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STAGNANT ECONOMY LEADS TO GROWTH IN THE NUMBER OF WORKING POOR FAMILIES

*More Than 10 Million Families are Working but Low-Income;
Nearly 1-in-3 Working Families Struggling to Meet Basic Needs*

WASHINGTON – The slow recovery following the Great Recession has fallen hard on America’s working poor families, increasing their numbers by 125,000 in 2010 – to more than 10 million families, according to a new analysis of Census Bureau data. The new data show a wide income gap between low-income working families and the nation’s wealthiest working families, according to an analysis released today.

Between 2007 and 2010, the share of working families that are low-income – below 200 percent of the official poverty threshold – increased from 28 percent to 31 percent, according to the analysis, **Overlooked and Underpaid: Low-Income Working Families Increases to 10.2 Million**, by The Working Poor Families Project.

“Unemployment remains stubbornly high during this period of slow economic growth, and millions of Americans remain out of work,” said Brandon Roberts, who co-authored the analysis. “But less noticed is the fact that a large – and growing – number of families who are working are hard-pressed to make it economically.”

“Despite working hard, nearly one in three working families are struggling to meet basic needs,” he said. “In America we assume that work pays, but for these families, jobs are not providing the rewards necessary to get by, much less build any economic security.”

“The number of low-income working families has increased for three straight years,” said Mark Mather, a co-author of the analysis. “Many of these families used to be solidly middle class but have seen their incomes drop below the low-income threshold because of a pay cut, a reduction in hours, or because a spouse lost their job.”

The Working Poor Families Project, a national initiative supported by the Annie E. Casey, Ford, Joyce and C.S. Mott foundations, has analyzed the conditions of American working families for the past decade. Its latest analysis shows the 18-month recession that began in December 2007 has dramatically exacerbated the problem, creating even greater challenges for working families in their drive for economic mobility and security.

The new analysis found that:

- Forty-six million people, including 23 million children, lived in low-income working families in 2010 – an increase of 1.6 million people from the previous year. The number of children in low-income working families increased by more than 500,000 in just one year.
- Minority families are far more likely to be low-income. In 2010, 44 percent of working families with at least one minority parent were low-income, twice the proportion of white working families.
- Between 2009 and 2010, the total number of working families dropped by nearly 800,000 as many workers lost their jobs or left the labor force. During the same period, the number of families who are working, but low-income, grew significantly.
- There are 21 states – mostly in the South and West – where a third or more of all working families are low-income. California, Florida and Texas have the largest number of low-income working families among the states. (See report for a state-by-state breakdown.)

The analysis also provides data on income inequality in America. The richest 20 percent of working families take home nearly half (47 percent) of all income. In 2010, those at the top of the economic ladder earned nearly 10 times the income of those at the bottom.

In 2010, the majority of low-income working families – 62 percent – spent more than a third of their income on housing, exceeding an accepted guideline for what constitutes affordable housing.

“This ongoing growth in the number of working families who earn too little to achieve economic security should be a wake-up call to policymakers,” said Deborah Povich, who also manages the Working Poor Families Project and co-wrote the analysis. “Millions of families are caught in inadequate jobs that force them to scrape by to meet basic needs. These families need access to educational opportunities that provide the degrees and credentials that lead to better jobs.”

The analysis, among other things, recommends that state and federal policymakers expand the number of working adults who enroll and succeed in education and skills development programs, and calls for an improvement in wages, benefits and supports for low-income working families.

“The growing ranks of low-income working families include people who constitute the backbone of our economy: working the cash registers, keeping our homes and businesses clean, preparing our food, and helping to care for our children and our elderly relatives,” Roberts said.

“Now is the time when policymakers must choose to invest in strategies that facilitate economic security and mobility for low-income workers and their families. Such investments are vital for the U.S. to maintain a strong and growing economy,” he said.

The new analysis from the Working Poor Families Project is available on the organization’s website: workingpoorfamilies.org.

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The Working Poor Families Project was launched in 2002. With assistance from the Annie E. Casey, Ford, Joyce and C.S. Mott Foundations, this national initiative annually examines the conditions of America’s working families and supports state nonprofit organizations to strengthen state policies in order to promote economic advancement and success.