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## WHAT DOES IT COST FOR FAMILIES TO LIVE MODEST BUT DIGNIFIED LIVES IN NORTHEASTERN PENNSYLVANIA?

This living wage study was prepared by The Institute for Public Policy & Economic Development in partnership with Education for Justice and the Office of Community & Government Relations at The University of Scranton, and with additional collaboration from Campus Ministries' Center for Service and Social Justice and the Department of Communication.

**An analysis of the living wage of the residents of Northeastern Pennsylvania.**

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## Executive Summary

Families in Northeastern Pennsylvania confront severe economic challenges, including elevated levels of unemployment and extreme poverty. While there are many families that confront these challenges, falling below the “official” measure of poverty – the federal poverty line – there are also many who confront another set of similar but different challenges: they work full-time but earn less than a living wage. In both cases, these individuals and families lack economic security; but the latter find themselves in an ambiguous situation, which this report seeks to clarify. To be classified as economically secure, a household must earn wages that allow its members to meet their “essential basic needs and live a modest but dignified life.”<sup>1</sup> The living wage threshold represents the amount of income required to achieve this standard of living.



In order for families to meet basic human needs, we estimated how much the following items cost in Northeastern Pennsylvania today: food, childcare (if applicable), medical care, housing, transportation, taxes, and other expenses (in which is included a small allowance for household and personal care, reading, and clothing). Not every single expense that a family incurs each year is included. There is no allocation for contributions into a savings account (for future goals or for emergency purposes), or towards college tuition if that applies to a member of the family, or costs for mobile phones, internet, or television.

For many working families in Pennsylvania, however, meeting even these limited expenses can prove out of reach. Based on cost of living indices in the five counties studied, the federal minimum wage of \$7.25 does not meet the living wage standard for any of the family compositions presented, even when all adults in the household work full-time. Moreover, for many of the classifications, even the poverty wage (the rate at which any wage below would, on an annual, full-time basis, result in poverty for the earner and his or her dependents) is above the minimum wage, thus highlighting the insufficiency of the minimum wage in providing economic security.

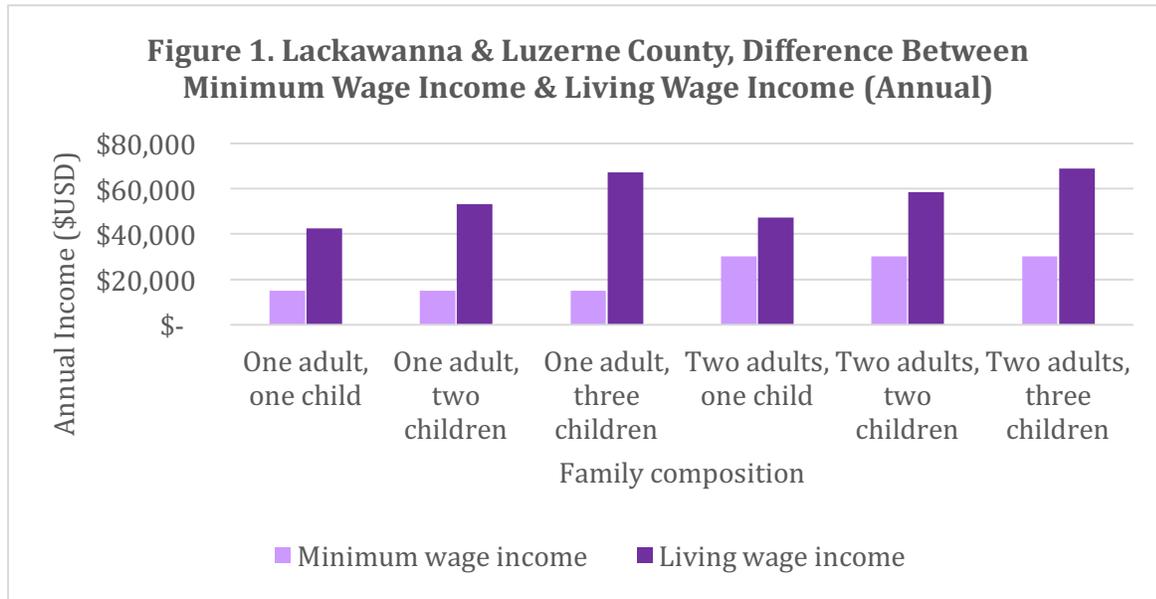
Table 1 presents the living wage income threshold for each family composition analyzed for Pennsylvania and Lackawanna and Luzerne counties.

**Table 1. Living Wage Income (Annual), Pennsylvania and Lackawanna & Luzerne Counties**

<b>Family Classification</b> <i>single parent</i>	<b>One adult</b>	<b>One adult, one child</b>	<b>One adult, two children</b>	<b>One adult, three children</b>
Pennsylvania	\$21,641	\$45,316	\$55,808	\$70,716
Lackawanna & Luzerne	\$19,558	\$42,588	\$53,080	\$67,291
<b>Family Classification</b> <i>only one adult working</i>	<b>Two adults</b>	<b>Two adults, one child</b>	<b>Two adults, two children</b>	<b>Two adults, three children</b>
Pennsylvania	\$34,523	\$41,534	\$46,784	\$51,750
Lackawanna & Luzerne	\$32,276	\$38,806	\$44,056	\$48,324
<b>Family Classification</b> <i>two working adults</i>	<b>Two adults</b>	<b>Two adults, one child</b>	<b>Two adults, two children</b>	<b>Two adults, three children</b>
Pennsylvania	\$34,523	\$49,914	\$61,316	\$72,435
Lackawanna & Luzerne	\$32,276	\$47,186	\$58,588	\$69,009

The living wage thresholds for all family compositions in Lackawanna and Luzerne counties were very close to those of Blair County, PA and Cumberland County, PA, — the study’s other comparison counties. Those counties had slightly higher living wage thresholds.

Resources are available for those who struggle to obtain basic needs. However, for many of the most ubiquitous assistance programs, there is a gap between income eligibility limits and the living wage threshold. This gap, apparent across multiple family compositions, suggests that there are many families that do not earn the living wage necessary for a modest but dignified life and who may not be able to access these services.



## Introduction

In the United States of America in the year 2016, more than 46 million people live below the poverty line, according to the PovertyUSA initiative of the U.S. Conference of Catholic Bishops. Millions of Americans are employed full-time but still struggle to earn enough to meet basic needs, including many individuals and families in Northeastern Pennsylvania, because they do not earn what is considered to be a living wage.

The current minimum wage in Pennsylvania is \$7.25 per hour of work, the same as the federal minimum wage. Based on a 40 hour work week, this equates to \$15,080 per year. The minimum wage may be sufficient to supplement a family's income or serve as a part time job for a student. However, when all costs of living are taken into account, it is clear that it takes more than \$15,080 per year to live a modest but dignified life. Many households with one or more low wage earners do not fall below the official poverty line; these "working poor" are the ones who are often overlooked in terms of their struggles. For people who are in this category, it may be harder to qualify for federal and state assistance programs, such as housing subsidies, Medicaid, or Supplemental Nutrition Assistance Program (SNAP).



This study explores what families in Lackawanna and Luzerne counties in the Commonwealth of Pennsylvania, as well as in three comparison counties in Pennsylvania and New York, need to live "modest but dignified" lives where their basic needs are met.<sup>2</sup> The report also includes a list of resources available to low and moderate income households that do not earn a living wage. Finally, the report concludes with a set of recommendations drawing on policy analysis and prescriptions that are based on Catholic Social Teaching and reflect those offered by University of Scranton Jesuit and Catholic partner organizations.

## Research Methods

To determine exactly how many families in Lackawanna and Luzerne counties are earning below a living wage, we first need to establish that threshold. A living wage is defined as the wage rate at which a worker, employed on a full-time basis, can reach a standard of living that meets essential basic needs and allows the worker to live a modest but dignified life.

The concept of family economic security assumes that there is "a measurable standard of living to ensure that families can meet essential basic needs and live a modest but dignified life."<sup>3</sup> By this standard, families are not simply surviving or making choices of which basic needs to meet and which to make do without. Family economic security covers a broader spectrum of human needs that allows for families to participate fully in society, have emergency savings, and pay

taxes. This standard puts families more than one step away from serious deprivation such as homelessness, hunger, and untreated physical and mental illness.<sup>4</sup>

Cost of living data is prepared for Lackawanna and Luzerne counties as well as three comparison counties. The cost of living data in each of the five geographic areas is derived from the Living Wage Calculator developed at Massachusetts Institute of Technology.<sup>5</sup> The data compiled and presented here is current as of Fall 2015. The primary area of study is Lackawanna and Luzerne counties. However, figures from the living wage calculator are provided at the Metropolitan Statistical Area (MSA) level due to the fact that many cost of living data inputs are not available at a finer geographic granularity. As a result, the data used here is the same for both counties, as well as Wyoming County, which is also part of the Scranton-Wilkes-Barre-Hazleton MSA. Therefore, this study is unable to demonstrate variation in living wages and costs of living between the two counties and on an intra-county basis.

The following needs were deemed essential for meeting basic human needs and, therefore, included in cost of living estimates : food, childcare (if applicable), medical care, housing, transportation, taxes, and other expenses (in which is included a small allowance for household and personal care, reading, and clothing). It should be noted that not every single expense that a family could incur during a year is included. There is no allocation for a percentage of income going towards savings (for future goals or emergency purposes), expenses for college tuition if that applies to a member of the family, or service costs for mobile phones, Internet, or television.

The Living Wage Calculator, an online tool compiled by a team at the Massachusetts Institute of Technology headed by Dr. Amy K. Glasmeier, was used as the primary source of living wage data.<sup>6</sup> That calculator defined the basic needs budget as follows:

Basic needs budget = food cost + childcare cost + (insurance premiums + health care costs) + housing cost + transportation cost + other necessities cost.

Dr. Glasmeier included taxes into the calculation of a living wage: Living wage = Basic needs budget + (basic needs budget) \* (taxes)).

The basic needs budget already includes sales taxes and property taxes in the costs of housing, food, and necessities. The living wage includes allowances for payroll taxes, state income tax, and federal income tax.

The costs of basic needs are compiled from verified, localized sources. Food costs are based on the U.S. Department of Agriculture's Low-Cost Meal Plan. Under these assumptions, households choose the lowest cost option for food, and all food is prepared and eaten within the home. Data concerning childcare is taken from a report from the National Association of

Childcare Resource and Referral Agencies (NACCRRA) detailing state childcare cost averages for 2012, inflated to 2014 dollars through the Consumer Price Index from the Bureau of Labor Statistics. Like food, it is assumed that households choose the most inexpensive certified option for childcare.

Housing costs are compiled from the U.S. Department of Housing and Urban Development (HUD), based on what HUD calculated as the likely cost of an inexpensive rental unit in the area in 2014 (the Fair Market Rent, or FMR, estimates). These calculations were done at both county and sub-county levels to ensure local accuracy; FMRs are obtained using population weighted averages. Transportation estimates come from the Bureau of Labor Statistics' (BLS) 2012 Consumer Expenditure Survey (prices again inflated to 2014 dollars). These estimates included four components: the car/truck (at used prices), gasoline and oil, other vehicle expenses, and public transportation.

Other expenses included smaller but still necessary items in a household budget. Like transportation, these are taken from the Bureau of Labor Statistics' (BLS) 2012 Consumer Expenditure Survey, inflated to 2014 dollars. The following, adjusted for regional differences, are included: apparel and services, housekeeping supplies, personal care products and services, reading, and miscellaneous. Finally, total taxes are inclusive of all kinds of taxation incurred by the average family in the United States, including payroll, state income, and federal income taxes. Sales and property taxes are accounted for in housing and other expenses categories.

For all geographic areas used (Pennsylvania, Lackawanna and Luzerne counties, Blair County, Cumberland County, and Niagara County), data represents regional averages at the MSA level for the MSA that includes each county, except for Pennsylvania, where data is statewide.

For family compositions that have one child, the child is assumed to be a "young child" of four years. Family compositions with two children are assumed to have a "young child" as well as a "child," the age of which is calculated at nine years old. Households with three children have a "young child," a "child," and a "teenager," who is assumed to be 15 years old.

Due to rounding of financial estimates, some cumulative totals may have a minor error of over or under ten dollars or less.

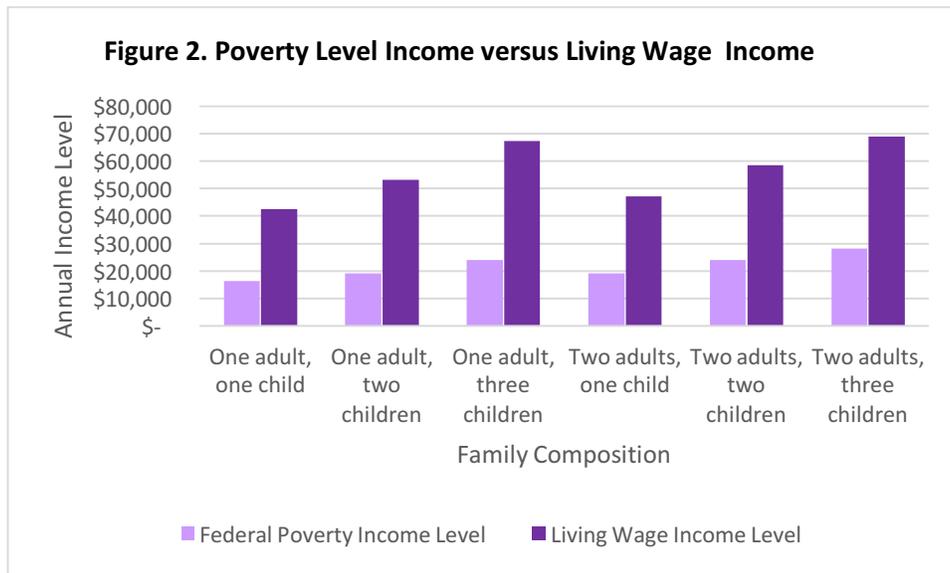
The Commonwealth of Pennsylvania abides by the federally-mandated minimum wage of \$7.25; all Pennsylvania counties in the study have a minimum wage of \$7.25. One of the five geographic areas in our report, Niagara County, is located in New York State. New York, like twenty-eight other states around the country, has adopted a minimum wage higher than that required by federal law (in the case of New York, \$8.00). These minimum wages are used to calculate what a minimum wage annual income is for one and two-parent working households.

To analyze the data, the assumptions included an eight hour work day, a five day work week, and a 52 week work year, equating to a 2,080 hour work year. These assumptions do not take into consideration sick leave or breaks, neither of which federal law requires to be paid.<sup>7</sup> With 2,080 hours of work in a year, one minimum wage earner in Pennsylvania would make \$15,080, and two would make \$30,160. Once the costs of all basic needs were calculated for each family composition, the total was divided by the 2,080 hours that make up a work year, resulting in living wage estimates for each family classification.

Data in the resources section was procured directly from the websites of various federal, state, and local agencies. Information about program benefits and eligibility is the most recent available and is not an exhaustive list of resources available to residents of Northeastern Pennsylvania.

### What is Living Wage?

Living wage is defined as the level of income needed to allow the worker and his or her dependents to live in an environment where all basic needs are met in a self-sufficient manner. Living wage estimates vary as a result of geographic location and family compositions, as well as other factors. A person earning a living wage sits above the poverty level, and is not at any immediate risk of dire financial peril (such as foreclosure or homelessness). The difference between the poverty level income and a living wage income in Lackawanna and Luzerne counties is represented in Figure 2 below:



In order to measure what it costs a family to live an economically secure lifestyle in the Commonwealth of Pennsylvania, we evaluated the costs for different family compositions. A level of income that may qualify a household with two adults and three children as

economically secure will be different from an income for a single parent with one or more children. The living wage needed to cover the costs of living for different family compositions varies quite significantly. The family compositions include families with one adult, two adults with one working, and two adults with both working, as well as families with one, two, and three children. In addition to Pennsylvania state averages, Lackawanna and Luzerne counties (Scranton/Wilkes-Barre Metropolitan Statistical Area), Blair County (Altoona MSA), Cumberland County (Harrisburg/Carlisle MSA), and Niagara County (Buffalo-Niagara Falls MSA) are used as means of comparison. The comparison counties were selected based on their similarities to Lackawanna and Luzerne counties on several criteria, including population, median household income, percent urban and rural, median age, and racial and ethnic diversity, from the most current data available from the U.S. Census Bureau. The comparison counties each show a general similarity to Lackawanna and Luzerne counties on one or more of those factors, though none is a perfect match. The comparisons are located in the Appendix.

*“As a United Way- an organization whose primary mission is to ensure the well-being of our community – the issue of economic, security, poverty, living wage is at the very core of our work. Many (if not all) of the programs and services we provide to those in need would be virtually unnecessary if this issue was non-existent. The availability of affordable/quality housing has been a consistent issue as has been the creation and availability of sustained, quality employment. We are now seeing the additional need of financial assistance for individuals (baby-boomers) now entering the senior years, unprepared for financial longevity (i.e. little or no savings/retirement).”- Gary Drapek, President & CEO, United Way of Lackawanna & Wayne Counties*

In order for a family to live a modest but dignified life, we deemed it necessary to meet these basic human needs: food, childcare (if applicable), medical care, housing, transportation, taxes, and other (in which is included a small allowance for household and personal care, reading, and clothing). Not every single expense that a family incurs each year is included. There is no allotment for income going towards savings (for future goals or for emergency purposes); college tuition if that applies to a member of the family, mobile phones, Internet, or television costs.

There are a large number of families in the United States, as well as in Pennsylvania, who live economically insecure lives at all family compositions. It is also a reality that many of these families who fall below economic security classifications “fall between the cracks;” that is to say, their income level is too low to be considered economically secure, but is too high to qualify for many federal and state assistance programs.<sup>8</sup> This report addresses what it takes to be considered economically secure in both Northeastern Pennsylvania and the Commonwealth. Through the University of Scranton’s Office of Community and Government Relations and

Campus Ministries’ Center for Service and Social Justice, key Scranton area community leaders were invited to offer their input on how issues of economic insecurity affect their organization’s clients. Their responses are included throughout the report, to provide greater context and demonstration of the problems faced in Northeastern Pennsylvania.

**Living Wage Data: Pennsylvania**

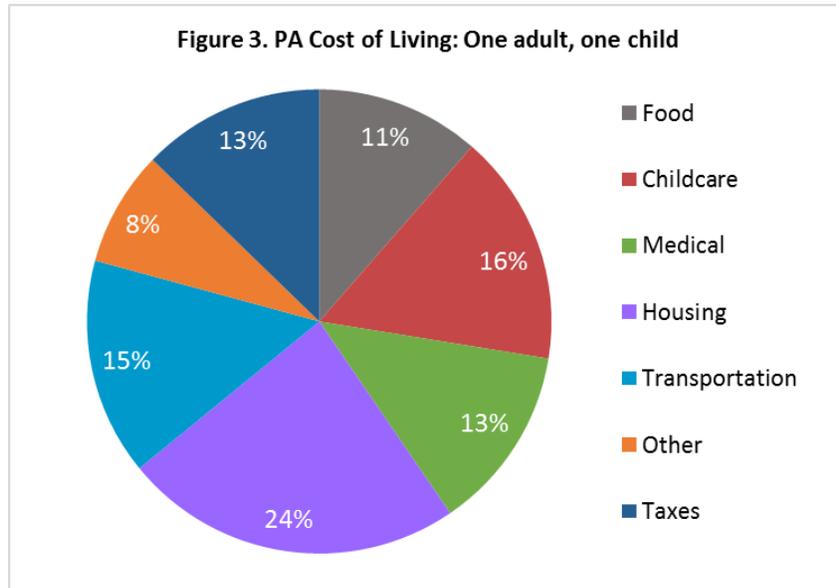
In every family composition, whether single or two-parent households, in each of the geographic areas studied, the living wage far exceeded the minimum wage. Take the example of a family consisting of one adult and one child living in Pennsylvania. Their estimated costs of living can be seen in Table 2.

**Table 2. PA Cost of Living: 1 Adult 1 Child**

<b>Annual Expenses</b>	<b>1 Adult 1 Child</b>
Housing	\$10,709
Childcare	\$7,312
Transportation	\$6,855
Medical	\$5,850
Taxes	\$5,770
Food	\$5,176
Other	\$3,644
<b>Required annual income before taxes</b>	<b>\$45,316</b>
<b>Required hourly wage per adult</b>	<b>\$21.79</b>

In the Commonwealth of Pennsylvania, it would take \$45,316 for a family of one adult and one child to maintain a living standard that is deemed as “modest but dignified,” or economically secure. In order to achieve this living standard, the adult in the family would have to work full-time at \$21.79 an hour. This means that the adult earning minimum wage would have to be earning nearly three times the current minimum wage, or working at minimum wage for the equivalent of three full-time jobs, to achieve a living wage in Pennsylvania.

The proportions of spending for that family composition are shown in Figure 3. Housing makes up the largest share of spending, at 24 percent, followed by childcare and transportation.



If the same proportions regarding distribution of spending are applied to those who make a minimum wage annual income, then the numbers would look like those in Table 3.

**Table 3. PA Minimum Wage Distribution of Income**

Annual Expenses	1 Adult 1 Child
Housing	\$3,619
Childcare	\$2,413
Transportation	\$2,262
Medical	\$1,960
Taxes	\$1,960
Food	\$1,659
Other	\$1,206
<b>Annual income before taxes at minimum wage</b>	<b>\$15,080</b>

Essentially, this reflects the annual allowances a single parent and his or her child would have to spend on each basic human need. For example, the first category – food, an annual allowance of \$1,659 provides each family an average of \$4.55 each day, or a daily food allowance per person of \$2.27. If the family does not qualify for assistance programs such as SNAP to assist with grocery purchases, then other income may have to be reallocated in order to meet the household’s food needs. This decision, of course, can cause problems in other aspects of the family life (for example, avoiding a doctor’s visit or not filling prescription medication when sick so that more money can be spent on food).



Some expenses included in the cost of living are likely fixed costs. The two most significant examples are housing and childcare. This study uses a “likely minimum approach,” where we include the least expensive option for each category in the cost of living. With this considered, the childcare and housing costs are perhaps the most concrete categories; it is unlikely that suitable, safe housing for this family composition costs less than \$10,709 a year, and there is a low likelihood that safe, clean, and certified childcare in Pennsylvania can be provided for less than \$7,312 a year for one child.

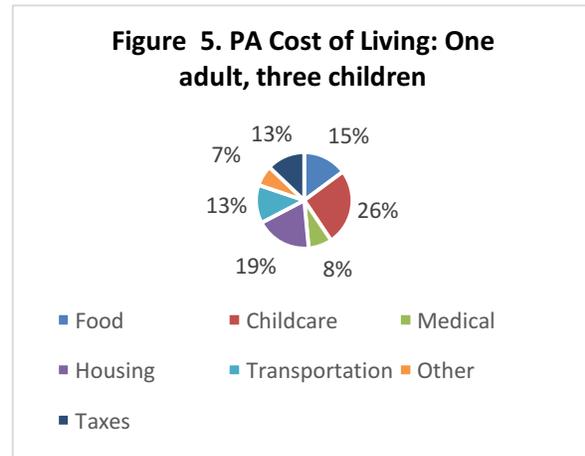
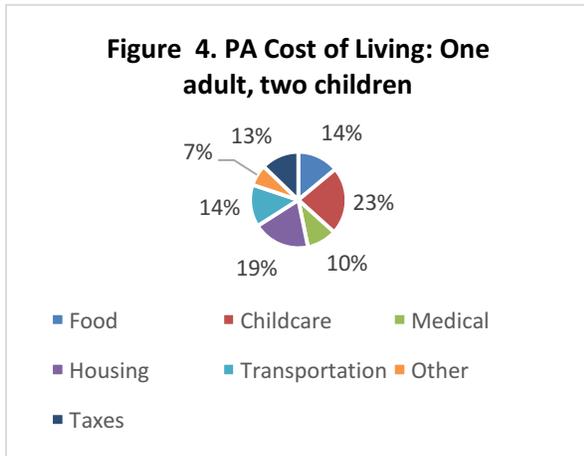
Table 4 presents the wages needed for a single parent with two or three children to live an economically secure life.

**Table 4. PA Cost of Living**

<b>Annual Expenses</b>	<b>1 Adult 2 Children</b>	<b>1 Adult 3 Children</b>
Childcare	\$12,682	\$18,051
Housing	\$10,709	\$13,561
Transportation	\$7,901	\$9,258
Food	\$7,786	\$10,321
Taxes	\$7,106	\$9,004
Medical	\$5,639	\$5,703
Other	\$3,987	\$4,819
<b>Required annual income before taxes</b>	<b>\$55,810</b>	<b>\$70,717</b>
<b>Required hourly wage per adult</b>	<b>\$26.83</b>	<b>\$34.00</b>

For single parents with two children, the required hourly wage is \$26.83 and for single parents with three children, it is \$34.00. Thus, if a single parent with three children is making only minimum wage while working full-time, then the family is falling short of a living wage by almost \$27 per hour.

How a single parent with one child spends her income compared to a single parent with two or three children varies with regards to food, childcare, medical, and transportation costs. This can be seen in Figures 4 and 5 below:



If the above proportions were applied to these family compositions with a single parent earning only minimum wage, the following allocation results:

**Table 5. PA Minimum Wage Distribution of Income: Single - Parent Families**

Annual Expenses	1 Adult 2 Children	1 Adult 3 Children
Childcare	\$3,468	\$3,770
Housing	\$2,865	\$2,865
Food	\$2,111	\$2,262
Transportation	\$2,111	\$1,960
Taxes	\$1,960	\$1,960
Medical	\$1,508	\$1,206
Other	\$1,056	\$1,056
<b>Annual income before taxes at minimum wage</b>	<b>\$15,080</b>	<b>\$15,080</b>

There are again major disparities between what is available in the allocation of the family’s minimum wage budget and what they need to survive. For example, in a family of one working adult and three children, the monthly housing budget is \$239 – an unrealistic amount for almost any housing market. The median rent in Lackawanna County is \$942 and \$742 in Luzerne County.<sup>9</sup> Furthermore, for this family composition, the annual budget for food is \$2,262 — \$1.55 per person per day. Housing and childcare are often fixed costs that cannot be negotiated or replaced with less expensive but equally safe options.

Table 6 presents the living wage threshold for families where there are two adults who are employed at minimum wage. In their case, the total family income is \$30,160, far below a living wage for any of these three family compositions.

**Table 6. PA Cost of Living: Two-Adult Families**

<b>Annual Expenses</b>	<b>2 Adults 1 Child</b>	<b>2 Adults 2 Children</b>	<b>2 Adults 3 Children</b>
Food	\$8,011	\$10,339	\$12,583
Childcare	\$7,312	\$12,682	\$18,051
Medical	\$5,639	\$5,703	\$5,670
Housing	\$10,709	\$10,709	\$13,561
Transportation	\$7,901	\$9,258	\$8,845
Other	\$3,987	\$4,819	\$4,502
Taxes	\$6,355	\$7,807	\$9,223
<b>Required annual income before taxes</b>	<b>\$49,914</b>	<b>\$61,316</b>	<b>\$72,435</b>
<b>Required hourly wage per adult</b>	<b>\$12.00</b>	<b>\$14.74</b>	<b>\$17.41</b>

The required hourly wage on the last line of the table measures the amount that *each* adult must earn individually in order to contribute to the annual income, i.e. both adults work full-time for that wage. As with the case of one parent families, there exists a significant gap between a “living wage” income for a household and what a family makes on minimum wage, even with two adults employed full-time in the workforce.

Similar to family classifications in the other counties, the cost of childcare is one of highest costs for household compositions with children. This is not just the case in Pennsylvania. In all fifty states, the average cost for childcare for two children is more than the state’s median rent.<sup>10</sup>

Living wage data for family compositions that have two adults and any number of children, but only one adult is working, can be found in Table 7. In this scenario, the non-working adult is able to care for the children, and childcare expenses therefore drop to zero. As childcare is the largest percentage of any budget, the amount of income needed to reach a modest living standard drops. Still, with only one parent working, the hourly wage that the parent needs to attain a living wage for each family composition is higher than the individual wages needed when both adults work.

**Table 7. PA Cost of Living: Two Adult Families, One Working**

<b>Annual Expenses</b>	<b>2 Adults, 1 Child</b>	<b>2 Adults, 2 Children</b>	<b>2 Adults, 3 Children</b>
Housing	\$ 10,709	\$ 10,709	\$ 13,561
Food	\$ 8,011	\$ 10,339	\$ 12,583
Transportation	\$ 7,901	\$ 9,258	\$ 8,845
Medical	\$ 5,639	\$ 5,703	\$ 5,670
Annual taxes	\$ 5,288	\$ 5,957	\$ 6,589
Other	\$ 3,987	\$ 4,819	\$ 4,502
Childcare	\$ -	\$ -	\$ -
<b>Required annual income before taxes</b>	<b>\$41,534</b>	<b>\$46,784</b>	<b>\$51,750</b>
<b>Required hourly wage per adult</b>	<b>\$19.97</b>	<b>\$22.49</b>	<b>\$24.88</b>

The minimum wage (\$15,080 per year) falls short of providing two parent household, even without childcare costs – by \$26,454, \$31,704, and \$36,670, respectively. Childcare, therefore, is not the only cost that prevents minimum wage income from covering the costs of basic human needs; even without the costs of childcare, the minimum wage is unable to provide families with the income needed to live modest but dignified lives.

### **Living Wage Data: Northeastern Pennsylvania**

The average cost of living for families in Lackawanna and Luzerne counties is generally similar and slightly lower than the averages for the rest of the state. Lackawanna County and Luzerne County have populations of 214,479 and 318,829, respectively. The largest city in Lackawanna is Scranton (population: 75,281) and the largest in Luzerne is Wilkes-Barre (population: 40,814). As of 2014, Lackawanna County’s median household income is \$45,265, 15 percent below the statewide median. Luzerne County’s median household income is \$44,311, nearly 17 percent below the statewide median. As of 2013 census bureau data, 13.6 percent of persons in Lackawanna County live below the federal poverty line and 15.6 percent in Luzerne County, as compared to 13.3 percent on the state level. In the City of Scranton, that number rises to 20.5 percent.

*“The “poor are getting poorer” in the sense that what resources they have, do not get them what it used to get them. Shelter is often a friend’s sofa or a car with a working heater. The ‘working poor’, because of the removal of safety nets, is a fast growing population.”- Sam Ceccacci, Executive Director, The Scranton-Lackawanna Human Development Agency, Inc.*

In general, the average cost of living numbers for the Commonwealth of Pennsylvania is very comparable to those in the Scranton/Wilkes-Barre region. Besides housing and taxes, both for which the average is pulled upward by high outliers in counties (such as those of the

Philadelphia metropolitan statistical area) that have higher costs of living overall, other categories for cost of living remain mostly the same (Table 8).

**Table 8. Lackawanna & Luzerne Counties Cost of Living  
Single - Parent Families**

<b>Annual Expenses</b>	<b>1 Adult 1 Child</b>	<b>1 Adult 2 Children</b>	<b>1 Adult 3 Children</b>
Housing	\$8,328	\$8,328	\$10,572
Childcare	\$7,312	\$12,682	\$18,051
Transportation	\$6,855	\$7,901	\$9,258
Medical	\$5,850	\$5,639	\$5,703
Monthly taxes	\$5,422	\$6,758	\$8,568
Food	\$5,176	\$7,786	\$10,321
Other	\$3,644	\$3,987	\$4,819
<b>Required annual income before taxes</b>	<b>\$42,588</b>	<b>\$53,080</b>	<b>\$67,291</b>
<b>Required hourly wage per adult</b>	<b>\$20.48</b>	<b>\$25.52</b>	<b>\$32.35</b>

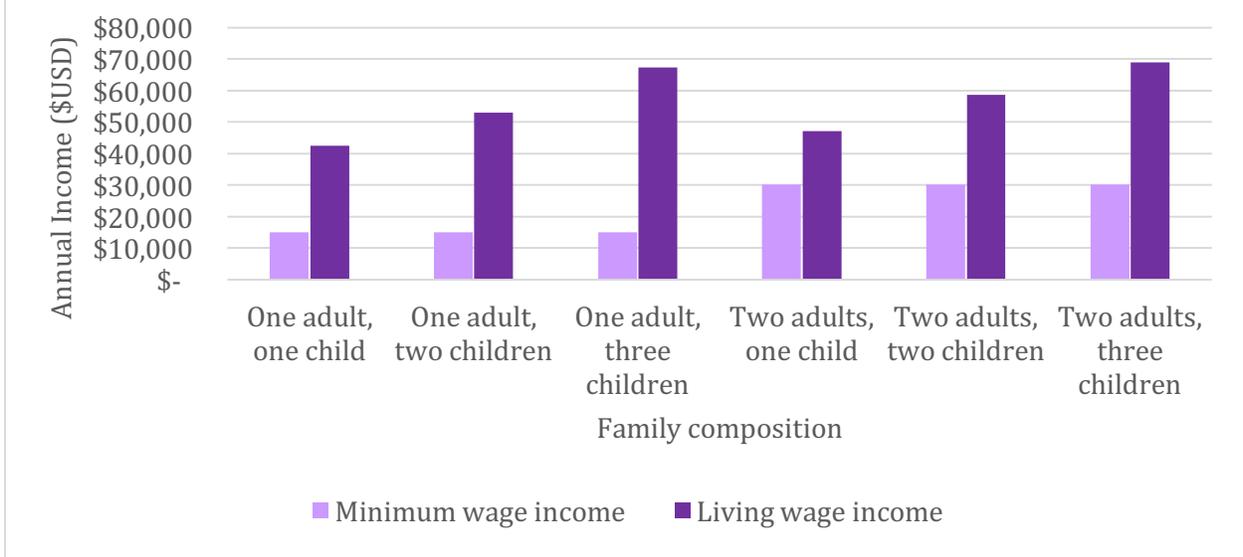
The costs of living are far greater than the incomes for single-worker households earning the minimum wage. According to the 2015 Indicators Report compiled by The Institute, 6.8 percent of households in Lackawanna County and 10.2 percent in Luzerne County are headed by a single parent.<sup>11</sup> Family compositions with two working adults are shown in Table 9. The required annual income before taxes and the hourly wage needed to meet the living wage threshold is for each working parent; in other words, a family with two adults and one child must have both adults making at least \$11.34 an hour and \$1,966 per month each.

**Table 9. Lackawanna & Luzerne Counties Cost of Living: Two-Adult Families**

<b>Annual Expenses</b>	<b>2 Adults 1 Child</b>	<b>2 Adults 2 Children</b>	<b>2 Adults 3 Children</b>
Housing	\$8,328	\$8,328	\$10,572
Food	\$8,011	\$10,339	\$12,583
Transportation	\$7,901	\$9,258	\$8,845
Childcare	\$7,312	\$12,682	\$18,051
Monthly taxes	\$6,008	\$7,640	\$8,786
Medical	\$5,639	\$5,703	\$5,670
Other	\$3,987	\$4,819	\$4,502
<b>Required annual income before taxes</b>	<b>\$47,186</b>	<b>\$58,588</b>	<b>\$69,009</b>
<b>Required hourly wage per adult</b>	<b>\$11.34</b>	<b>\$14.08</b>	<b>\$16.59</b>

In Lackawanna and Luzerne counties, similar to the pattern found for the Commonwealth of Pennsylvania, under no composition can a family reach an economically secure livelihood with one or even two adults working full-time for minimum wage. There is a significant gap between the existing minimum wage income and a living wage income (Figure 6).

**Figure 6. Lackawanna & Luzerne County, Difference Between Minimum Wage Income & Living Wage Income (Annual)**



In four out of six of the family compositions in Lackawanna and Luzerne counties, the annual living wage income is double what is earned at the minimum wage. For family compositions of two adults with one child and two adults with two children, the gap is smaller, but still significant.

Per the U.S. Census Bureau, the per capita income for Lackawanna and Luzerne counties in 2014 (most current available) was \$24,547 and \$24,737, respectively. This per capita income is less than that for the Commonwealth of Pennsylvania as a whole, which is \$29,220. However, per capita income, the amount of total income acquired in a given geographic area in a year per each member of the area’s population, is inadequate to understand economic security at the household or family scale. The annual living wage income is established above, in Lackawanna and Luzerne counties, for six different family compositions to maintain a standard of living that is modest but dignified. According to The Institute, household income for the year 2014 shows that over 54 percent of households in Lackawanna and Luzerne counties had incomes below \$50,000. This is higher than the overall percentage for Pennsylvania as a whole, which is 47 percent. As seen in Figure 6, four out of six of the family compositions evaluated require incomes above \$50,000 to reach “living wage” incomes. However, 40 percent of households in Lackawanna and Luzerne counties have an annual income under \$35,000. To put that in a little perspective, the lowest annual living wage income by family composition is \$42,588.

The annual income earned while working full-time at the minimum wage is \$15,080. This income level falls far below that of someone making a living wage. According to The Institute’s

report, 15.4 percent of households in Lackawanna and Luzerne counties make less than \$15,000.

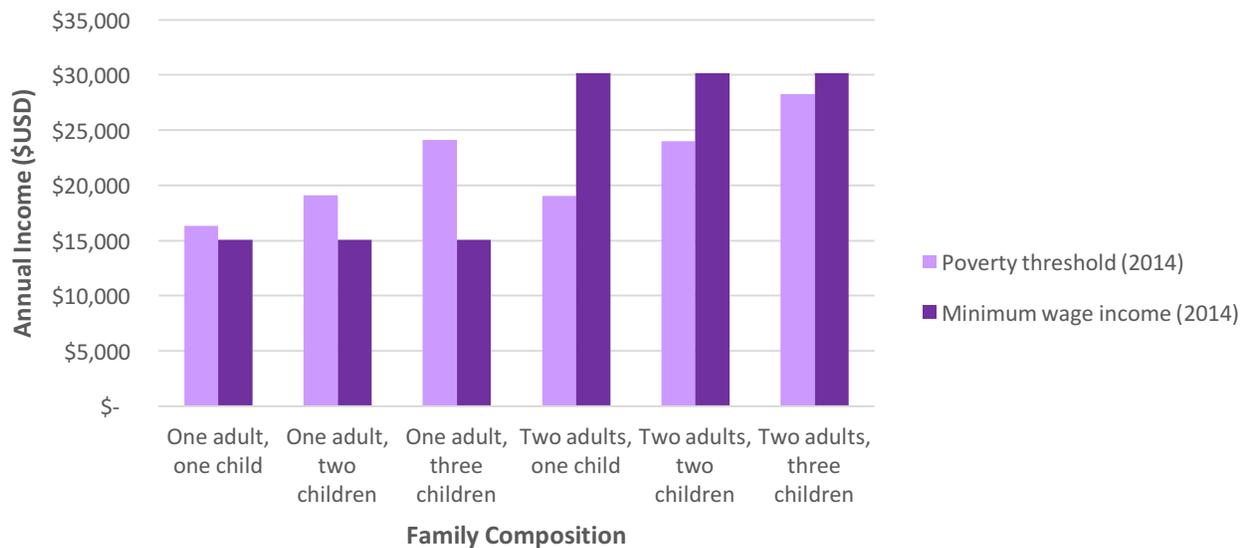


The minimum wage does not provide as much income as the living wage but does it provide enough income to live above the official poverty line?

The answer to that question depends on the family composition. While there is a uniform threshold in the 48 contiguous states for what income constitutes an impoverished standard of living, the number is set to the number of people who live in a household (more detailed

numbers from the Bureau of the Census can be found in the Appendix). The difference between what a minimum wage income earns relative to the poverty threshold for each given family classification is portrayed in Figure 7.<sup>12</sup>

**Figure 7: Minimum Wage Income and Poverty Threshold, by Household Composition**



*“The clients visiting UNC are always living on the edge, making daily compromises between paying rent, buying food and /or paying utility bills. Medical care is never on the agenda unless the illness or injury has reached a critical stage. Both adults and children often forgo medical care because the parent does not have paid sick time on the job and in the best cases will lose a day’s pay, in the worst cases they will lose their job. Often, in order to avoid child care costs families make the risky decision to leave children home alone while the parents work.” - Mike Hanley, CEO, United Neighborhood Centers*

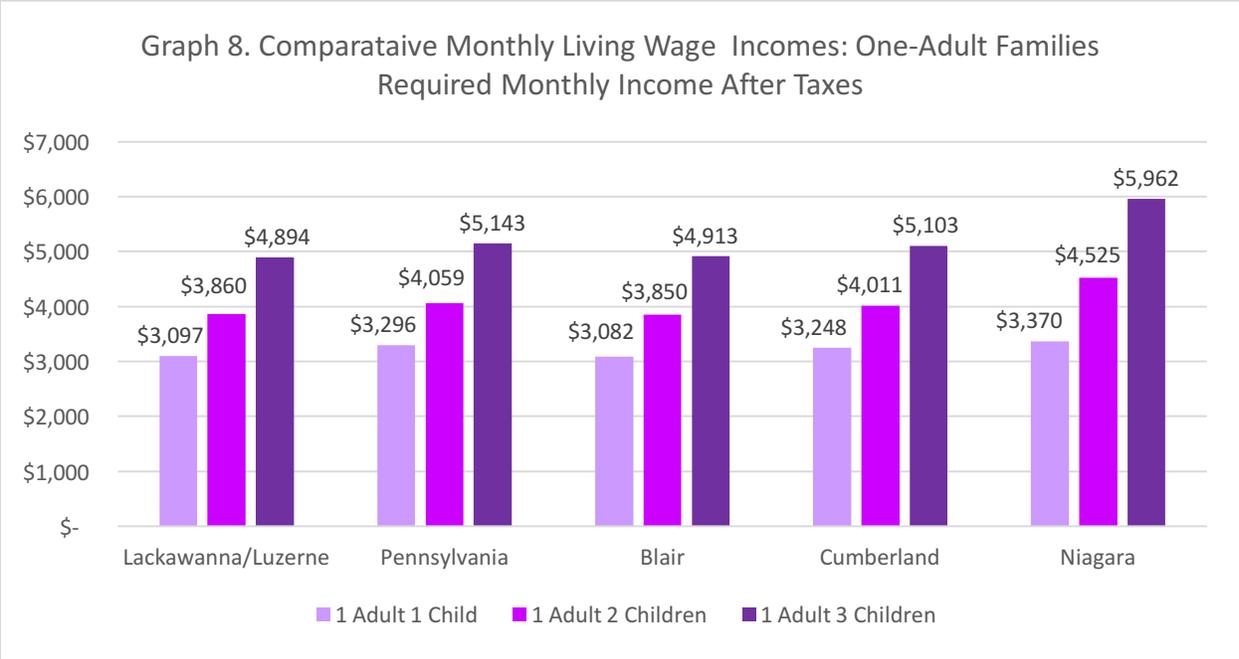
While families where both parents earn minimum wages still fall short of making a living wage, they do surpass the poverty line. Families headed by a single parent earning the minimum wage income are in the most difficult situations. A single parent making the minimum wage with even just one child makes poverty level wages.

According to the Census Bureau’s 2014 Small Area Income & Poverty Estimates (SAIPE), over 15 percent of the residents of both Lackawanna and Luzerne counties live below the poverty line – a total of 79,959 people.<sup>13</sup> This relatively high level of poverty can be accounted for, in part, by the significant number of single-parent families (6.8 percent and 10.2 percent in Lackawanna and Luzerne County, respectively, as stated above), which have a far higher rate of poverty than other

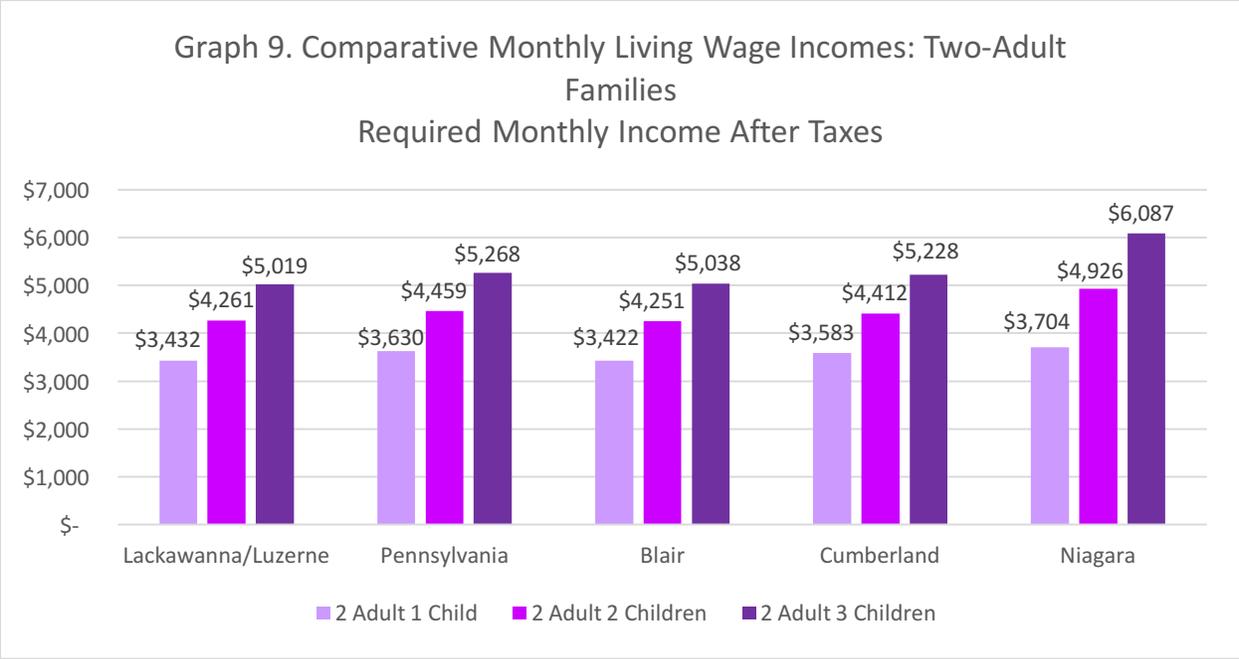
families. In Lackawanna and Luzerne counties, rates of poverty in single mother households are 36 and 42 percent, compared with 13 and 10 percent for married couples with children.

## **Comparative Summary**

Graph 8 presents the monthly income that constitutes a living wage after taxes in single family homes by number of children in each of the five geographic areas examined. Despite Lackawanna and Luzerne counties having relatively low living wage thresholds, there is not a significant difference that would indicate the region is in a better position. The gap between Northeast Pennsylvania and other regions is fairly small, while the region’s median household incomes are far lower than the statewide median. The region also lags behind the Commonwealth in other economic measures such as wages and unemployment rate.



In families with two working adults, the region’s living wage comes in slightly worse than Blair County in some family compositions. However, it is better than the other geographies reviewed.



## The Housing Paradox

As noted previously, housing costs are generally the largest percentage of a household's annual expenditures. But what happens when housing costs are too much for low-wage families to afford?

According to a 2015 report by the National Low Income Housing Coalition, in none of the 50 states can a person earning minimum wage afford a two-bedroom apartment at Fair Market Rent (FMR, determined by the U.S. Department of Housing and Urban Development).<sup>14</sup> The "housing wage" is defined as the hourly wage that it would take to afford a two-bedroom apartment at Fair Market Rent without spending more than 30 percent of household income on housing. The housing wage is highest in states with large metropolitan areas (such as New York, California, and New Jersey), while the national average rests at \$19.35 – over \$12 more than the federal minimum wage, and \$4 more than the average hourly wage of the American renter. Pennsylvania ranks 20<sup>th</sup> in the nation for housing wage, with a \$17.57 hourly wage needed to afford a two-bedroom apartment at Fair Market Rent. In other words, it takes 78 hours at a minimum wage job in Pennsylvania to afford a FMR two-bedroom apartment. Housing is more affordable for residents of Lackawanna and Luzerne counties compared to Pennsylvania and United States averages but a parent still would need to earn a \$14.73 hourly wage to afford a two-bedroom apartment; that, or work two full-time minimum wage jobs simultaneously.

Rental prices continue to rise because fewer Americans can afford to buy their own home in the post-Recession economy. In addition, and middle-and higher-income earners often occupy rental units that should be available to lower-income groups. In 2013, for every 100 extremely low-income renters (those who earn less than 30 percent of the average median income for their geographic region), there were only 31 affordable and available units to

*"Economic insecurity, poverty, and living wage issues primarily affect 3 specific constituent groups who utilize our services: 1) low-income homeowners, 2) homeowners facing foreclosure, and 3) financial fitness clients. Low-income homeowner clients typically have some level of assets but are unable to address major home repair or improvement needs for their properties due to the majority of their income being used to cover other types of crucial living expenses (food, transportation, medical expenses, etc.). This issue is especially true among elderly homeowners who live on a low monthly fixed income." - Jesse Ergott, President & CEO, NeighborWorks Northeastern Pennsylvania*



rent. The recommendation made by the National Low Income Housing Coalition in their *Out of Reach* report is for 7.1 million rental units across the nation that are affordable to those in the extremely low-income bracket be built or made available. More data concerning Fair Market Rents and minimum wage in Lackawanna and Luzerne counties can be found in the table below:

**Table 10. Lackawanna & Luzerne Counties Fair Market Rent versus Income**

	Hourly wage needed, 2BR FMR	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time min wage jobs needed to afford 2BR FMR	Annual AMI	30% of AMI
National	\$19.35	\$1,006	\$40,240	2.7	\$67,857	\$20,357
Pennsylvania	\$17.57	\$914	\$36,545	2.4	\$70,354	\$21,106
Lackawanna County	\$14.13	\$735	\$29,400	1.9	\$59,000	\$17,700
Luzerne County	\$14.13	\$735	\$29,400	1.9	\$59,000	\$17,700
	Monthly rent affordable at 30% AMI	Renter households	% of total households	Estimated hourly mean renter wage	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage to afford 2BR FMR
National	\$509	40,900,809	35%	\$15	\$788	1.3
Pennsylvania	\$528	1,495,915	30%	\$14	\$710	1.3
Lackawanna County	\$443	28,491	33%	\$10	\$540	1.4
Luzerne County	\$443	42,136	32%	\$10	\$536	1.4

*Key*

AMI - annual median income

2BR- two-bedroom apartment

FMR- Fair Market Rent

## Who are the Minimum Wage Earners?

According to the United States Department of Labor, a majority of American workers earning minimum wage or below shared one or more of the following characteristics:

- Female
- White
- 16-24 years old
- High school educated or less
- Never married

Eight percent of minimum wage workers were single parents, and an additional ten percent were married with at least one or more children. The Pew Research Center studied near-

minimum wage workers, defined as those earning more than minimum wage but less than \$10.10 per hour. The study showed that the largest number work in restaurants and other food service establishments as cooks, waiters, and waitresses. A large number also work as cashiers, retail salespeople, and janitors and cleaners. Many work in the construction industry, and many more work in elementary and secondary schools (schools are employers of many janitors and cleaners as well as food service workers).<sup>15</sup>

Near-minimum wage workers, while earning more than minimum wage, fall below the living wage threshold for most family compositions. Even employed full-time in many of these positions, supporting a family at a modest but dignified standard of living would be extremely difficult.

In 2015, the Bureau of Labor Statistics found that approximately 156,000 workers in the Commonwealth of Pennsylvania worked at or below minimum wage. Of that number, 73,000 made the minimum wage of \$7.25, and 83,000 made below minimum wage.<sup>16</sup>



The U.S. Department of Education and the American Community Survey for 2015 show that the lowest wage jobs are almost always positions that rely on unskilled labor. In Lackawanna and Luzerne counties, the lowest-paying jobs include fast food (cooks, servers and workers), cashiers, childcare workers, and housekeepers.<sup>17</sup> Many of the positions that pay the lowest wages are often filled by women. These jobs also employ workers from all age categories evenly, and no one age group dominates in these sectors.

“Most of our clients have low-wage employment, if employment at all.” – Sr. Maryalice Jacquinet, President and CEO, St. Joseph’s Center

The types of jobs with the largest workforce numbers in Lackawanna and Luzerne counties are also some of the lowest paying. The top five jobs in the two counties are shown in Table 11.

**Table 11. Occupations with the highest numbers of employees: Lackawanna and Luzerne Counties**

Lackawanna County			Luzerne County		
Occupation	2015 jobs	Avg. hourly earnings (\$USD)	Occupation	2015 jobs	Avg. hourly earnings (\$USD)
Retail salespersons	3,954	11.68	Laborers & movers	5,084	13.33
Cashiers	3,112	9.17	Retail salespersons	4,926	12.62
Servers & fast food workers	2,751	8.99	Cashiers	4,419	8.96
Office clerks	2,654	14.67	Customer service representatives	3,801	14.57
Laborers & movers	2,608	14.4	Servers & fast food workers	3,434	8.81

“Economic insecurity is probably one of the biggest issues facing the clients we serve. Many of our clients are dependent on social services such as welfare, SNAP, and housing assistance to meet their most basic needs. This leaves absolutely no money and/or resources for other pursuits that enhance life and learning. This lack of enrichment activities and opportunity affects children’s social, emotional, and educational development. Many of our clients work multiple jobs and still do not earn a living wage, leading to a cycle of debt and poor credit. Many are stuck in low-end jobs without benefits or a career path—a big issue for workers with low educational attainment, people who lack transportation, and individuals with limited work histories.”-  
*Linda Ciampi, M.C.Ed., Executive Director, EOTC*

While the average hourly earnings for these occupations are above the minimum wage – often attributed to management-level employees and long-term employees – none of the occupations reach the living wage level for four out of six of the family classifications we studied, including all three of the family classifications headed by a single parent. For single parents with one, two, or three children, the living hourly wage in Lackawanna and Luzerne counties as we have discussed above is \$20.48, \$25.52, and \$32.35, respectively. For the two-county region, over 182,000 workers have hourly wages less than \$20.48. Nearly 40,000 of those make less than \$11.34, the living hourly wage for a family with two working parents and one child.

Moreover, many of the occupations that are projected to add the most openings in Northeastern Pennsylvania over the next five years are primarily low-paying positions, as seen below.

**Table 12. Occupations with the highest projected growth: Lackawanna and Luzerne Counties**

Lackawanna County			Luzerne County		
Occupation	2015-2020 change	Avg. hourly earnings (\$USD)	Occupation	2015-2020 change	Avg. hourly earnings (\$USD)
Personal care aides	+273	11.62	Laborers & movers	+462	13.33
Servers & fast food workers	+193	8.99	Personal care aides	+270	9.74
Post-secondary teachers	+171	36.52	Home health aides	+220	9.39
Tractor-trailer truck drivers	+146	21.27	Registered nurses	+199	28.88
Janitors & cleaners	+128	11.37	Security guard	+149	11.42

If more jobs are added in sectors where workers are paid near minimum wages, then this will likely add stress to social services programs.

## Education

Approximately 11 percent of the population of Lackawanna and Luzerne counties do not have a high school diploma, as compared to 12 percent on the statewide level. The most recent high

school dropout data is improving, less than 1 percent in Lackawanna County and less than 1.5 percent in Luzerne County (equates to approximately 120 and 261 students, respectively), however higher education attainment in Northeastern Pennsylvania is lower than state and national averages.

According to the U.S. Census Bureau, 26 percent of individuals in Lackawanna County have a bachelor's degree or higher – dropping to 21 percent in Scranton – and 21 percent in Luzerne County, as compared to 28 percent on the state level and 34 percent nationally.<sup>18</sup> Meanwhile, numerous studies indicate the correlation between higher wages and college degree attainment. For example, in its 2014 employment projections data, the Bureau of Labor showed how earnings and unemployment rates differ by educational attainment.<sup>19</sup> A 9 percent unemployment rate for those with less than a high school diploma or 6 percent with a high school diploma is contrasted with 3.5 percent for those with a bachelor's degree. Moreover, the median weekly income of those with less than a high school diploma is \$488 as compared to someone with a high school diploma of \$668, and a bachelor's degree, with \$1,101.

### **Working Overtime: How Much Does It Take?**

An individual working a traditional five day work week of eight hours per day works 2,080 hours in a work year. Many low-income workers lack workplace benefits of paid time off, sick leave, or work flexibility. Working full-time, minimum wage employees cannot reach the level of income needed to meet basic needs. The question remains, can employees meet needs by adding overtime hours?

In Lackawanna and Luzerne counties, for example, a family of one adult and one child would to work a total of 5,874 hours at minimum wage to reach an economically secure income, 3,794 hours in addition to the 2,080 hours of a typical work year. In other words, the parent would need to work 113 hours each week – virtually impossible to accomplish. The challenge is even greater for families with multiple children and only one minimum wage earner. For these families, they would most likely need to turn to public assistance programs or charity to survive.



For family compositions with two adults working more than 40 hours each, it is still not possible to attain a living income. Both adults in a family of two adults and three children would have to work 4,759 hours a year each – a work week of over 91 hours for each worker. This calculation

does not account for additional childcare expenses that could also result from such extreme work schedules.

## Federal Poverty Threshold

The U.S. Census Bureau establishes a uniform amount of income for the 48 contiguous states that is classified as the “poverty threshold;” in other words, the minimum amount of annual income a household must surpass in order to not be living in poverty. The threshold rises depending on how many people are in the household, and the numbers are updated annually to reflect inflation and other changes. The data for 2014 poverty threshold from the U.S. Bureau of the Census can be found in Table 13.

Table 13. Poverty Thresholds for 2014 by Size of Family and Number of Related Children Under 18 Years							
Size of family unit	Related children under 18 years						
	Weighted Average Thresholds	None	One	Two	Three	Four	Five
One person (unrelated individual)	12,071						
Under 65 years	12,316	12,316					
65 years and over	11,354	11,354					
Two people	15,379						
Householder under 65 years	15,934	15,853	16,317				
Householder 65 years and over	14,326	14,309	16,256				
Three people	18,850	18,518	19,055	19,073			
Four people	24,230	24,418	24,817	24,008	24,091		
Five people	28,695	29,447	29,875	28,960	28,252	27,820	
Six people	32,473	33,869	34,004	33,303	32,631	31,633	31,041

Source: U.S. Census Bureau

## Free and Reduced Lunch Program Eligibility

In Lackawanna and Luzerne counties, approximately 45 percent of school-age children in public schools are eligible for either free or reduced lunch through the federal National School Lunch Program. Students from families with incomes less than 130 percent of the federal

poverty threshold or receiving assistance through Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP) are eligible for free lunch, and students from families with incomes between 130 and 185 percent of the federal poverty threshold are eligible for reduced lunch. The percentages of students eligible in each school

*“The lack of a living wage continues to challenge the growing number of people who depend upon the kitchen for a hot meal.” - Monsignor J.P. Kelly, Director, St. Francis Kitchen*

district in Lackawanna and Luzerne counties over the last five complete school years can be found in Table 14.

Location	County	2010-11	2011-12	2012-13	2013-14	2014-15
Abington Heights	Lackawanna	13.8%	15.5%	15.5%	15.2%	16.9%
Carbondale Area	Lackawanna	61.8%	57.9%	64.7%	68.6%	62.6%
CTC of Lackawanna County	Lackawanna	51.2%	55.8%	63.0%	54.0%	47.5%
Dunmore	Lackawanna	27.3%	27.9%	33.8%	33.9%	38.6%
Fell CS	Lackawanna	85.1%	76.5%	73.6%	77.2%	77.1%
Howard Gardner Multiple Intelligence CS	Lackawanna	n/a	n/a	10.3%	n/a	n/a
Lakeland	Lackawanna	27.1%	28.5%	29.2%	28.5%	34.0%
Mid Valley	Lackawanna	46.6%	46.9%	49.2%	47.5%	42.2%
North Pocono	Lackawanna	26.3%	28.5%	31.3%	30.0%	29.3%
Old Forge	Lackawanna	37.9%	38.1%	41.7%	41.5%	42.1%
Riverside	Lackawanna	48.0%	43.7%	43.4%	45.7%	55.8%
Scranton	Lackawanna	60.2%	59.8%	63.7%	67.9%	81.8%
Valley View	Lackawanna	27.3%	27.3%	29.4%	32.2%	32.6%
Bear Creek Community CS	Luzerne	33.3%	34.5%	19.9%	41.3%	38.9%
Crestwood	Luzerne	20.8%	15.8%	15.5%	17.5%	17.0%
Dallas	Luzerne	18.0%	20.2%	59.9%	19.5%	20.1%
Greater Nanticoke Area	Luzerne	53.1%	55.4%	59.4%	59.4%	61.7%
Hanover Area	Luzerne	51.7%	55.4%	66.1%	59.5%	n/a
Hazleton Area	Luzerne	61.9%	63.2%	30.9%	65.1%	64.4%
Lake Lehman	Luzerne	27.0%	30.6%	39.3%	30.9%	31.7%
Northwest Area	Luzerne	37.6%	38.9%	40.6%	41.9%	42.9%
Pittston Area	Luzerne	37.9%	40.3%	69.1%	40.1%	50.0%
West Side CTC	Luzerne	53.5%	58.5%	65.0%	62.8%	60.3%
Wilkes-Barre Area	Luzerne	60.5%	65.7%	64.6%	65.5%	77.2%
Wilkes-Barre AVTS	Luzerne	52.8%	56.0%	34.5%	64.8%	83.7%
Wyoming Area	Luzerne	33.4%	39.1%	53.0%	39.2%	39.9%
Wyoming Valley West	Luzerne	58.2%	51.4%	30.4%	58.5%	57.3%

Source: KidsCount Data Center/Pennsylvania Partnerships for Children

## Resources for Economically Insecure Families

Those individuals and families who do not earn a living wages have access to some resources to help them meet their needs and those of their families. While some social programs are perceived as only for those living in extreme poverty and who do not or cannot work, many are available to working families that do not earn a living wage. The list below is not exhaustive, but includes examples of resources that residents of Lackawanna and Luzerne counties may be eligible to receive if they meet income and other eligibility guidelines.

## Federal & State Resources

**Child and Dependent Care Tax Credit** – This federal income tax credit helps families defray the cost of providing care to children and other dependents. Income tax filers can claim up to \$3,000 per year paid for the care of one qualifying child or dependent, or \$6,000 for two or more qualifying children or dependents. The credit is calculated as a percentage of this amount based on adjusted gross income. Taxpayers earning less than \$15,000 per year can receive a 35 percent credit; for taxpayers earning over \$43,000, it is a 20 percent credit.

**Child Care Works** – This is a subsidized program to help lower income families pay for childcare. The program will pay part of the recipient family’s childcare costs, and the recipient family pays a co-pay. The co-pay and subsidy are both paid directly to the childcare provider. To be eligible, each adult family member must work at least 20 hours per week or work ten hours per week and participate in a training program for at least ten hours per week. For a single parent and child family, the maximum income to qualify is \$31,860 per year, or \$15.32 if the adult works full-time. For a two adult family with two children, the income limit is \$48,500, or \$11.66 per hour full-time for each adult worker. For several household types with children, there is a significant gap between eligibility requirements for this program and the living wage threshold for that household. Therefore, families that could use the subsidies, who make above the minimum wage but below the living wage threshold, may not qualify.

**Earned Income Tax Credit (EITC)** – This federal income tax credit is designed to benefit low to moderate income workers. A single adult can earn up to \$14,820 and a married couple with no children can earn up to \$20,330 in order to claim the credit. A single adult taxpayer with one child can claim the credit if their adjusted gross income is less than \$39,131, \$44,454 with two children, and \$47,747 with three or more children. A married couple with one child filing jointly can claim the credit if their adjusted gross income is \$44,651, \$49,974 with two children, and \$53,257 with three or more children. Though the credit is available to many moderate income households, there is still a gap between the maximum adjusted gross income for these household types and the living wage threshold in Northeastern Pennsylvania.

**Head Start** – Children from eligible families can receive early childhood education and development. The Head Start preschool program supports school readiness and provides family support services. The Head Start program offers services in centers throughout the region. The Early Head Start program provides support to pregnant women and families with children up to age three. Programs include parenting education, health services, early childhood development, and group activities, and support and referral services. In order to be eligible for Head Start in the Commonwealth of Pennsylvania, you must be a resident of the state, and make under the following income levels before taxes: \$15,930 for a household of two, \$20,090 for a household of three, and \$24,250 for a household of four (the number of adults versus

children in a household is not taken into consideration). For each additional person in the household, \$4,160 is added to the maximum income level. In addition, any child who is homeless, in foster care, or from a family already receiving public assistance (such as Temporary Assistance for Needy Families, or TANF) will automatically qualify for Head Start. Programs may also enroll up to 10 percent of children from families that have incomes above the limits for their household size, and in other cases an additional 35 percent of children from families whose incomes exceed the above-outlined poverty level but are below 130 percent of the poverty line. For each household composition, a living wage income is significantly above that of the Head Start guidelines. In addition, while all single-parent household classifications qualify based on the maximum income level guidelines, two-parent households of one, two, or three children where both parents are working at a minimum wage job do not qualify based solely on the income requirements. For a family with two parents and one child, they do not even have the potential to qualify for Head Start based on the 35 percent above-poverty allowance; their income is more than 130 percent of the poverty level. This gap for two-parent families could be problematic for households where both parents work at a minimum wage but still have anywhere from one to three children for whom to provide.

**Healthcare.gov** – The federal health insurance marketplace created by the Affordable Care Act offers the public the opportunity to enroll in a variety of health insurance plans. A household with one adult that makes less than \$29,425 per year (about \$14.15 per hour full-time) can qualify for reduced premiums and savings on out of pocket costs such as copayments and deductibles. An individual can earn up to \$47,080 per year (\$22.63 per hour full-time) to qualify

*“Since our mission is to provide medical and dental care to the under-served, under-insured and uninsured of our community, the issues of economic insecurity, poverty, etc., dramatically affects our clients. Even with the introduction of the Affordable Care Act, many of our patients still cannot afford insurance either due to their inability to find work or having no disposable income to pay for insurance after they pay for their essentials.”- Joseph H. Hollander, Executive Director, Scranton Primary Health Care Center, Inc.*

for reduced premiums. A household with two adults can qualify for reduced premiums and other savings if income is less than \$39,825 per year (\$19.15 per hour if one adult works, \$9.57 per hour if both adults work). A two adult household can qualify for reduced premiums if income is less than \$63,720 (\$30.63 per hour if one adult works, \$15.32 per hour if both adults work). Those who earn more than these limits can still purchase insurance through the marketplace at the full (unsubsidized) price. Many households that are below the living wage threshold but do not qualify for other social programs can qualify for reduced healthcare premiums on Healthcare.gov.

**Heating Assistance/LIHEAP** – This program provides assistance to households that are in danger of being without heat in the colder months. This is a cash grant sent directly to the

utility company, or a crisis grant directly to households in immediate danger of being without heat. A single person household can make up to \$17,655 per year and qualify. This amounts to \$8.48 per hour for a full-time worker. A two person household can qualify earning up to \$23,895 per year. For a single parent and child household, this amounts to \$11.49 if the adult works full-time. A family of four can earn up to \$36,375 to be eligible; this equates to \$17.49 per hour if there is one full-time worker, or \$8.74 per hour if there are two full-time workers. As incomes increase, benefit amounts decrease, to a minimum benefit amount of \$100. Benefit amounts also depend on type of heat and county of residence. For each of these household types, there is a gap between eligibility and the living wage threshold.

**Housing Choice Voucher Program** – Formerly the Section 8 program, this program allows income eligible families to receive housing assistance. The recipient family pays 30 percent of their income towards rent and utilities, and the remainder is paid by the subsidy. Housing must be within HUD’s established Fair Market Rents (FMR). The program is targeted to very low income families, the elderly, and the disabled. As a result, many families earning above the minimum wage but below the living wage may not qualify for a voucher, and those that do often face long wait times for vouchers in their communities.

**Medical Assistance** – This program, also known as Medicaid or MA, pays for health care services for eligible individuals. Households must meet income eligibility guidelines to qualify. Pennsylvania’s Medicaid program was expanded under the Affordable Care Act. According to healthcare.gov, individuals can earn up to \$16,243 (\$7.81 per hour full-time) to be eligible for Medicaid. The income limit is \$21,983 for a two person household, \$27,724 for a three person household, and \$33,465 for a four person household. For a four person household, this equates to \$16.09 per hour for one full-time worker or \$8.04 per hour for two full-time workers. There is no eligibility limit on a household’s resources or assets when there are children under 21 in the household; households without children may not have assets greater than \$250 for an individual or \$1,000 for a two person household. A household’s resources or assets are defined as money in checking or saving accounts; bonds, stocks, or mutual funds; money in retirement accounts; life insurance with a cash surrender value over \$1000; value of property owned but not occupied by the owner; and vehicles. All uninsured children and teens ineligible for medical assistance may also qualify for free or subsidized coverage through the Children’s Health Insurance Program (CHIP).

### **School Nutrition Programs –**

*Free and Reduced Price School Lunch* – Children from qualifying lower income families can receive a free or reduced price school lunch. For a two person household with one adult and one child, the child can qualify for free meals if the household income is less than \$20,709, or \$9.96 per hour if the adult works full-time.<sup>20</sup> That household can qualify for reduced price

lunch if the household earns less than \$29,471 (\$14.17 per hour full-time). A four person household with two adults and two children can qualify for free school lunches if it earns less than \$31,525 (\$15.16 per hour if one adult works full-time, \$7.58 per hour if both adults work full-time). That household can qualify for reduced price lunch if it earns less than \$44,863 (\$21.57 if one adult works full-time, \$10.78 if both adults work full-time). Data regarding the percentage of eligible school-age children can be found in the appendix. There is a gap between eligibility thresholds for this program and the living wage threshold for some household types, particularly households with one adult.

*Free and Reduced Price School Breakfast*– Children from families qualifying for the Free and Reduced Price School Lunch also qualify for the Free and Reduced Price School Breakfast Program under the same eligibility guidelines.

*After School Snack Program* - Children from families qualifying for the Free and Reduced Price School Lunch and Breakfast also qualify for the After School Snack Program. In addition, a school that has 50 percent or more of their enrolled children approved can qualify for Area Eligible After School Snacks.

### **Supplemental Nutrition Assistance Program**

**(SNAP)** – This program, often referred to by its former name of Food Stamps, is intended to supplement the food budget of lower income households. Benefits are provided via an electronic balance transfer (EBT) card which can be used to make food purchases at grocery stores and supermarkets. The minimum benefit amount to eligible households is \$16 per month; the maximum



benefit is \$194 for a single person, \$357 for a two person household, \$511 for a three person household, and \$649 for a four person household. The maximum monthly income to qualify is \$1,557 for a single person (about \$8.98 per hour full-time), \$2,098 for a two person household (about \$12.10 per hour for one full-time worker), \$2,640 for a three person household (\$15.23 per hour for one full-time worker, \$7.62 per hour for two full-time workers), and \$3,181 for a four person household (\$18.35 per hour for one full-time worker, \$9.18 per hour for two full-time workers). However, the income limits are higher if there is an elderly or disabled person in the household. Households can also deduct certain things like housing costs and childcare costs from their income when applying.

**Temporary Assistance for Needy Families (TANF)** – This program provides direct cash assistance to families with children. In order to qualify, families must have less than \$1,000 in

countable assets (excluding their primary residence) and meet income eligibility guidelines. It is available for only a maximum of 60 total months (five years) over a recipient’s lifetime.

## Local Resources

Contact information about social service programs available to residents of Lackawanna and Luzerne counties can be found at the [Pennsylvania Department of Human Services](#) website. Workforce development information for [Lackawanna](#) and [Luzerne](#) counties can be found on their respective websites as well.

Information about available local services can be obtained through the [Pennsylvania 2-1-1](#) service. The 2-1-1 number for Northeastern Pennsylvania is (570) 829-1341. Additional resources related to available resources and volunteer opportunities are located on the [Voluntary Action Center of NEPA](#) website and The University of Scranton [Campus Ministries’ Center for Service and Social website](#).

*“We see firsthand the working poor who are really struggling...the work is very rewarding. You always get more than you give.” – Sr. Ann Walsh, Friends of the Poor*

## Recommendations

To achieve family economic security, a multi-pronged approach is required that involves economic and workforce development, government social safety net programs, and private charitable activities. The following recommendations reflect conclusions drawn from the data presented in this report and based on the advocacy efforts and policy positions of

*“We are not simply talking about ensuring nourishment or a ‘dignified sustenance’ for all people, but also their ‘general temporal welfare and prosperity’. This means education, access to health care, and above all employment.” - Pope Francis (2013)*

Catholic Charities USA and the U.S. Conference of Catholic Bishops, illustrating the rich discussion of poverty, just wages, and economic justice present in Catholic Social Teaching.<sup>21</sup>

*“The first line of attack against poverty must be to build and sustain a healthy economy that provides employment opportunities at just wages for all adults who are able to work.” - Bishops’ Pastorals: A Commitment to All Generations, Social Security and the Common Good (1999)*

**Increase wages:** As indicated from our analysis of the minimum and living wages in the Commonwealth of Pennsylvania, the minimum wage does not meet the basic needs required by families, and falls short of a living wage. A “living wage” changes depending on how many people are in a family. However, for the family classifications studied, reaching a living standard that is “modest” is nearly impossible earning \$7.25 an hour. Thus, the best way to help families thrive, rather than merely survive, in today’s economy is to find ways to

increase wages. This can be done through increases to the state and/or federal minimum wage and through economic development activities that seek to increase jobs with meaningful, family-sustaining wages. Workforce development programs, which help to create well-trained prospective employees in Lackawanna and Luzerne counties, should also be expanded. These programs have the potential to help low-wage workers improve their skill sets, attain higher-paying jobs, and spur economic growth in the region.

**Support tax credits for low-income families:**

Federal income tax credits, including the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), help defray costs for working families. Increases to both programs would enhance these families’ economic security. The EITC, with its eligibility guidelines as discussed above, provides small sums of financial assistance to low-income families based on annual earnings. This extra amount of money

*“EITC and refundable CTC...bridge this critical gap between the failures of the economy and the needs of the family, and are also very effective antipoverty tools.” - Most Reverend Thomas G. Wenski Archbishop of Miami & Sister Donna Markham, OP, Ph.D. President, Catholic Charities USA (2015)*

could assist minimum-wage earners in covering the gaps that they encounter between their minimum wage income and a living wage income. It cannot be utilized unless the individual or family is already working, and is refundable in the sense that any additional dollar beyond a family’s income tax liability is paid as a tax refund. The Child Tax Credit provides important assistance to help working families obtain safe, quality child care, an option that is often beyond the reach of parents working low and moderate-wage jobs.<sup>22</sup>

**Adequately fund and expand existing social safety net programs:**

Programs such as the Supplemental Nutrition Assistance Program (SNAP) help to address a basic need for working families. The Center on Budget and Policy Priorities (CBPP) describes SNAP as “the nation’s most important anti-hunger program.” CBPP argues that the food benefits are the “fastest, most effective forms of economic stimulus because they get money into the economy quickly” and also that the program “contains an

*“Existing social safety net programs do not provide adequate support to families in need. This is most often due to the inadequacy of programs to cover all those in need of services as well as the difficulty of making it through the application process for federal and state aid. Additionally, the benefits of welfare programs are often too low to provide low-income families with the economic security they deserve.” – Jesuit Social Research Institute (2014)*

important work incentive. For every additional dollar a SNAP recipient earns, her benefits decline by only 24 to 36 cents — much less than in most other programs.”<sup>23</sup>

**How should we respond?** As employers, elected officials, students, and private citizens, we all have a role to play in attending to the needs of the vulnerable. For more families to be able to attain a “living wage” in Northeastern Pennsylvania, a combination of institutional, governmental and private charitable activities are needed to increase wages and support low-income families. Catholic Social Teaching asserts that all people have a right to participate in society and calls on people of goodwill to consider how they can help to alleviate social inequities.

*“We can no longer pretend that the inequalities and injustices of our world must be borne as part of the inevitable order of things.” – Superior General, Fr. Pedro Arrupe, S.J. (32<sup>nd</sup> General Convention)*

*“To desire the common good and strive towards it is a requirement of justice and charity.... The more we strive to secure a common good corresponding to the real needs of our neighbours, the more effectively we love them.” – Pope Benedict XVI, Caritas in Veritate, 2009*

The social teaching of the Catholic Church has long asserted the centrality of human dignity in assessing issues related to poverty and economic life.<sup>24</sup> As the U.S. Catholic Bishops wrote in 1986 in “Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy,” “The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured.”<sup>25</sup>

As a Catholic and Jesuit institution, The University of Scranton is committed to an educational mission that includes the service of faith and the promotion of justice.<sup>26</sup> The University draws on the efforts of Catholic Charities USA, the U.S. Conference of Catholic Bishops and other partners to raise awareness of and advocate for public policies in keeping with emphases within Catholic Social Teaching on principles of human dignity, community and the common good, dignity of work and the rights of workers, solidarity, the option for the poor and vulnerable, the role of government and subsidiarity.<sup>27</sup> The below websites include additional background, advocacy guidance, and other resources.<sup>28</sup>

*“Poverty in the world is a scandal. In a world where there is so much wealth, so many resources to feed everyone, it is unfathomable that there are so many hungry children, that there are so many children without an education, so many poor persons.” – Pope Francis (2013)*

## Advocacy and Information Resources:

- Catholic Charities: <https://catholiccharitiesusa.org/advocacy-and-policy>
- Economic Policy Institute Family Budget Calculator: <http://www.epi.org/resources/budget/>
- U.S. Conference of Catholic Bishops Poverty USA: <http://www.povertyusa.org>
- The University of Scranton Advocacy Corner: [www.scranton.edu/advocacy](http://www.scranton.edu/advocacy)
- Key Catholic Social teaching documents on economic justice:
  - U.S. Conference of Catholic Bishops: [Economic Justice for All Pastoral Letter on Catholic Social Teaching and the U.S. Economy](#), 1986.
  - U.S. Conference of Catholic Bishops: [A Place at the Table: A Catholic Recommitment to Overcome Poverty and Respect the Dignity of all God's Children](#), 2002.
  - Pope Francis: [Evangelii Gaudium \(Apostolic Exhortation on the Joy of the Gospel\)](#), 2013.
  - Pope Benedict: [Caritas in Veritate \(Encyclical Letter on Integral Human Development in Charity and Truth\)](#), 2009.

## Conclusions

Families in Northeastern Pennsylvania confront tremendous challenges in terms of unemployment and extreme poverty. While there are many families that have these challenges, there are also many who work full-time at or near minimum wage but earn less than a living wage. Family economic security is the measurable standard of living to ensure that families can meet essential basic needs and live a modest but dignified life, and the living wage threshold is the income needed to achieve this standard of living.

This report demonstrates that the minimum wages in Lackawanna and Luzerne counties and Pennsylvania more generally, are far lower than living wages. These families lack economic security and may find it difficult to pay essential needs. For example, a family of two adults and two children in the region needs \$58,588 to reach the living wage threshold. A single adult with one child needs \$42,588 while a single adult with two children needs \$53,080.

In the other counties examined, the living wage thresholds varied. Lackawanna and Luzerne counties' living wage thresholds for all family compositions were very close to those of Blair County (Altoona MSA). The other comparison counties of Cumberland County, PA and Niagara County, NY, had slightly higher living wage thresholds.

For working families, housing, childcare, food, and transportation are all significant expenses. Across all family compositions, a minimum wage or even near-minimum wage job will generally be insufficient to allow the family to achieve economic security. There are many resources available to residents of the region who have income challenges. However, the income

eligibility guidelines for many assistance programs are often significantly below the living wage threshold. As a result, there are numerous families in Northeastern Pennsylvania who fall into this very real gap of having too much income to qualify for meaningful assistance, but too little to achieve economic security.

Further advocacy and information resources and additional community leader input and profiles can be found online at [www.scranton.edu/livingwage](http://www.scranton.edu/livingwage).

## Appendix

### Definitions

Living wage: the wage rate at which a worker, employed on a full-time basis, can reach a standard of living that meets essential basic needs and allows the worker to live a modest but dignified life.

Family economic security: the measurable standard of living to ensure that families can meet essential basic needs and live a modest but dignified life.

Poverty: the state of being extremely poor; the economic level at which meeting the most basic of human needs is a financial challenge.

Family compositions: the makeup of a household unit, consisting of a certain number of adults (working and non-working) and a certain number of children.

Federal minimum wage: the nationwide, legally mandated lowest possible wage that an employer can provide; some states or counties may legislate a higher minimum wage. It is currently set at \$7.25 per hour.

## Comparison Counties

### *Blair County, Pennsylvania (Altoona MSA)*

Blair County, the first comparison county, has similar costs of living to Lackawanna and Luzerne counties. Located in the central part of the state, the largest city is Altoona (population: 45,558), and the county's population is 125,955. Despite being a county that has a smaller population than both Lackawanna and Luzerne counties, the cost of living in Blair County is very similar to those of Northeastern Pennsylvania counties. More details can be found in Table 15 (with the same data as Lackawanna and Luzerne counties for two working adults).

<b>Annual Expenses</b>	<b>1 Adult 1 Child</b>	<b>1 Adult 2 Children</b>	<b>1 Adult 3 Children</b>	<b>2 Adults 1 Child</b>	<b>2 Adults 2 Children</b>	<b>2 Adults 3 Children</b>
Housing	\$8,208	\$8,208	\$10,800	\$8,208	\$8,208	\$10,800
Childcare	\$7,308	\$12,684	\$18,048	\$7,308	\$12,684	\$18,048
Transportation	\$6,852	\$7,896	\$9,264	\$7,896	\$9,264	\$8,844
Medical	\$5,856	\$5,640	\$5,700	\$5,640	\$5,700	\$5,676
Monthly taxes	\$5,400	\$6,744	\$8,604	\$5,988	\$7,440	\$8,820
Food	\$5,172	\$7,788	\$10,320	\$8,016	\$10,344	\$12,588
Other	\$3,648	\$3,984	\$4,824	\$3,984	\$4,824	\$4,500
<b>Required annual income before taxes</b>	<b>\$42,444</b>	<b>\$52,944</b>	<b>\$67,560</b>	<b>\$47,040</b>	<b>\$58,464</b>	<b>\$69,276</b>
<b>Required hourly wage per adult</b>	<b>\$20.41</b>	<b>\$25.45</b>	<b>\$32.48</b>	<b>\$11.31</b>	<b>\$14.05</b>	<b>\$16.65</b>

The costs of housing and taxes in Blair County are slightly higher than those of Lackawanna and Luzerne counties, though only by a few dollars. These cost categories are still, however, lower in Blair County than they are in the Pennsylvania state averages.

### *Cumberland County, Pennsylvania (Harrisburg-Carlisle MSA)*

In Cumberland County, costs are similar to Pennsylvania averages and those of Lackawanna and Luzerne counties. In Cumberland County, however, the costs of housing and taxes are more than they are in Northeastern Pennsylvania. The details by family type are presented in Table 16.

**Table 16. Cumberland County Cost of Living**

<b>Annual Expenses</b>	<b>1 Adult 1 Child</b>	<b>1 Adult 2 Children</b>	<b>1 Adult 3 Children</b>	<b>2 Adult 1 Child</b>	<b>2 Adult 2 Children</b>	<b>2 Adult 3 Children</b>
Housing	\$10,140	\$10,140	\$13,080	\$10,140	\$10,140	\$13,080
Childcare	\$7,308	\$12,684	\$18,048	\$7,308	\$12,684	\$18,048
Transportation	\$6,852	\$7,896	\$9,264	\$7,896	\$9,264	\$8,844
Medical	\$5,856	\$5,640	\$5,700	\$5,640	\$5,700	\$5,676
Monthly taxes	\$5,688	\$7,020	\$8,940	\$6,276	\$7,728	\$9,156
Food	\$5,172	\$7,788	\$10,320	\$8,016	\$10,344	\$12,588
Other	\$3,648	\$3,984	\$4,824	\$3,984	\$4,824	\$4,500
<b>Required annual income before taxes</b>	<b>\$44,664</b>	<b>\$55,152</b>	<b>\$70,176</b>	<b>\$49,260</b>	<b>\$60,684</b>	<b>\$71,892</b>
<b>Required hourly wage per adult</b>	<b>\$21.47</b>	<b>\$26.52</b>	<b>\$33.74</b>	<b>\$11.84</b>	<b>\$14.59</b>	<b>\$17.28</b>

## Endnotes

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<sup>1</sup> Jesuit Social Research Institute at Loyola University New Orleans. 2014. *Too Much for Too Many: What does it cost families to live in Louisiana?* Just South Quarterly.

<sup>2</sup> Lackawanna and Luzerne counties were studied together as one unit due to their identical costs of living and other similar characteristics.

<sup>3</sup> Jesuit Social Research Institute at Loyola University New Orleans. 2014. *Too Much for Too Many: What does it cost families to live in Louisiana?* Just South Quarterly.

<sup>4</sup> Jesuit Social Research Institute at Loyola University New Orleans. 2014. *Too Much for Too Many: What does it cost families to live in Louisiana?* Just South Quarterly.

<sup>5</sup> Massachusetts Institute of Technology. 2014. Living Wage Calculator at <http://livingwage.mit.edu/>.

<sup>6</sup> Massachusetts Institute of Technology. 2014. Living Wage Calculator at <http://livingwage.mit.edu/>.

<sup>7</sup> U.S. Department of Labor. Work Hours: Vacation Leave. [http://www.dol.gov/dol/topic/workhours/vacation\\_leave.htm](http://www.dol.gov/dol/topic/workhours/vacation_leave.htm).

<sup>8</sup> Families USA. 2010. *Falling Between the Cracks*. <http://familiesusa.org/blog/falling-between-the-cracks>.

<sup>9</sup> U.S. Department of Housing and Urban Development (HUD). 2014. 50<sup>th</sup> Percentile Rent Estimates [data sets]. <http://www.huduser.gov/portal/datasets/50per.html>.

<sup>10</sup> Within Reach Campaign. 2015. How Out of Reach Is Childcare or Pre-K In Your State? <http://withinreachcampaign.org/map/>.

<sup>11</sup> The Institute for Public Policy and Economic Development (Wilkes University). 2015. *Regional Indicators Report 2015*. <http://www.institutepa.org/PDF/Indicators/2015/iprogram15.pdf>.

<sup>12</sup> Bureau of the Census. 2015. *Poverty Thresholds for 2015 by Size of Family and Number of Related Children Under 18 Years*. <https://www.census.gov/hhes/www/poverty/data/threshld/>.

<sup>13</sup> Bureau of the Census. (2014). *Small area income and poverty estimates*. <http://www.census.gov/did/www/saipe/>.

<sup>14</sup> National Low Income Housing Coalition. (2015). *Out of Reach: Low Wages and High Rents Lock Renters Out*. [http://nlihc.org/sites/default/files/oor/OOR\\_2015\\_FULL.pdf](http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf).

<sup>15</sup> Fact Tank (Pew Research Center). 2014. *Where near-minimum-wage workers work, and how much they make*. <http://www.pewresearch.org/fact-tank/2014/11/17/where-near-minimum-wage-workers-work-and-how-much-they-make/>

<sup>16</sup> Bureau of Labor Statistics (U.S. Department of Labor). 2014. *Characteristics of Minimum Wage Workers*. <http://www.bls.gov/opub/reports/cps/characteristics-of-minimum-wage-workers-2014.pdf>

<sup>17</sup> EMSI 2016.1

<sup>18</sup> Bureau of the Census Quick facts. USA. <http://quickfacts.census.gov/qfd/states/42/42069.html> and <http://quickfacts.census.gov/qfd/states/42/42079.html>.

<sup>19</sup> Bureau of Labor Statistics (2014). *Earnings and unemployment rates by educational attainment*. [http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm).

<sup>20</sup> Pennsylvania Department of Education. 2014. *School Nutrition Programs*. <http://www.education.pa.gov/Teachers%20-%20Administrators/Food-Nutrition/Pages/School-Nutrition-Program.aspx#.VseJ61srKUK>.

<sup>21</sup> Pope Francis. 2013. *Selected Quotes of Pope Francis (Jesuit Schools Q&A)*. <http://www.usccb.org/beliefs-and-teachings/what-we-believe/catholic-social-teaching/upload/pope-francis-quotes1.pdf>

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<sup>22</sup>United States Conference of Catholic Bishops. 2015. <http://www.usccb.org/issues-and-action/human-life-and-dignity/poverty/domestic/upload/usccb-ccusa-eitc-ctc-2015-07-14.pdf>

<sup>23</sup> Center on Budget and Policy Priorities. 2015. "Policy Basics: Introduction to the Supplemental Nutrition Assistance Program." <http://www.cbpp.org/research/policy-basics-introduction-to-the-supplemental-nutrition-assistance-program-snap>.

<sup>24</sup> Pope Benedict XVI. 2009. Caritas in Veritate. <http://www.usccb.org/about/domestic-social-development/resources/upload/poverty-common-good-CST.pdf>.

<sup>25</sup> U.S. Conference of Catholic Bishops. 1986. *Economic Justice for All*. [http://www.usccb.org/upload/economic\\_justice\\_for\\_all.pdf](http://www.usccb.org/upload/economic_justice_for_all.pdf).

<sup>26</sup> Rev. Peter-Hans Kolvenbach. 2000. "The Service of Faith and the Promotion of Justice." <http://onlineministries.creighton.edu/CollaborativeMinistry/Kolvenbach/Kolvenbach-SantaClara.pdf>.

<sup>27</sup> Catholic Charities of St. Paul and Minneapolis. 2015. "Major Themes from Catholic Social Teaching." <https://www.cctwincities.org/education-advocacy/catholic-social-teaching/>.

<sup>28</sup> Pope Francis. 2013. *Evangelii Gaudium* (On the Proclamation of the Gospel in Today's World). No. 192. [http://w2.vatican.va/content/francesco/en/apost\\_exhortations/documents/papa-francesco\\_esortazione-ap\\_20131124\\_evangelii-gaudium.html#\\_ftn159](http://w2.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html#_ftn159).