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# Literature Review on the Working Poor

Prepared for The Delta Strategy

Summer 2002

Prepared by:  
Cori Scholtens, Research Coordinator

## Community Research Institute



*The Community Research Institute (CRI) at Grand Valley State University, a partnership between the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership and the Grand Rapids Community Foundation, serves the Greater Grand Rapids nonprofit and philanthropic community. CRI's mission is to assist nonprofit organizations with acquisition of information and technical skills that will help to understand the evolving needs of the community, plan programs and solve problems, and measure outcomes.*

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# Literature Review on the Working Poor

Conducted for The Delta Strategy's  
Coalition for Reducing Poverty

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## Who are the Working Poor in America?

The working poor consists of those “families whose earnings are less than twice the federal poverty level and in which the adults work an average of half time or more during the year.” [As defined by the National Survey of America’s Families (Acs, Phillips, & McKenzie, 2001,p.6)] Basic family budgets, the amount of income a family needs to be self-sufficient, is about twice the poverty level. (Boushey, 2002) “Scholars define the working poor as families earning between 100 and 200% of the federal poverty levels.” (Rupured, Koonce, Bales, 2002)

It is estimated that one in six non-elderly Americans lives in a working poor family. (Carnevale & Rose, 2001) 7 out of 10 single parent families with two children are considered a part of the working poor meaning their income falls below the family budget levels. (Boushey, 2002)

Of working poor families...

- 50% include a parent that works full-time
- 60% are two-parent families
- More than 75% are headed by a worker with at least a high school diploma
- Almost 50% are lead by a worker over the age of 30.
- About 1/3 live in the suburbs, 1/3 in the cities, and 1/3 live in rural areas. (Boushey, Brocht, Gundersen, & Bernstein, 2001)

The working poor tend to have jobs that pay far less than non-poor workers for comparable work effort. These jobs are also less stable, have less predictable hours, provide fewer benefits, and convey lower status as occupations. This is true even though the primary earner in a working poor family usually works full-time, year-round. (Acs, Phillips, & McKenzie, 2001)

Compared to low-income *non-working* families, working poor families are more likely:

- To have children.
- To have an older family head.
- To have married adults in the family.
- To have a higher level of education.
- To be white.
- To live in the suburbs.

Compared to high-income working families, the working poor have more children and younger ones, are less educated, have a younger head of household, are less likely to be married, therefore, less chance of having a second income from another working adult, are more likely to be members of a minority group, and have more family heads with a work-limiting health condition. (Acs, Phillips, & McKenzie, 2001)

## Working Poor Minorities (African American & Hispanic)

- Have lower educational attainment levels than non-minorities contributing to difficulties in the workforce.
- Receive less early work experience that builds soft skills and technical skills.
- Live among racial and class segregation, leading to limited skill attainment, less work exposure, influence of weaker schools, less positive behaviors, and fewer positive role models. (Holzer, 2001)

## What barriers keep the Working Poor from moving to self-sufficiency?

- **Lack of Advancement.** Traditional advancement routes up the career ladder within firms have become less common. Employers more often outsource low-wage jobs and hire from external sources for mid-level positions once filled from within. (Richard & Miller, 2001)
- **Decreasing Unions.** The proportion of workers that belong to unions has greatly declined. Unions traditionally were one of the sources for negotiated good wages for the working poor. (Richard & Miller, 2001)
- **Insufficient Income.** For most low-wage earners, their standard of living did not improve after they moved off welfare and into work. A large gap remains between their earnings and their basic needs. The working poor are not paid enough to provide their families with safe and decent standards of living. (Boushey, 2002) The working poor must pay for things like child care, transportation, and appropriate clothes for work while receiving insufficient income from their jobs. (Rangarajan, 2001)
- **Inadequate Social Supports. [Child care, Transportation, Housing, Health care]** Reduced forms of social support such as housing subsidies, food stamps, and medical benefits exist for the working poor. Almost 40% of the working poor work non-traditional hours, making child care and transportation more difficult to obtain during those hours. (Rangarajan, 2001)  
**Child care.** As the poor move into the labor force, *child care* remains a substantial barrier to their future self-sufficiency. (Kerachsky, Mathematica Policy Research Inc.)  
**Transportation.** The biggest problem for the working poor is just getting to work. “A recent University of Michigan study identified *transportation* as the leading barrier to employment.” (Krupa, 2001)  
**Housing.** Many working poor families cannot locate affordable *housing*. One in six families pay more than 30% of their income on housing expenditures. (Rupured, Koonce, Bales, 2002)  
**Health care.** Working poor parents are more likely to be uninsured than unemployed parents and high-wage earners. The primary reason is because *health* insurance is not offered as an employee benefit at their places of employment and they are often ineligible for Medicaid. (Rupured, Koonce, Bales, 2002) “Families without health insurance are twice as likely to miss meals and not pay rent, mortgage, or utility bills as are other families with the same income, regardless of the amount of income they have.” (Boushey, Brocht, Gundersen, & Bernstein, 2001, p.2)
- **Spatial Mismatch.** Jobs tend to be located in the suburbs while a large group of the minority working poor live in inner cities. This leads to transportation issues and limited information regarding job openings. (Holzer 2001)

- **Discrimination.** Direct discrimination and immigration laws create barriers for the disadvantaged position of Latinos in the U.S. labor force. (Perez & Munoz, 2001) One factor that contributes to the labor market difficulties of African Americans and Hispanics is persistent racial discrimination. (Holzer, 2001)

## **Strategies to Assist the Working Poor to Self-Sufficiency**

### ***Strategy One: Increase the earnings and incomes of the working poor***

**Minimum Wage.** Increase the minimum wage. While suggested, analysis showed that raising the minimum wage will not lift the working poor into higher-income brackets. (Acs, Phillips, & McKenzie, 2001) On the other hand, there are living wage policy campaigns under way in 70 communities across the country. (Boushey, Brocht, Gundersen, & Bernstein, 2001)

**Education & Training.** Help the working poor obtain more education and training so they can obtain better jobs with higher wages. (Acs, Phillips, & McKenzie, 2001)

- Initiate public/private employer partnerships to bring needed training on or near work sites. (Strawn & Martinson, 2001)
- Make training more accessible to workers through evening and weekend services. (Strawn & Martinson, 2001)
- Provide financial supports so workers can pursue continued education and training on their own. (Strawn & Martinson, 2001)

**Expand the Earned Income Tax Credit (EITC)** (Acs, Phillips, & McKenzie, 2001) (Boushey, Brocht, Gundersen, & Bernstein, 2001)

- Provide state EITC that complements federal tax credits for the working poor. This reduces the state tax burden. (Clymer, Roberts, Strawn, 2001)
- Child Tax Credits are another way to boost family income. (Boushey, Brocht, Gundersen, & Bernstein, 2001)

### **Create Higher Quality Jobs**

- Connect people to better jobs with benefits from the start. (Strawn, Martinson, 2001)
- Economic development and workforce development programs can raise family incomes by giving workers access to better jobs. Programs should be focused on developing jobs that pay a living wage, include training, and provide a career path for future sustainability. (Boushey, Brocht, Gundersen, & Bernstein, 2001)

**Individual Development Accounts.** IDAs help families build financial assets that can be used to purchase a home, further their education, or start a business. (Clymer, Roberts, Strawn, 2001)

**Remove Barriers to Unionizing.** “The most effective single step a low-wage worker can take to move out of poverty is to join a union.” Unions are and have the capability to provide the working poor with improved wages, benefits, and working conditions through their collective bargaining power. Unions can provide workers with negotiated contracts, career ladders, mobility policies, job training, work experience, and apprenticeship opportunities. (Turner, 2001, p. 348) Workers that are union members have greater wages; better access to health insurance, pension plans, and paid family leave; and improved job security. (Boushey, Brocht, Gundersen, & Bernstein, 2001)

***Strategy Two: Reduce the obstacles for steady employment by increasing investment in the social safety net.***

- Increase the availability of quality, subsidized child care (Acs, Phillips, & McKenzie, 2001) (Clymer, Roberts, Strawn, 2001)
- Provide transportation assistance. (Acs, Phillips, & McKenzie, 2001) (Clymer, Roberts, Strawn, 2001)
- Expand health care coverage. (Clymer, Roberts, Strawn, 2001)
- Provide housing assistance. (Clymer, Roberts, Strawn, 2001)
- Provide accurate information to the working poor, community workers, and employers regarding what assistance is available. “Although working poor families face many barriers to self-sufficiency, assistance is available. Unfortunately, many families do not take advantage of the available assistance because they do not realize that they qualify.” (Rupured, Koonce, Bales, 2002)

[One study found that policies to promote work such as child care and transportation initiatives might decrease the barriers to work, but these families remain the “working poor” until programs that supplement earnings are established. (Acs, Phillips, & McKenzie, 2001)]

***Strategy Three: Promote collaborations that build community capacity***

Community capacity must be expanded for upward mobility of the working poor to be successful. Building community capacity includes identifying barriers to upward mobility and assessing accessibility of childcare, housing, transportation, training and education opportunities, health care, and jobs with higher wages in the community. “The bottom line is that a community must have an infrastructure in place that supports working parents and provides opportunities for advancement in order for the working poor to successfully move to financial self-sufficiency.” (Rupured, Koonce, Bales, 2002)

.....  
**Other Key Factors to Consider** (Strawn & Martinson, 2001)

For Steady Work

- Steady work initially is correlated with sustained employment over time.
- Higher wages in the first job promote sustained employment over time.
- Starting in a position that offers employer-provided benefits increases sustained employment over time.

For Moving to Better Jobs

- Steady work from the start does not guarantee higher wages over time.
- Switching jobs can be a path to higher wages.
- Initial jobs with high paying wages are correlated to increased wages over time.
- Higher basic skills and education (beyond high school) are linked to increased wages over time.

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# Literature Review on the Working Poor: Additional Findings

Conducted for The Delta Strategy's  
Coalition for Reducing Poverty

August 2002

Prepared by  
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## Financial Literacy

### **Financial Literacy of the Working Poor**

Over 10 million households in the United States do not have a bank account. Only 40% of Earned Income Tax Credit (EITC) recipients have a checking account. (Wu, Fox, & Renuart, January 2002) Typically, low-income families have inadequate access to traditional, cost-efficient banking services. These include convenient check cashing facilities, reliable bill-paying mechanisms, and affordable credit. Many working poor families conduct their every-day financial transactions at places such as check-cashing facilities, specialty finance companies, credit card companies, rent-to-own facilities, pawnshops, or other high-interest private lenders. These groups do not help families save money or build equity. Families need better access to convenient and low-cost financial services. (Kids Count, 2002)

The level of net assets varies widely among American families. In 1998, 42% of households (43.3 million) had at least \$100,000 in net assets while 25 million households (25% of all households) had less than \$10,000-- 8% with negative net assets. Even though only 10% of families were income-poor in 1998 (living below the poverty level), having low assets limits a household's ability to finance current needs of the family as well as accrue future economic well being. Households with low net assets have a harder time investing in a home, education, or business. These things restrict their ability to improve economic status. It has been found that "households with low net assets have shorter planning horizons, are less likely to take financial risk when saving or investing, and are less likely to save...are more likely to have experienced a period of low income and are less likely to have received an inheritance compared to the total population." Imperative to saving and building wealth necessary for financial security is the removal of barriers such as less education, lower income, and fewer assets. (Montalto, 2002, p.2-3)

Many studies have begun to look at the positive benefits of asset ownership on households and communities. Dailey and Boshara (2001, p.152) list the following:

- Promoting greater household stability
- Improving self-esteem
- Increasing knowledge and experience in money management
- Fostering long-term thinking and planning
- Providing a foundation for risk taking
- Increasing social status and social connectedness

- Increasing community involvement and civic participation
- Enhancing children's well-being and educational prospects

Connecting the working poor to traditional financial institutions and helping them access formal financial markets requires some investment into developing human resources such as building their knowledge of the systems, increasing their skill level and information base. It is also necessary to create local structures that link them with current financial institutions. Current financial institutions need to adjust their operating procedures, as well, to market to this sector of the population that has much potential. Bennet & Cuevas (The World Bank Group) call this development of new markets among the working poor "social intermediation."

In some states, mainstream financial institutions are trying to address these problems by offering asset-oriented financial products to the working poor by collaborating with check-cashing facilities, community organizations, credit unions, housing developers, and employers. Others provide quality financial literacy training to help families develop budgets, learn how to avoid scams and predatory lenders, increase their saving through investment, and resolve credit problems. (Kids Count, 2002)

### **Predatory Lending**

Predatory lending encompasses several types of scams including equity stripping, loan flipping, hidden loan terms, home improvement loans, and signing over the deed of your house. Complaints regarding predatory lending have been on the rise for the past eight years. It became an often-practiced trend in America in 1993, of which the weak, uninformed, those with financial problems, elderly, minority groups, and low-income households became the prey. Urban and inner city neighborhoods with high minority populations have also become well-practiced targets.

Predatory lending almost always occurs in the subprime lending market. These subprime home financing loans made up 51% of home loan refinancing in black neighborhoods compared to 9% in white neighborhoods. Predatory lending creates blighted neighborhoods as hundreds of thousands of homes are foreclosed. High rates of foreclosure can often be attributed, at least in part, to mortgage fraud schemes. In 1996, there were 44,665 cases of mortgage fraud that led to over \$3 billion in losses. Mortgage fraud has continued to grow. It increased from \$60-\$70 billion from 1998-1999 and had reached \$90 billion by 2000. (Smith, April 2002)

### **Refund Anticipation Loans**

Tax refund anticipation loans (RALs) are short-term loans accumulated based on a client's expected tax refund. Programs of this sort have names such as SuperFast Cash, Instant Money, or Fast Cash Refunds. They cost from \$29 to \$89 and last about ten days. They accrue annual interest rates between 67% and 774%. Almost 11 million Americans get RALs. The majority of the RAL recipients have annual incomes ranging from \$10,000-\$15,000. RALs have negative impacts on the working poor who qualify for Earned Income Tax Credits. Forty percent of people who get refund anticipation loans are EITC recipients. The working poor often get RALs because they do not have the money up front to pay for tax preparation services. Refund anticipation loans provide immediate credit to a vulnerable group of the population at tremendous prices. These loans are targeted at low to moderate-income consumers with few resources and great financial need. Often times, these loan recipients do not understand that RALs are loans but are misled into thinking they are receiving an early refund.

The working poor on EITC are likely targets for these refund loans because of education, literacy, and language barriers as well as their fear of IRS audits. Commercial tax preparation services, through which RALs are accumulated, target neighborhoods with the highest percentage of working poor families. When a low-income worker applies for a refund anticipation loan, they pay \$267 out of their \$1,600 tax refund in loan fees, electronic filing fees, check cashing fees, and tax preparation fees. This drains an estimated \$994 million from the EITC program per year. (Wu, Fox, & Renaurt, January 2002)

Additional Resources:

- *Activities of NNC Members on Predatory Lending* from the National Neighborhood Coalition [www.neighborhoodcoalition.org](http://www.neighborhoodcoalition.org)
- *Credit Union with a Social Mission Brings Poor into the Financial Mainstream* from the Pew Partnership [www.pew-partnership.org/wanted/results/burlington.html](http://www.pew-partnership.org/wanted/results/burlington.html)

## **English Language Barriers**

The immigration of people to the United States from Mexico and other non-English speaking countries between 1990 and 2000 has increased the number of children in America who lack adequate English speaking skills. These children have a greater chance of facing challenges in school and in the job force as adults. Some believe the lack of English speaking skills is in part responsible for the high dropout rate among immigrant children. (In 2000, there were almost 3 million children in the United States ages 5 to 17 (6%) who had difficulty speaking English. In Michigan, 2% of children had difficulty speaking English, up from 1% in 1990.) (Children at Risk, 2002)

As adults, language barriers become a stumbling block for employment. It affects job opportunities, means to improvement, and overall employment prospects. When working poor immigrants are in low-paying jobs, of which the majority are, the lack of English proficiency diminishes their chances of moving into high-wage industries. A study at the University of Miami found that families speaking only Spanish had the lowest average income compared to other languages, especially English. Families that spoke only English made an average of \$32,000 while families fluent in both English and Spanish had the highest family incomes, \$50,376. Men who do not speak English earn 29% less than similar men who speak only English. (Perez, Sonia, and Munoz, 2001)

Limited English is a barrier to moving out of poverty. The lack of English fluency becomes a handicap in learning necessary on the job skills. It confines some to job seeking only in “Spanish-speaking” neighborhoods, or communities that speak their language. Limited English keeps people from being eligible for better paying jobs and limits most to the low-wage labor market. Newman (1999, p.185) found that “hardworking immigrant employees whose English language skills don’t cut it will not be promoted, even if they are virtuous in all other respects.”

Additional Resources:

- *Trends Among Hispanic Children, Youth and Families* from Child Trends (March 13, 2001) [www.childtrends.org](http://www.childtrends.org)

## **Low Self-Esteem (Lack of Hope)**

Literature articulates that low self-esteem can be one result of poverty. For a child, poverty can translate into many things, including hunger, lack of education, and a lack of self-esteem or hope. (UtopianWorld) A study conducted out of the Institute for Social and Economic Research (2001) found that adolescents who grew up poor have lower self-esteem than children who never experienced life in a low-income environment. In fact, living in a poor family as a child between the ages of 6 and 10 increases their likeliness of feeling useless and decreases the child's self-esteem by age 11.

A research brief by Child Trend (Ahluwalia, McGroder, Zaslow, and Hair, 2001) says that low-income single mothers have more symptoms of depression--feeling hopeless, inadequate, and alone--than others in the general population. They argue that the poverty stricken who are depressed will have a harder time getting and keeping a job. They also believe that the children of these depressed mothers are likely to have more problems.

Why is low self-esteem a product of poverty? As one example shows, low-income minority teens may search all over town for a job. Fast food burger-joints are often the only place that will hire them. These jobs hold a stigma for low social status. Fast food jobs are very much associated with assembly-line, no skill, highly routine, lack of discretion positions. Peers ridicule them both on the job and in the neighborhood. Swallowing ridicule is looked down upon in their culture. "More likely than not, they have also learned from peers that self-respecting people don't allow themselves to be "dissed" without striking back. Yes, this is exactly what they must do if they are going to survive in the workplace." (Newman, 1999, p.93) These jobs carry a stigma that goes against American culture that prides itself in autonomy, independence, and "the individual's right to respond in kind when dignity is threatened." Low self-esteem is one by-product of only finding work in stigmatized and denigrated workplaces. (Newman, 1999, p.93)

In addition, the conditions of the neighborhoods in which the working poor most often live can contribute to a depressing quality of life. Trash, broken glass, graffiti, and corner drug-dealers help drag down the spirits of even the most highly motivated workers. Low self-esteem can decrease a person's ability to hold a well-paying job. Mizell (1999) found that adult poverty alters the positive effects of self-esteem on earnings. As an adult falls farther into poverty, the majority of positive effects that may have been linked to esteem have been reduced. Positive effects of high self-esteem on a person's earnings are depleted by chronic adult poverty.

The working poor are a sandwiched culture. The more they work and live within the social norms of the working class, the farther they ostracize themselves from the communities in which they live...the people in their "home" world that may be dealing drugs or hanging out on the corners. At the same time, as they grab hold of the working class as the accepted class they find themselves denied the prestige and true respect of the middle-class workers. (Newman, 1999)

### Other Resources:

- *Symptoms of Depression Among Welfare Recipients: A Concern for Two Generations* by Ahluwalia, McGroder, Zaslow, and Hair (December 2001) from Child Trends  
[www.childtrends.org](http://www.childtrends.org)

## **Felony & Drug Use**

One in ten African American males age 25-29 is in state or federal prisons, compared to 1% of white males. When black males in local jails are added, 1 in 7 of all black males aged 25-29 are incarcerated. (The Sentencing Project, 2002) On average, the majority of inmates in the Kent County jail in 2001 were black (at least 50%) compared to white (40%), Hispanic (9%), or other. When these percentages are compared to the racial breakdown of the general population in Kent County, racial disparity is evident. While over 50% of the Kent County jail population is black, only 8.7% of the general population in Kent County is black. Eighty percent of the general population is white compared to 40% of the jail population. (Kent County Correctional Facility)

Why are such disproportionate percentages of minorities incarcerated? The racial disparity in the “War on Drugs” is one reason. By 1998, 72% of all illicit drug users were white compared to 15% black. In that same year, blacks were arrested five times as often as whites. Drug use in low-income neighborhoods is taking great tolls on minority communities. (Human Rights Watch, 2000)

When large numbers of black men are removed from their communities, family dissolution, single parent households, and reduced job prospects upon return increase. In addition, state-based disenfranchisement laws that restrict voting rights of felons or ex-convicts is expected to keep 13% of all black males from voting in the November 2002 elections. (The Sentencing Project, 2002)

Growing up in a poor, minority neighborhood under high exposures of crime, violence, and drug use can hurt a young minority’s career prospects in many ways. If the premise is made that work is a necessary part of moving a family out of poverty, young minority males are at a disadvantage due to their high rates of criminal activity and incarceration, which damage their labor market prospects. Individuals involved in criminal activities, including drug dealing, gain fewer labor market experiences and their wages grow at a slower rate. In addition, employers are often reluctant to hire individuals with criminal records of incarceration. At times, they penalize an entire group of potential workers, such as young black males, because they feel uncomfortable not being able to distinguish between those with or without criminal histories. (Holzer, 2001)

Employers with places of business within or near low-income neighborhoods often avoid hiring from the local labor force. Newman (1999) found that employers associate local people with crime and unreliable work habits. Sullivan (1989) also found this to be true, especially in Latino and African American communities. In comparison, he found that youth were hired from local poor, white neighborhoods based on the use of their working parents’ networks.

Crime affects those young minorities that do not engage in illegal activity in other ways. Many middle class white and black residents move out of inner-city areas because of their fear of crime. This increases the spatial imbalances and increases the concentration of poor minorities in poor urban centers. (Holzer, 2001)

Criminal activity also affects the children of the working poor. When Mom has been in and out of jail for drug possession and siblings are convicted felons, it often leaves children to be raised by Grandmothers or other family members. Drug abuse, for instance, leads to lost jobs and forces many children to make it on their own. Other children end up moving in and out of foster care.

When someone in poverty chooses to work, they make a deliberate choice of disengagement from the future that will be had by many in their neighborhood. Because the working poor are most often forced to live in neighborhoods with low-rent housing, they are bound to live among drug users and criminals. Violence, drive-by shootings, corner drug deals, and other terrors are obstacles working poor people in their communities must navigate around while trying to change their future for the better. (Newman, 1999)

#### Other Resources:

- Youth Violence in Urban Neighborhoods from Harvard University's John F. Kennedy School of Government, The Urban Seminar Series  
[www.ksg.harvard.edu/urbanpoverty/Sitepages/UrbanSeminar/Violence/youth.pdf](http://www.ksg.harvard.edu/urbanpoverty/Sitepages/UrbanSeminar/Violence/youth.pdf)

### **Recidivism of working poor back into poverty**

Working poor parents constantly struggle to successfully make ends meet for their families. A sudden crisis can quickly return them to welfare dependency, such as a job loss, illness or injury, an unexpected car repair payment, or the inability to pay rent, leading to eviction. Many working poor parents do not have health insurance or family leave benefits, which add to the burden of responding to daily issues that confront any family. In addition, the lack of a flexible work schedule makes a parent choose between the demands of work and the immediate needs of their child, such as a sick child who needs to see the doctor or a child care provider that calls in ill. (Kids Count, 2002) (Newman, 1999)

Without some form of insurance against those temporary moments of unemployment, a simple family emergency can force a family to return to welfare. Because the road out of poverty into steady employment is rarely straight, it becomes increasingly important to provide families with a safety net that protects them against job interruption or illness. Many advocate for the broadening of on-going income opportunities and medical insurance as one avenue of assistance. (Kids Count, 2002)

While the working poor are perpetually at risk of falling into the true depths of poverty, work distinguishes them from the rest. It “keeps them on the right side of American culture” (Newman, 1999, p.xv) like their middle-class contemporaries. Nonetheless, they remain poor. With poverty, working or nonworking, come the same forces: crumbling housing, poor diet, lack of adequate medical care, abysmal schools, and continuous insecurity.

### **Is it a correct assumption that the working poor are the most viable group to assist out of poverty?**

“Recent findings suggest that successful institutions contributing to poverty reduction are particularly effective in improving the status of ‘middle and upper income’ poor.” The impacts of their services seem to be in direct relation to a family’s income. The greater a working poor family’s income, the more impact the organization makes. This reinforces many programs’ tendency to concentrate their work within this group of the country’s poor. (Bennet & Cuevas, on-line at: [www.worldbank.org/mdf/mdfl/poor.htm](http://www.worldbank.org/mdf/mdfl/poor.htm) )

## **Additional Statistics:**

### **Child Care**

Low-income families spend an average of \$1 of every \$6 earned on childcare. This compares to \$1 for every \$10 earned by half of all working families with children under 13 years old. A family with a preschool aged child in Detroit in 1999 making \$15,000 a year would have spent almost one-third of their income on child care. Even though there have been increases in federal funding for child care assistance, it has still been found that 9 out of every 10 children living in low-income families eligible for child care financial assistance do not benefit from it. (Public Sector Consultants, 2002)

### **Health Care**

Sixty percent of uninsured Michigan residents live in households with an annual income below 200% of the Federal Poverty Level. This compares with 64% of the nation's uninsured. In addition, 70% of the country's uninsured reside in households where adults are working. (Public Sector Consultants, 2002)

### **Housing**

One-third of Michigan households are low-income (1.5 million). Many of their housing arrangements are overcrowded or substandard. Thirty percent of low-income housing in the state is substandard according to HUD. (Public Sector Consultants, 2002)

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