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# Who is Making Ends Meet in the Portland Region? A Profile of Poverty and Self-Sufficiency among Greater Portland Families

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# Who is making ends meet in the Portland region?

A profile of poverty and self-sufficiency among greater Portland families



CC image courtesy of Holly Hayes on Flickr

**June 2015**

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Metropolitan Studies  
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The Portland metro region economy is near a complete recovery from the damage of the Great Recession that began seven years ago. Unemployment in April of 2015 was 5.2 percent, cut in half from the 2011 rate of 10.5 percent.<sup>1</sup> The region ranked among the top 10 metro region areas in the nation for employment growth in 2014.

Unfortunately, the benefits of this economic resurgence are not experienced equally. Ideally, economic recovery should lead to jobs and wages that enable Portland metro region families to earn enough to provide for their basic needs. Low unemployment cannot offer high quality of life if the jobs available do not pay adequate wages to make ends meet. Furthermore, public and nonprofit organizations are burdened by the demand on social services caused by families that cannot earn enough to cover basic needs like food, housing and health care.

Many families in the Portland region do not earn adequate income to make up for the rising costs of life's necessities, and self-sufficiency eludes far more families than is indicated by federal poverty statistics. Households headed by women or people of color, and families with children, are highly overrepresented among those who cannot make ends meet. Education can close part of this racial and gender gap, but it is not a panacea; other barriers persist for those families who are least likely to attain self-sufficiency.

## **Background and Methods<sup>2</sup>**

This study is a demographic analysis of self-sufficiency in the Portland metro region. The Portland metro region is defined for the purpose of this study as the four counties of Multnomah, Clackamas, Washington and Clark.<sup>3</sup> We use the 2014 Self-Sufficiency Standard for Oregon and Washington, calculated and published by the University of Washington's Center for Woman's Welfare, to determine, for each family type and county, the level of household income necessary to meet basic needs.<sup>4</sup> We adjust the income for inflation, then compare the Self-Sufficiency Standard to income data for each household from the American Community Survey to determine which households meet, and which do not meet, the

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<sup>1</sup> Oregon Employment Department. (2015). *Portland Economic Indicators, April 2015*. Salem, OR: Author.

<sup>2</sup> The text from this section is largely adopted from Institute of Portland Metropolitan Studies' 2014 report on self-sufficiency in Oregon, as this study sought to replicate that analysis for the Portland metropolitan region (see Morehead and Martin, 2014).

<sup>3</sup> Columbia, Yamhill, Cowlitz and Skamania counties are not included in this analysis due to limitations of the data available for these less-populated areas of the Portland Metropolitan Statistical Area. Self-sufficiency levels for all Oregon counties are included in the Institute of Portland Metropolitan Studies' 2014 report (see Morehead and Martin, 2014).

<sup>4</sup> The Self-Sufficiency Standard for Oregon and Washington 2014 uses the term "family" to refer to a household, or a group of people that live together at a single address. We use the term household to refer to this unit in order to avoid confusion between family households and non-family households. See page 12 for definitions of households and family households.



standard.<sup>5</sup> We calculate the percentage of families that do not meet the Standard, and compare that percentage to the percentage of families that fall below the federal poverty level. We report these results for a number of social and demographic characteristics. These calculations help us to build a profile of the households that do not meet the Standard and to provide guidance for identifying the characteristics of households most vulnerable to income inadequacy.

## Federal Poverty Level

The federal government's definition of poverty is used as a statistical indicator for the economy and to determine eligibility for programs and services that are designed to support households with insufficient incomes. The Federal Poverty Level (FPL) is a set of income thresholds that vary by family size and composition to determine who is in poverty. If the family's total income before taxes is less than the family's FPL, then the family and every individual in it are considered to be in poverty (Census, 2014). The methodology for determining poverty thresholds has not been updated since the early 1960s (although the threshold has been adjusted for inflation). Based on outdated assumptions about the composition of a typical family's budget, the FPL does not vary by location<sup>6</sup> or by the ages of children. Due to these and other methodological shortcomings of the FPL, many have called for the development of an alternative definition<sup>7</sup>, and the Census bureau is experimenting with alternative measures.<sup>8</sup>

## Self-Sufficiency Standard

The Standard is an alternative that more accurately reflects the income required to meet a household's basic needs. The Standard defines the income required to pay for basic needs, including taxes, without public subsidies (such as public housing, food stamps, Medicaid and child care assistance) or other private or informal assistance (such as shared housing, food from food banks, or free child care from a friend or family member). The Standard includes variables that are ignored by the FPL such as housing, transportation, and childcare, and it reflects geographic differences in these costs, as well as changes in families' income needs as children age.<sup>9</sup> The Standard for five selected family types across Portland metro region counties is presented in Table 1.

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<sup>5</sup> We use the Bureau of Labor Statistics consumer price index for western urban areas as the inflation multiplier.

<sup>6</sup> The only exception is that thresholds for Alaska and Hawaii are different from those of the 48 contiguous states and the District of Columbia.

<sup>7</sup> See, for example, Blank, 2008.

<sup>8</sup> The Census has developed several experimental poverty measures in response to the criticisms. See [www.census.gov/hhes/povmeas/data/index.html](http://www.census.gov/hhes/povmeas/data/index.html)

<sup>9</sup> For a more detailed discussion of the background and methodology of the Self-Sufficiency Standard, see Pearce (2014) or <http://www.selfsufficiencystandard.org>

**TABLE 1.** Self-Sufficiency Standards for select family types, Portland metro counties, 2014

	Adult	Adult +infant	Adult +schoolage +teenager	2 Adults +infant +preschooler	2 Adults +schoolage +teenager	2 Adults +preschooler +schoolage +teenager
<i>Clackamas</i>	\$24,469	\$51,231	\$39,208	\$75,485	\$47,810	\$75,842
<i>Clark</i>	22,223	45,066	41,522	66,124	49,473	70,125
<i>Multnomah</i>	19,993	52,210	33,881	78,164	39,443	74,780
<i>Washington</i>	24,353	51,742	38,799	76,258	46,880	76,047

Source: Pearce, D. (2014) Self-Sufficiency Standard for Oregon (Washington), 2014. Center for Women's Welfare, University of Washington.

## Key Terms and Definitions

**Household:** The sample unit used in this study is the household (rather than the population), which counts groups of people that live together at a single address. “Group quarters” populations are not included (for example, prisoners or military service people housed in barracks), nor are households headed by either a disabled person or someone outside the ages of 18-64.

**Householder:** The householder is the person (or one of the persons) in whose name the housing unit is owned or rented (or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees). When a variable is reported based on the householder (e.g., citizenship, educational attainment, occupation), it might not reflect the entire household. For example, although the householder reports his educational attainment as a high school diploma, another person in the household might have a college degree.

**Single mother or single father:** A woman maintaining a household with no spouse present but with children is referred to as a single mother. Likewise, a man maintaining a household with no spouse present but with children is referred to as a single father. In some cases the child may be a grandchild, niece or nephew, or unrelated child (such as a foster child).

**Family household:** A household with two or more persons (one of whom is the householder) residing together and related by birth, marriage, or adoption, as well as any unrelated persons who reside in the household.

**Nonfamily household:** A household that consists of a person living alone or with one or more nonrelatives.

**Income:** The income used in this report to determine whether a household meets the self-sufficiency standard is collected in the American Community Survey and is therefore based on the Census Bureau’s definition of money income: “the income received on a regular basis (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, social security, union dues, Medicare deductions, etc.” Money income does not include noncash benefits such as food stamps, health benefits, subsidized housing, etc. For more information see the Census Bureau’s income page: [www.census.gov/hhes/www/income/about/](http://www.census.gov/hhes/www/income/about/)

**Income inadequacy:** Refers to income that is too low to meet basic needs as measured by the Self-Sufficiency Standard. Other terms used interchangeably in this report include below the Standard, lacking sufficient (or adequate) income, and income that is not sufficient (or adequate) to meet basic needs.

**Hispanic or Latino:** We use these terms interchangeably to refer to someone of “Hispanic, Latino, or Spanish origin” as reported on the ACS survey form. In this report, we separate Hispanic or Latino persons, regardless of race, from other racial/ethnic groups. Thus, when we refer to the other racial groups, (white, black or African American, Asian/Pacific Islander, American Indian or Alaskan Native, and Other, we are referring to individuals in those racial groups who are not also Hispanic or Latino.

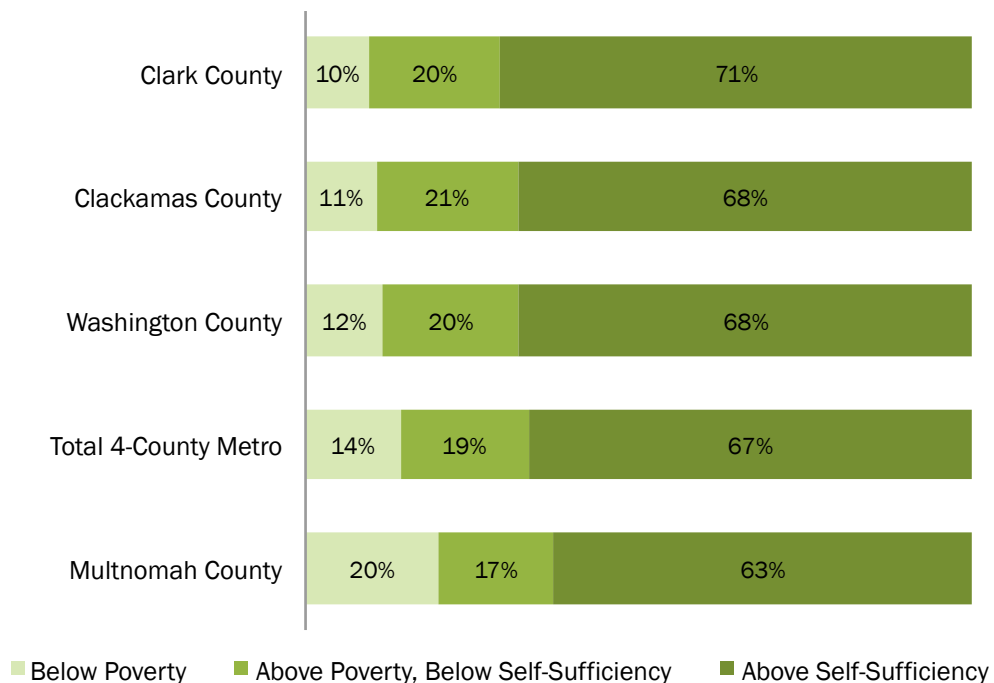
## FINDINGS

### **One in three households in the Portland metro region does not earn enough income to meet the Self-Sufficiency Standard.**

By contrast, only 14 percent of households are considered in poverty using the FPL as a measure of income inadequacy, less than half the number of households that fail to meet the Self-Sufficiency Standard. In total, nearly 45,000 households—about one in every five households in the region—are not considered to be in poverty, but do not earn enough income to meet basic needs.

Multnomah County lags behind the more suburban and rural Clackamas, Washington and Clark counties in the share of households meeting the self-sufficiency standard. About 37 percent of Multnomah County households have inadequate income while 30-32 percent of households have inadequate income in the other three counties. The poverty rate in Multnomah County is 8 percentage points higher than the next lowest county, Washington. There is minimal variation in self-sufficiency across the suburban counties, but Clark County is home to the highest share of households meeting the self-sufficiency standard by a slight margin.

**FIGURE 1.** Percent of sample households by income category by county, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

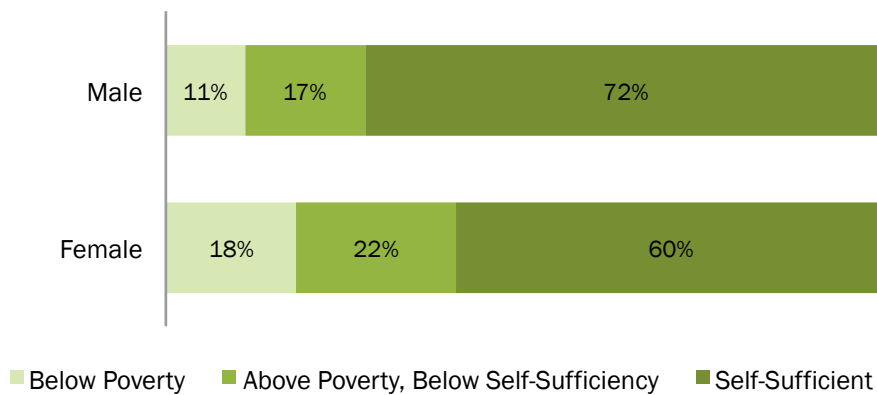


## SEX

### Households headed by men are significantly more likely to earn a self-sufficient income.

About 28 percent of male-headed households have inadequate income, but 40 percent of female-headed households cannot make ends meet. The barriers and burdens faced by women—both in the workplace and in the home—are well documented. Women are three times as likely to be single parents than men in the Portland region. Single parents must balance the need to work enough hours to provide for their family while caring for their children. Mothers face additional challenges because they are more likely to experience work interruptions in order to care for a child, and they are also more likely to report that those interruptions hurt their career.<sup>10</sup>

**FIGURE 2.** Percent of sample households by income category by sex, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

<sup>10</sup> Pew Social Trends (2013). *On Pay Gap, Millennial Women Near Parity—For Now*. Pew Research Center: Washington D.C. (June 15th, 2015). <http://www.pewsocialtrends.org/2013/12/11/on-pay-gap-millennial-women-near-parity-for-now/>

## EDUCATIONAL ATTAINMENT

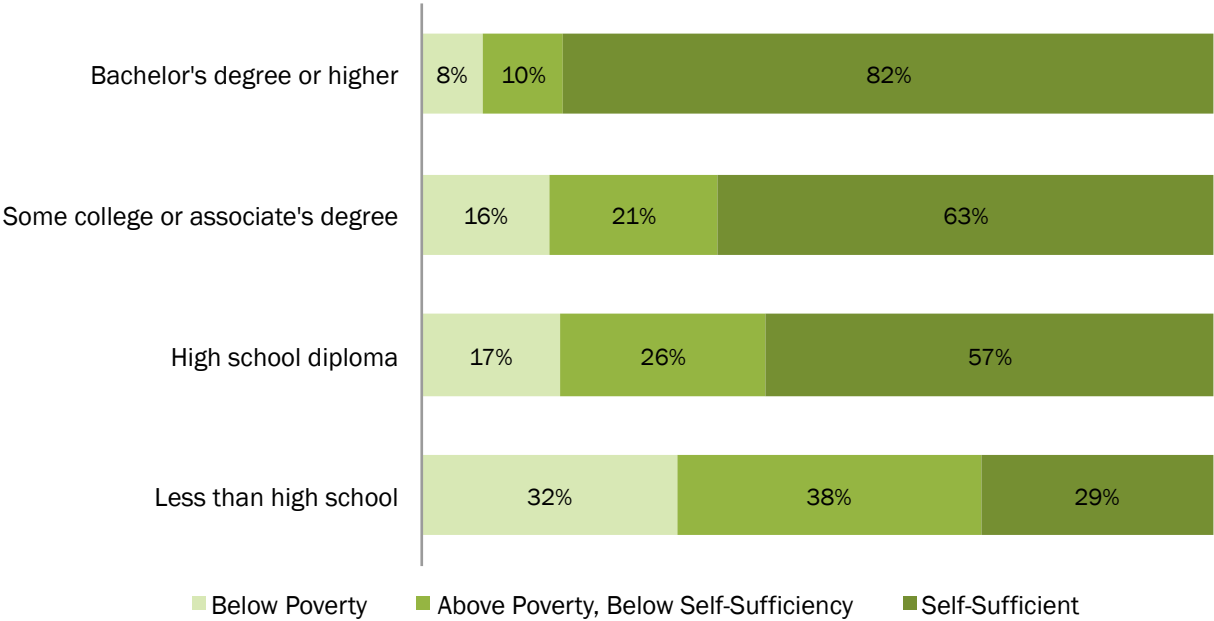
### **Educational attainment greatly improves the chance that a household can earn enough income to be self-sufficient.**

Households in which the householder has less than a high school education fare worst; 70 percent of these households have inadequate income. A high school education or equivalent credential nearly doubles the likelihood that a household earns sufficient income. A high school education is clearly fundamental to earning capacity; policies and programs to ensure current students graduate and provide remedial education for those without a diploma may greatly increase an individual's chance to become self-sufficient. However, those who are able to earn a high school education could also be advantaged by factors not related to schooling, such as family social networks to connect to better jobs, lack of racial or ethnic discrimination, or lack of language barriers.

The difference in self-sufficiency rates between those households with a high school diploma and those with some college or associates degree are minor. Households with some college or associates degree are only six percentage points more likely to earn a self-sufficient income than those with only a high school education, and they experience poverty at nearly the same rate. This may reflect variation in educational attainment within this group; the self-sufficient households may be those who earned an associates degree while others took college classes but did not earn a degree. The split may also represent divergent outcomes for different types of post-secondary credentials or associates degrees. Some programs may produce more income gains than others; this is an important area of research for the region's workforce development system to understand the potential variation in outcomes for shorter-term post-secondary education.

Earning a bachelor's degree is a far more certain path to self-sufficiency. Four of five households in which the householder has a bachelor's degree earn enough income to make ends meet. The share of households below poverty or below self-sufficiency is half that of households with an associate degree or some college. As with the difference between those households with and without high school education, some of this difference may be attributable to factors unrelated to schooling. Additionally, the self-sufficiency standard does not account for student loan debt repayments; if included in the standard, this expense could reduce the share of households with a bachelor's degree that have self-sufficient incomes. Still, the bachelor's degree remains the most reliable path to self-sufficiency, but just 39 percent of households in our sample are headed by someone with this level of educational attainment.

**FIGURE 3.** Percent of sample households by income category by educational attainment, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012  
Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

## EDUCATIONAL ATTAINMENT BY SEX

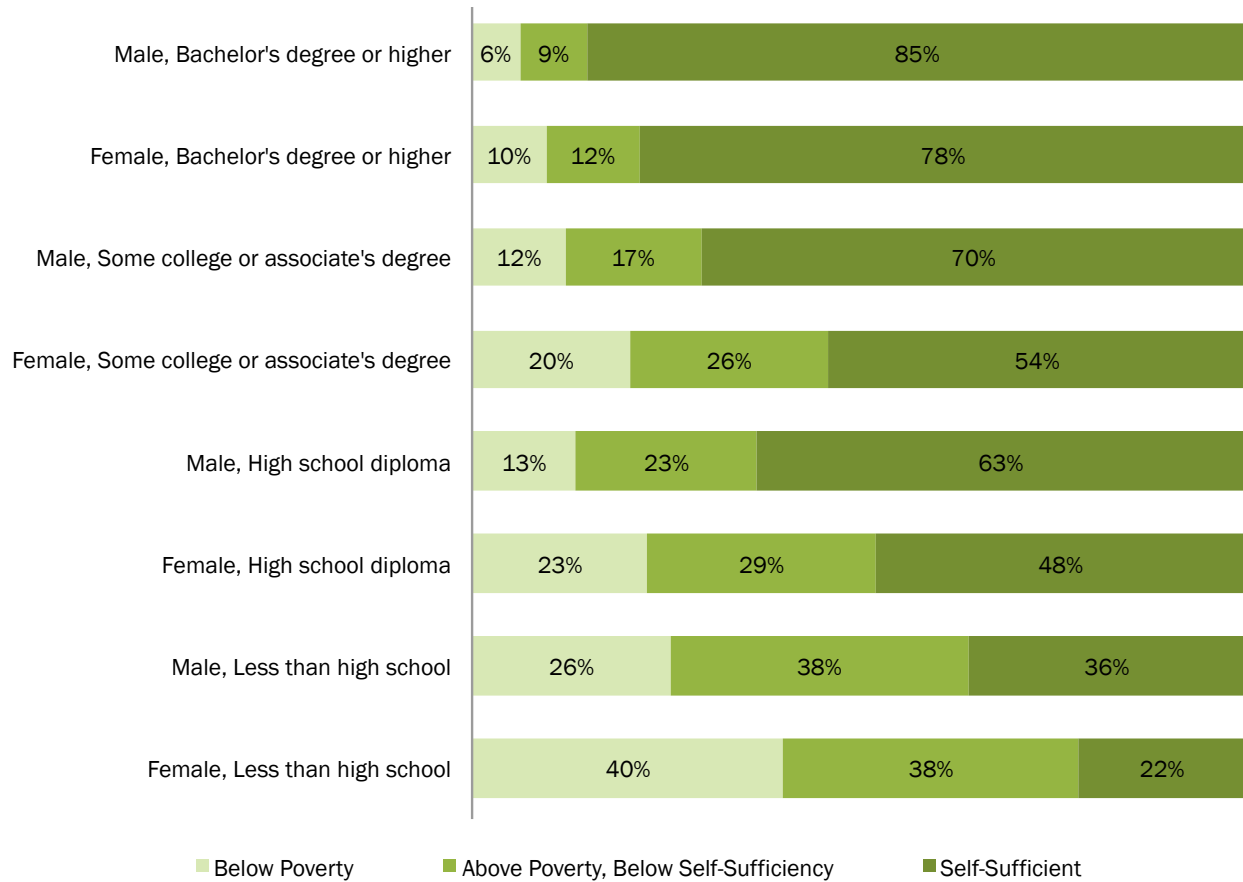
### **At all levels of educational attainment, female-headed households are less likely to be self-sufficient than male-headed households.**

The benefits of educational attainment are not experienced equally. At all educational levels below a bachelor's degree, female-headed households are around 15 percentage points less likely to earn a self-sufficient income than male-headed households. This gap is cut in half for households with a bachelor's degree; 78 percent of female-headed households with a bachelor's degree are self-sufficient while 85 percent of male-headed households with a bachelor's degree are self-sufficient. The fact that women are three times more likely to be single parents than men may partly explain this disparity, but it may also be caused inequitable pay for women.

Only one in five women without a high school education heads a self-sufficient household. The poverty rate among these households is very high at 40 percent. Female-headed households with less than a high school education are just as likely as male-headed households of the same education level to not be self-sufficient, but are 14 percentage points more likely to be in poverty.

Female-headed households with higher educational attainment than male-headed households may still fall behind in self-sufficiency rates. Male-headed households with a high school diploma are nine percentage points more likely to be self-sufficient than female-headed households with some college or an associate degree. A difference of 16 percentage points remains between households headed by men with some college or an associates degree and households headed by women of the same education attainment. Education below a bachelor's degree cannot overcome the additional barriers and burdens that women-headed households face to make ends meet.

**FIGURE 4.** Percent of sample households by income category by educational attainment by sex, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here



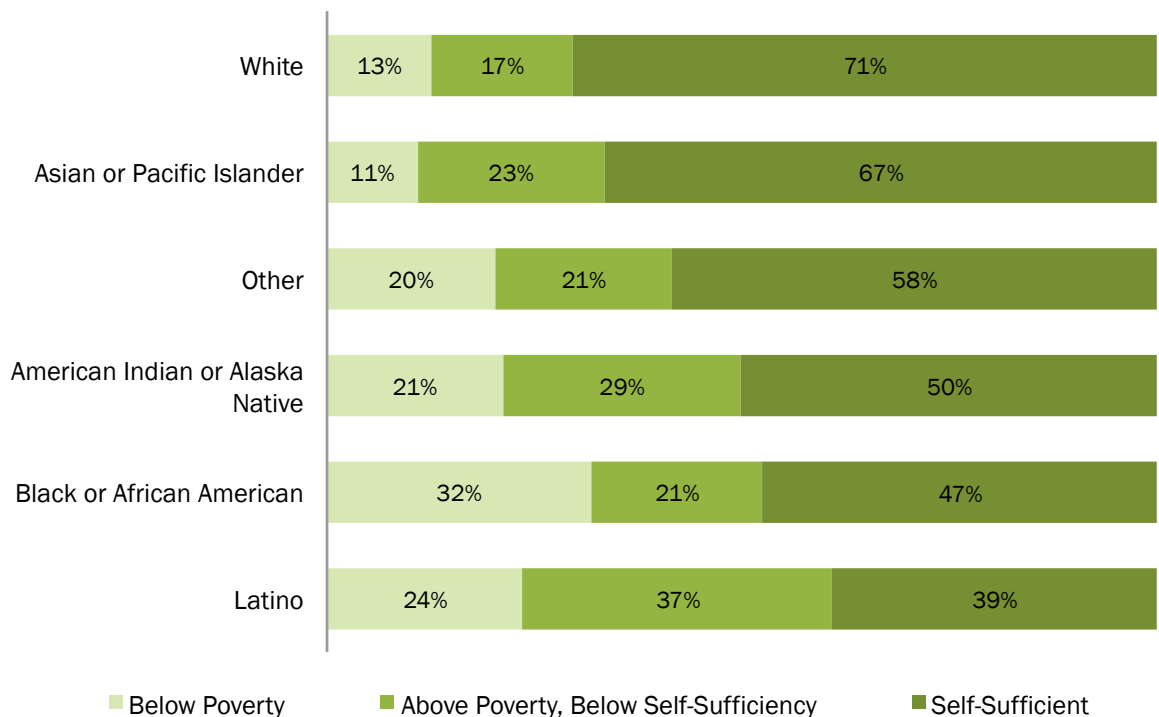
## RACE AND ETHNICITY

### People of color are disproportionately represented among households that cannot make ends meet.

This study divides Portland metro region households into mutually exclusive race/ethnicity groups: black or African-American (non-Latino), Asian or Pacific Islander (non-Latino), American Indian or Alaska Native (non-Latino), white (non-Latino), other races (non-Latino) and Latino (of any race).

The majority of Latino, African-American, and American Indian/Alaska Native households do not earn a self-sufficient wage. Latino households are least likely to be self-sufficient; just under 40 percent make enough to make ends meet. African-American households also experience very low rates of self-sufficiency, and fall below the Federal Poverty Level at higher rates than Latino households. Asian and white households experience similar levels of self-sufficiency.

**FIGURE 5.** Percent of sample households by income category by race and Latino origin, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

## EDUCATIONAL ATTAINMENT BY RACE

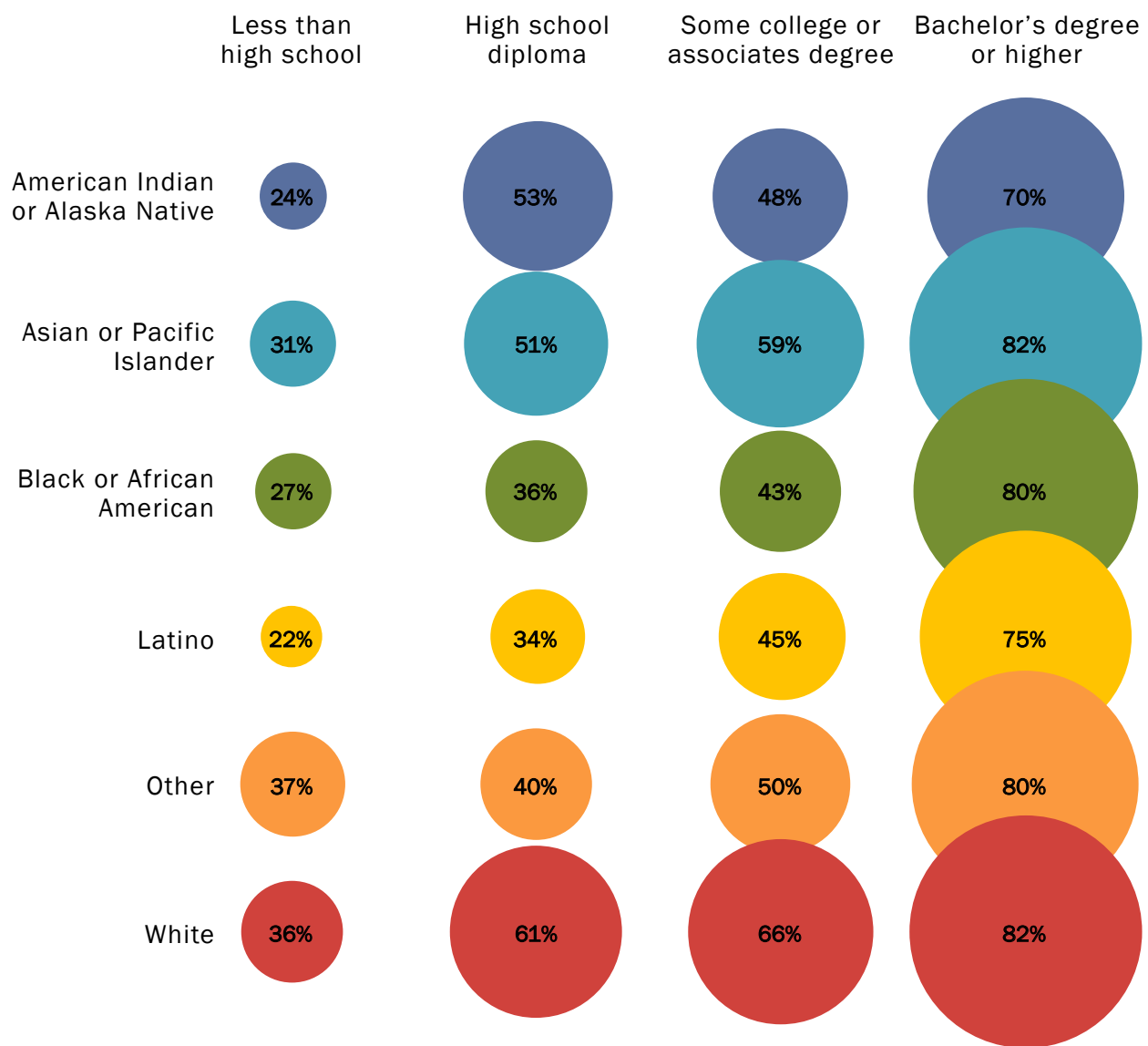
### **Education can narrow the differences in self-sufficiency by race and ethnicity, but only at the bachelor degree level.**

At all levels of education below a bachelor's degree, households headed by people of color have lower rates of self-sufficiency than households headed by whites. Households headed by people of color with less than a high school education face the greatest barriers to self-sufficiency; just 22 percent of Latino households, 27 percent of African-American households, and 24 percent of American Indian or Alaska Native households with householders who do not have a high school education have adequate income to meet their basic needs.

Self-sufficiency rates increase unequally with educational attainment across different racial and ethnic groups. White households with a high school diploma are 25 percentage points more likely to have adequate income than those without a high school education. Latino and African-American households with a high school education gain just 12 and 9 percentage points over those without a high school education, respectively. Asian or Pacific Islander households experience slightly higher gains of 20 percentage points, but still lag behind white households in self-sufficiency among those with a high school education.

Attaining an associate degree or some college has a minor effect on the disparity in self-sufficiency between white households and African-American, Latino, and American Indian/Alaska Native households. The majority of these non-white households are still not earning a self-sufficient income at this level of educational attainment. The racial/ethnic gap does diminish significantly among households with a bachelor's degree or more, mirroring the pattern observed across male and female householders. However, Latino and American Indian/Alaska Native households with a bachelor's degree still lag 7 and 12 percentage points behind white households with a bachelor's degree, respectively. On the whole, a bachelor's degree tends to equalize self-sufficiency rates. This does not mean it equalizes incomes, however; income across racial/ethnic groups of the same educational attainment may still be highly unequal even if high enough to qualify the household as self-sufficient.

**FIGURE 6.** Percent of sample households meeting the self-sufficiency standard by educational attainment by race, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

## FAMILY TYPE

### **Households without children or households headed by a married couple tend to have higher rates of self-sufficiency.**

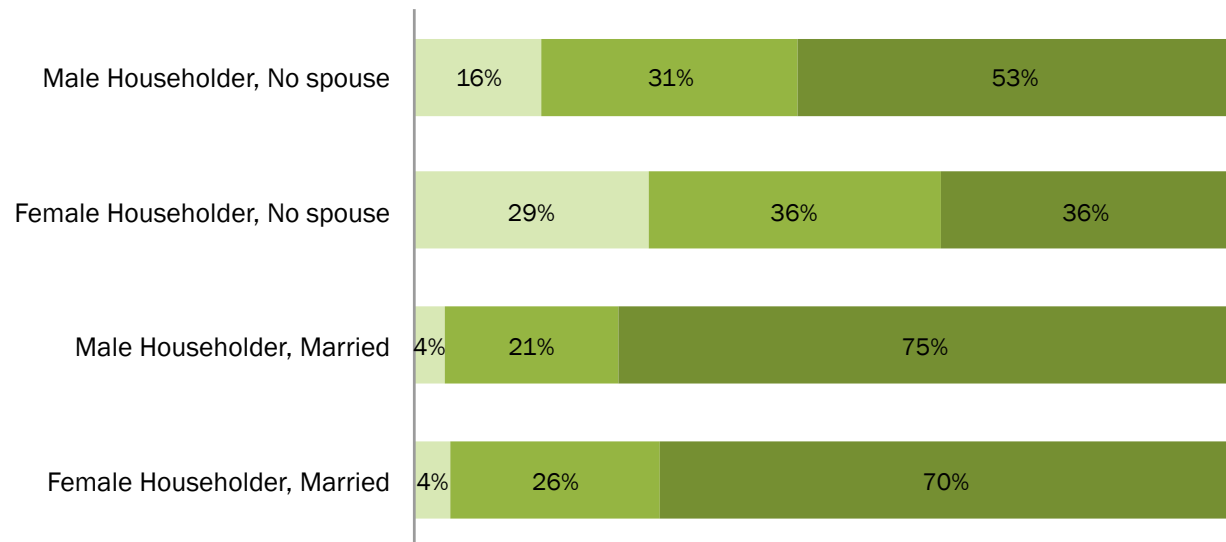
Married-couple households have low poverty rates, regardless of the sex of the head of the household and regardless of whether the household has children. This may be attributable, at least partially, to the shared economies of a household with two incomes but shared expenses.

The share of married couple households above poverty but below self-sufficiency is greater among households with children. This data suggests that the shared economies of marriage may protect households from falling into poverty, but for many families the benefits of these shared economies are not great enough to offset the costs of raising children.

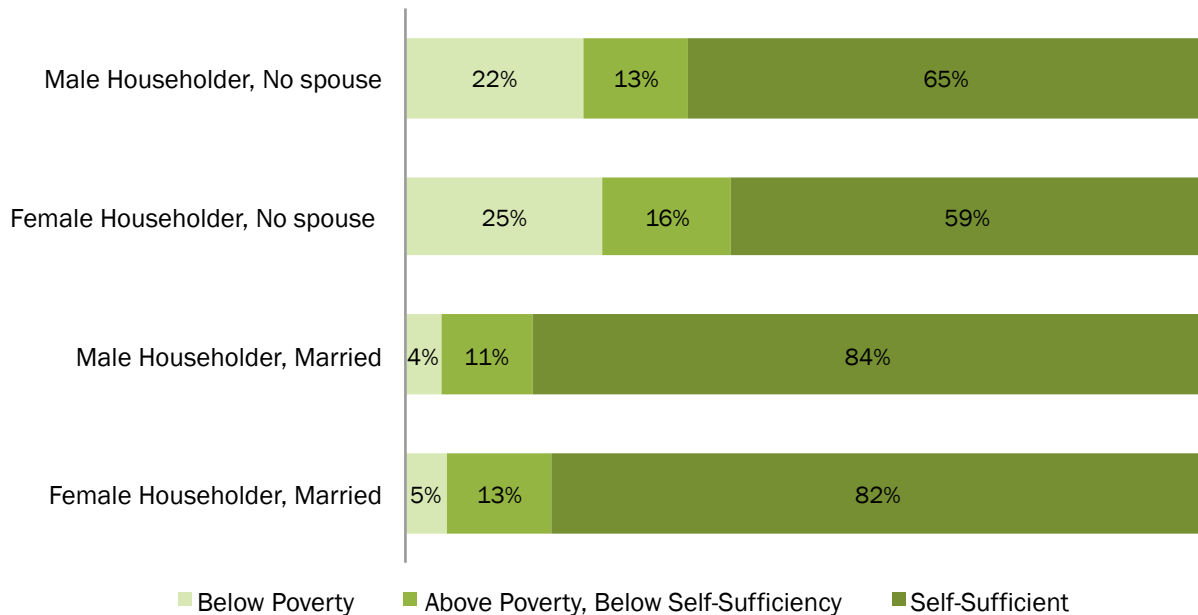
Households with children face greater challenges to earning a self-sufficient income, regardless of householder sex or marriage status. Single mother households have significantly lower self-sufficiency rates than single father households. About one in three single mothers is in poverty, and two in three do not earn enough to meet their basic needs. Single fathers are less likely to be self-sufficient than married couple households or households without children, but the majority are still able to achieve self-sufficiency.

**FIGURE 7.** Percent of sample households by income category by family type, Portland metro region, 2010-2012

*Households with children*



*Households without children*



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

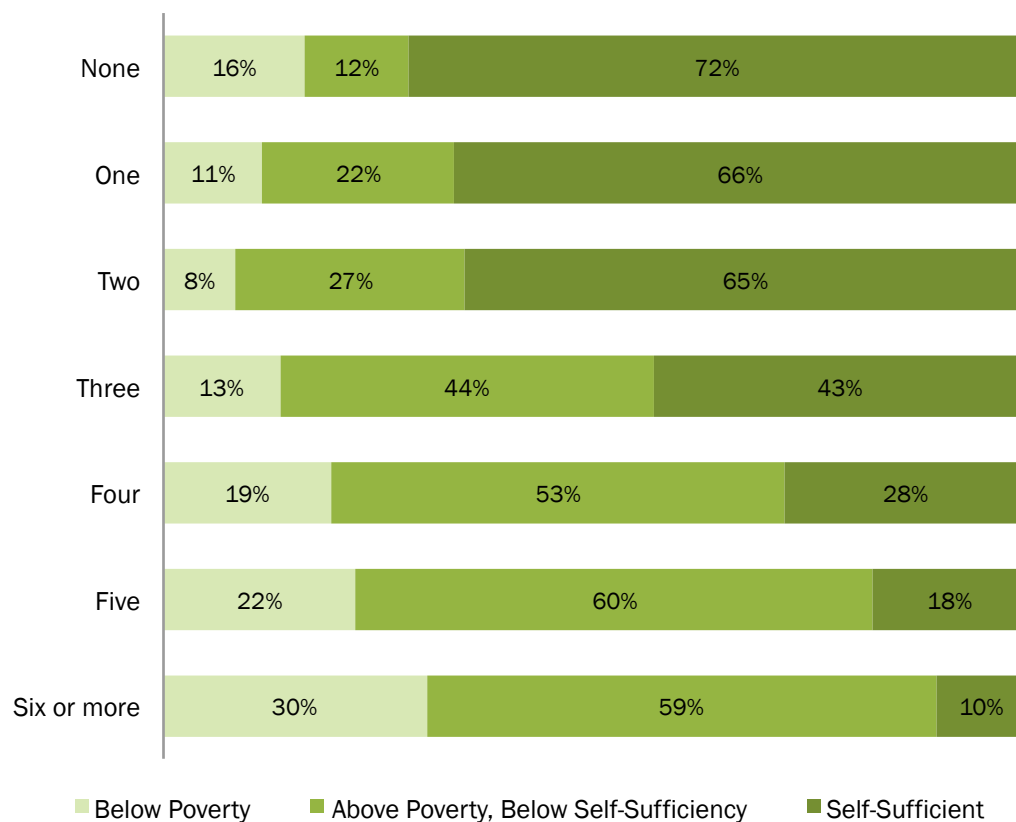


## NUMBER OF CHILDREN

### The number of children in a household has a substantial bearing on the household's ability to be self-sufficient.

The share of households that are self-sufficient drops with each additional child in the household. The greatest drop in self-sufficiency occurs for households with three children relative to households with only one or two; this difference is probably attributable to the costs of childcare for additional children. Interestingly, the poverty rate is higher among households without children than among those households with between one and three children. This is probably driven by lower poverty rates among married couples. Finally, very few large families earn enough income to be self-sufficient. Just 10 percent of families with six or more children have adequate income and 30 percent of those families are in poverty.

**FIGURE 8.** Percent of sample households by income category by number of children, Portland metro region, 2010-2012



Source: American Community Survey, PUMS data, 2010-2012

Note: Although ACS estimates should be interpreted with the accompanying margin-of-error (MOE), due to resource constraints, the MOE values are not reported here

## Conclusion

### **This profile of self-sufficiency underscores a need to challenge conceptions about poverty and adequacy of income in the Portland region.**

One in three families in the Portland region do not earn enough income to meet basic needs. About 45,000 households fall into this category, but are not classified as being in poverty according to the Federal Poverty Level. These households fall into the “policy gap,” meaning they don’t earn enough to make ends meet but may not qualify for public assistance that is tied to the FPL.

Households headed by women or people of color are more likely to fall into the policy gap than white households or households headed by men. Higher educational attainment increases a household’s chances at self-sufficiency, but it does not significantly reduce disparities in self-sufficiency by race/ethnicity or sex unless the householder has attained a bachelor’s degree or higher. Families with children struggle to make ends meet at a greater rate than families without children. Two of three single mothers do not earn enough income to sustain the basic needs of their families.

The official Federal poverty measure vastly understates the number of families in the Portland region that cannot make ends meet. Affordable housing, transportation and childcare are broadly shared needs. The bachelor’s degree remains the most certain path to a self-sufficient income, while shorter-term credentials present a rockier road, especially for women and people of color. In an age of low unemployment and strong economic growth in the Portland region, the opportunity to earn enough income to afford basic needs should neither be so rare nor so unequally distributed along the lines of gender, race/ethnicity, and family type.

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