

**BASIC LIVING COST AND LIVING WAGE ESTIMATES
FOR PITTSBURGH AND ALLEGHENY COUNTY (10/97)**
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EXECUTIVE SUMMARY

Purpose

The purpose of this project is to determine the extent to which low-income working-age (18-64) adults have access to living wage jobs in the city of Pittsburgh and Allegheny County. The Pittsburgh Foundation requested this information to help develop grantmaking strategies which address the employment and income problems of low-income adults.

Main Findings

Basic Living Costs Basic living costs in the city and county in 1996 were estimated for 36 family types using local prices for food, housing, medical care, child care, transportation, clothing, and other basic needs. The basic living costs (after taxes) for major family types with working adults (with both adults working in married couple families) were about:

- \$13,000 for single adults;
- \$19,000 for married couples without children;
- \$20,000-25,000 for single parents with 1-2 children, \$29,000-33,000 with 3-4 children;
- \$24,000-31,000 for married couples with 1-2 children, \$33,000-38,000 with 3-4 children;
- \$26,000-27,000 for other family types without children (e.g., two sisters).

Living Wages To pay for local, state, and national income taxes and basic living costs, workers need to earn about 25% more than the costs listed above. These total income needs for a minimal standard of living were found to be 2-2.5 times federal poverty definitions. To meet the income needs through full-time full-year (i.e., living wage) jobs, workers need to earn about (in 1997 \$):

- \$6/hour (per worker) for married couples with 2 workers and no children;
- \$8-10/hour for single adults, married couples with 2 workers and 1-2 children, and other family types (with 2 workers);
- \$10-12/hour per worker for married couples with 2 workers and 3-4 children;
- \$12/hour for single parents with 1 child, \$15/hour with 2 children, \$18/hour with 3 children, and \$20/hour with 4 children.

Number and Characteristics of Low-Income People In the city in 1989, 37% (79,000) of working-age adults and 58% (42,000) of children lived in families with too little income to meet basic needs. Of the low-income adults, 38,600 (49%) were employed (i.e., were working poor), and 40,600 (51%) were not employed. Of those employed, 16,000 (41%) were employed full-

time full-year.

Among African Americans in the city, 79% of children, 62% of women age 18-64, and 48% of men 18-64 were low-income in 1989.

Among whites in the city, 43% of children, 32% of women age 18-64, and 28% of men 18-64 were low-income in 1989.

In the county in 1989, 25% (200,000) of working-age adults and 39% (111,000) of children lived in families with too little income to meet basic needs. About 104,000 (52%) of the low-income adults were employed (i.e., were working poor), and 96,000 (48%) were not employed. Of those employed, about 44,000 (42%) were employed full-time full-year.

Among African Americans in the county, 73% of children, 57% of women age 18-64, and 41% of men 18-64 were low-income in 1989.

Among whites in the county, 33% of children, 24% of women age 18-64, and 20% of men 18-64 were low-income in 1989.

In general, the number of low-income children and working-age adults in the city and county is 2-2.5 times official poverty estimates.

Employment at Living Wage Levels Compared to Living Wage Jobs Needed

About 64% (370,000/576,000) of all employed county residents in 1989 were full-time full-year and earned at least \$6.10/hour (in 1997 dollars), which was the lowest living wage for any family type.

About 140,000 living wage jobs are needed by low-income working-age adults in all of the county. The greatest need (80,000) is in the wage range of \$8-\$10 per hour.

Full-time full-year employment among county residents at living wage levels would have to increase by 38% (140,000/370,000) to provide all low-income families and single adults with sufficient income from employment to meet their basic needs. At present, we estimate that full-time full-year employment at living wage levels is increasing by only 0.64% per year in the county (1% per year increase in employment multiplied by 64% for the share of full-time full-year jobs). Only part of these jobs go to low-income residents.

Prospects for Living Wage Jobs

Most low-income working-age adults in the city and county are unlikely to find living wage jobs in the local area. One major reason is that these adults tend to have low education levels and workers with these education levels

have low employment levels and earnings in the city and county. In addition, job growth is slow in the local area, and real wages continue to decline for low-skill workers. Further, many of the low-income adults are African American men and women and white women, and these groups face the greatest difficulties since their employment rates and earnings tend to be much lower than those of white men at each education level.