

Transportation costs are derived using the 2009 National Household Travel Survey from the U.S. Department of Transportation (DOT)⁹⁹ and 2012 Internal Revenue Service (IRS) “Standard Mileage Rates” as an approximate cost for automobile travel.¹⁰⁰

The transportation component of the family budget is based on the cost of maintaining a private vehicle, and the National Household Travel Survey provides data on the annual vehicle miles of travel. The mileage totals are adjusted for the number of adults, workers and persons in each household.¹⁰¹ The number of annual vehicle miles traveled per household was then multiplied by the IRS standard mileage reimbursement rate for the year of the study which accounts for vehicle cost, insurance, gasoline, repairs, depreciation, and vehicle registration fees.¹⁰²

HEALTH CARE

Health care expenses include insurance premiums as well as the out-of-pocket costs not covered by insurance. Estimates of health care expenditures are prepared for families that are covered by employer-sponsored insurance, as well as for families that purchase private non-group health insurance.¹⁰³ These two estimates provide some idea of the range of health care costs families experience, yet the figures are probably conservative. Workers who earn low wages are far more likely than higher-wage earners to contribute a large share of their income to their health insurance premiums.¹⁰⁴ Additionally, low-wage workers are much less likely than higher-wage earners to work in companies that offer health insurance to their employees.¹⁰⁵ In 2012 in the U.S., 48 percent of the population had employer-based insurance, 5 percent purchased private, individual health insurance, 16 percent were covered by Medicaid, 14 percent were covered by Medicare, and 15 percent were uninsured.¹⁰⁶

Employer-Sponsored Insurance:

Average employee contributions to employer-sponsored insurance premiums were obtained for each state from the Insurance Component Tables of the 2013 Medical Expenditure Panel Survey (MEPS).¹⁰⁷ Although MEPS contains some information about co-payments and deductibles, it does not provide detailed information about the typical package of health benefits.

Out-of-Pocket Costs:

Out-of-pocket costs represent the medical expenses that are not covered by an insurance policy, and are instead paid by the individual or their family for health care received.¹⁰⁸ To arrive at a total figure for health

care costs, an average value for out-of-pocket expenses was added to the family share of insurance premiums. Out-of-pocket costs are based upon figures from the 2011 MEPS Household Medical Expenditure Tables, which can be modified to produce specific out-of-pocket data by age and geographic region.¹⁰⁹ Out-of-pocket costs for those purchasing private insurance and those buying into employer-sponsored health insurance are calculated using the same methods.

CHILD CARE

Child care expenses are based on the assumption that all single-parent households and households with two working parents require child care services. Estimates are derived from market rate surveys conducted by state welfare agencies. Because the federal government and most states subsidize child care for low-income families up to the 75th percentile — the statewide child care rate at which 75 percent of child care slots may be purchased — state-level data are typically available and are used for these estimates.

As child care market rate surveys are done by each individual state, their methods vary. For this reason, this study's methods vary slightly state-to-state. Most states provide child care costs by region, while some provide costs by county or ZIP Code. The costs of the various types of child care are averaged for each county, weighted by that county's population, and summed to produce a weighted average for the cost of child care in each state. 2013 data was used where available, but for states with the most recent Market Rate Survey occurring in a year other than 2013, the figures were adjusted for inflation.

Realizing that school-age children do not attend child care full-time during the school year, school-age children are assumed to attend either half-time for the full year or a combination of part-time and full-time, depending on the data available from the state. Toddlers are assumed to attend full-time, 12 months a year. In the two-parent household with only one parent working, it is assumed that child care is not necessary. So, in Household 1 (single adult) and Household 4 (two parents, two children, with only one working parent), child care costs are \$0.

HOUSEHOLD, CLOTHING, AND PERSONAL ITEMS

Household, clothing, and personal spending estimates are derived from the Consumer Expenditure Survey (CES) and are calculated as a fixed percentage of total household spending minus child care and taxes.¹¹⁰ Spending on these items, as a proportion of total income, is consistent across income categories. No detailed expenditures or needs-based estimates are available for these budget categories. A total percentage of 18 percent for this item is used in the household budget, based on the 1998 CES estimates. It is essential to use a percentage for household, clothing, and personal expenditures that is fixed over time. The first year of the Job Gap study was based on CES data from 1998. We believe that data from that year fairly represent household costs, and we have used the same proportions for subsequent years of this study. As defined by the CES:

- ▶ Household costs include laundry and cleaning supplies, stationery supplies and postage, household linens (towels, sheets, etc.), sewing materials, furniture, floor coverings, major appliances, miscellaneous house wares (small appliances, plates, etc.), and other items needed to operate and maintain a household. Household costs are estimated at five percent.
- ▶ Clothing and personal costs include clothing, personal care products, reading materials, and other personal expenses. Clothing and personal costs are estimated at six percent.
- ▶ Recreation and entertainment costs include fees for participant sports, admissions to sporting events, movies and video rentals, TV/sound equipment, music, pets, toys, and other entertainment expenses. Entertainment costs are estimated at five percent.
- ▶ Miscellaneous costs include items not covered in the above categories such as school supplies, bank fees, and credit card finance charges. Miscellaneous costs are estimated at 2 percent.

SAVINGS

The American Savings Education Council (ASEC) has developed a formula for estimating the percentage of household income that families should save.¹¹¹ This study assumes that workers are not enrolled in employer-sponsored retirement plans, given that only 33 percent of those with incomes between \$10,000 and \$25,000 participate in an employer-sponsored retirement plan.¹¹² When applied to households in our study, the recommendation is that families should save between seven and 13 percent of household income for retirement. Using the lower estimate of seven percent, an additional three percent was added to cover emergencies and allow families to plan ahead. Savings rates are set at 10 percent of spending minus child care and taxes.¹¹³

STATE AND FEDERAL TAXES

Taxes include federal taxes (including child care credits and the Earned Income Tax Credit), payroll taxes (Social Security and Medicare), and state income taxes where applicable. Property taxes are not included here because they are accounted for in housing (rental) costs. State and local sales taxes are not added to the income tax figure because they are already reflected in the cost of food, transportation, and household costs.¹¹⁴

The total living wage budget before taxes is assumed to represent each household's annual income when calculating taxes. Federal and state income tax returns are prepared for each household using software from H&R Block.¹¹⁵ Employment taxes are calculated at 7.65 percent of earned income (6.2 percent for Social Security, 1.45 percent for Medicare). For federal taxes it is assumed that families use the standard deduction and that there is no source of outside income. Where appropriate, deductions are made for applicable child care and EITC benefits, including the \$600 per child credit. Once the tax amount is calculated, it is added to each family's monthly budget to determine the total living wage.

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ABOUT THE AUTHORS



Ben Henry, *Senior Policy Associate*

Ben has produced national reports on living wage standards, the influence of money in politics, and America's foreclosures crisis. Ben has appeared on NPR, the Huffington Post and Bloomberg News, with research findings reported on by CBS News, The Hill, ThinkProgress, and dozens of local news outlets across the country. After a 12-year journalism career as an award-winning newspaper production editor, Ben graduated from the University of Washington's Daniel J. Evans School of Public Affairs with a Master's in Public Administration with a Nonprofit Management Certificate in 2012.



Allyson Fredericksen, *Policy Associate*

At the Alliance, Allyson has helped produce reports, fact sheets, proposals, and other research materials on issues including jobs & wages; Medicaid expansion; women's access to healthcare; student debt; and the foreclosure crisis. Allyson is one of the lead researchers on the Alliance's Job Gap and Living Wage reports. Allyson graduated from the University of Washington Bothell with a M.A. in Policy Studies in 2010.

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