

RESEARCH BRIEF

Is \$15 Enough? Understanding the Struggles of Low Wage Workers | January 2020



PURPOSE

Attention to the struggles of low wage workers has increased over the last decade. Spurred by the Fight for \$15 and other organizing efforts, this attention has produced increases in the minimum wage in numerous places as well as pressure on large employers to raise wages. Nevertheless, questions remain about whether raising wages to \$15 an hour is enough for workers to meet their basic needs. Existing data suggest that over 40% of U.S. households are a \$400 emergency away from crisis, and many workers experience numerous hardships in their daily lives. Without detracting from efforts to push hourly wages toward \$15, it is important to understand the experiences of lower wage workers and whether \$15 an hour is sufficient to help them make ends meet.

METHOD

This research brief uses data from Wave 2 of a three-year longitudinal survey of hospital service workers in Western Pennsylvania ($N=330$). The hospital workers are part of a union that organized at a local hospital and negotiated a contract that will eventually bring all starting salaries up to at least \$15 an hour. For analyses, workers were split into hourly wage quartiles: Group 1 [less than \$12.56], Group 2 [\$12.57-\$15.15], Group 3 [\$15.16-\$18.76], and Group 4 [\$18.77 and above]. This study explores how workers at various wage levels differ with regard to their ability to make ends meet. In particular, it compares the hardships experienced and strategies used by workers at these different hourly wage levels, with specific focus on Group 3. Bivariate analyses were conducted exploring differences between the groups across demographic factors, housing, financial, medical and food hardships, public benefit use, perceived stress, life satisfaction, and health.

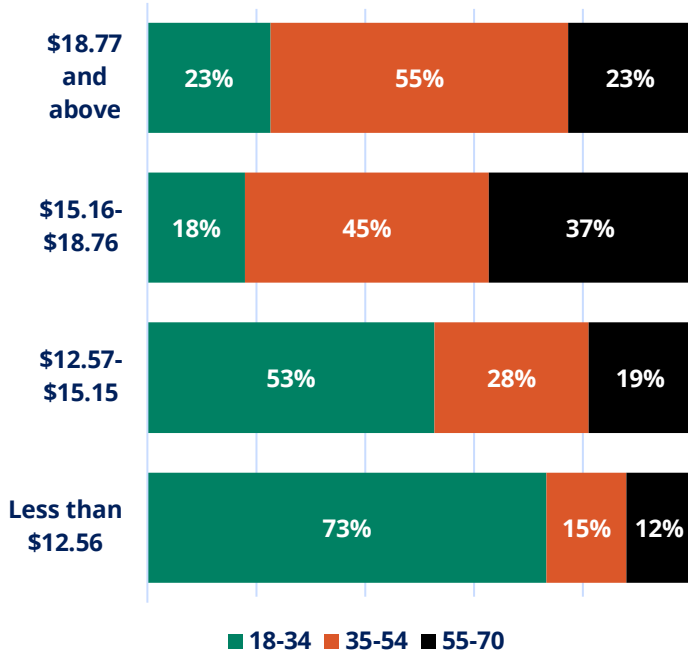
KEY FINDINGS

- Workers paid \$15.16-\$18.76/hour did *not* experience fewer material hardships than workers paid less on most measures.
- Despite their material hardships, workers paid \$15.16-\$18.76/hour received fewer public benefits than workers paid less, and thus relied on private strategies (e.g., payday loans) to get by.
- Workers paid \$18.77/hour and above had fewer hardships, less stress, higher life satisfaction, and better self-reported health than all groups of workers paid less.

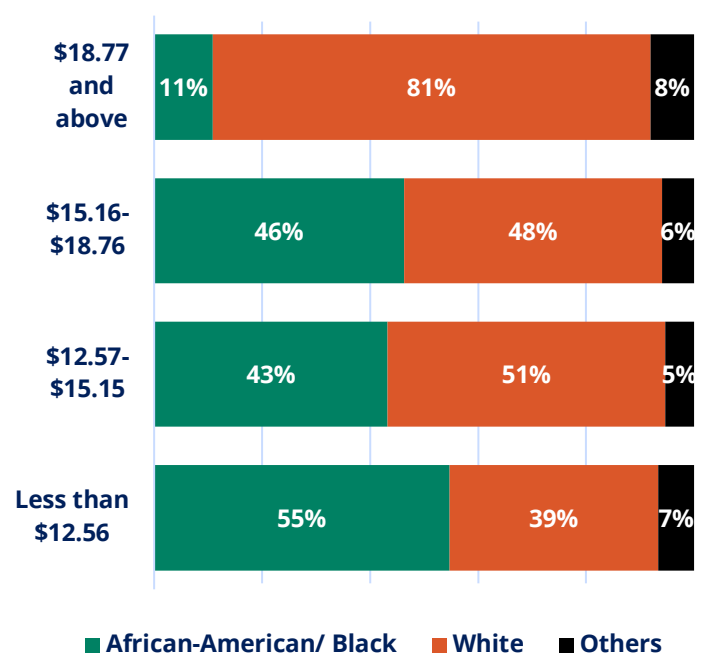
FINDINGS

DEMOGRAPHICS

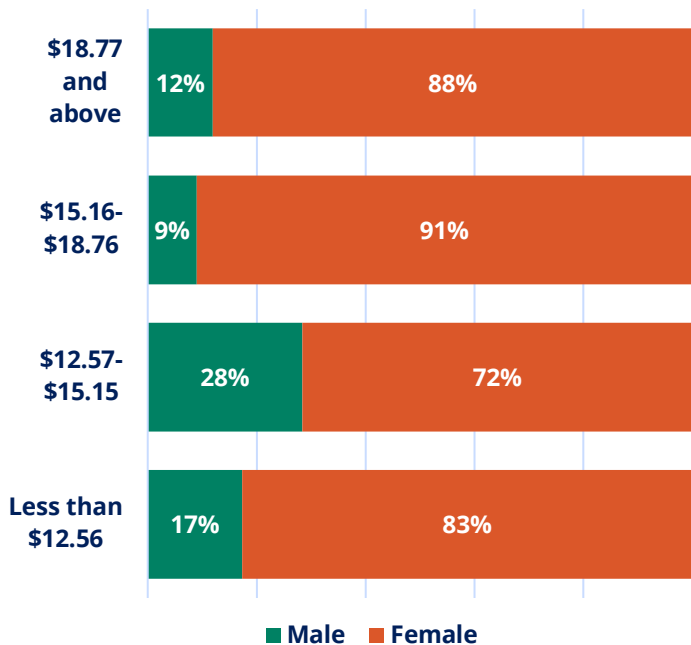
Age



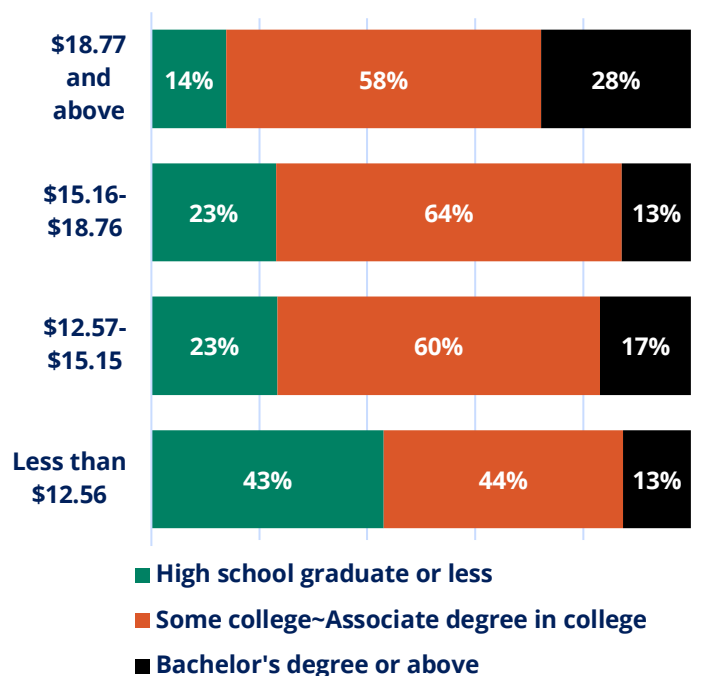
Race/Ethnicity



Gender

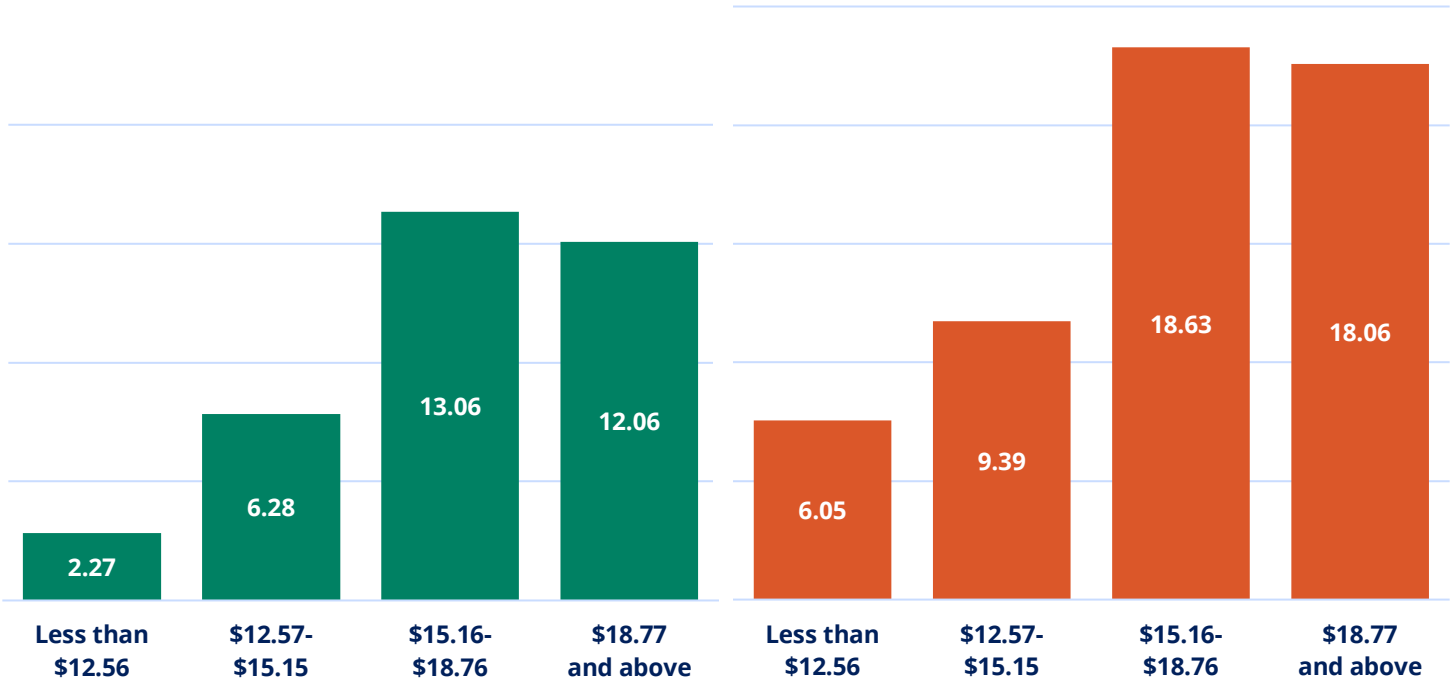


Education Level



Years Working at This Hospital

Years Working in a Hospital Setting



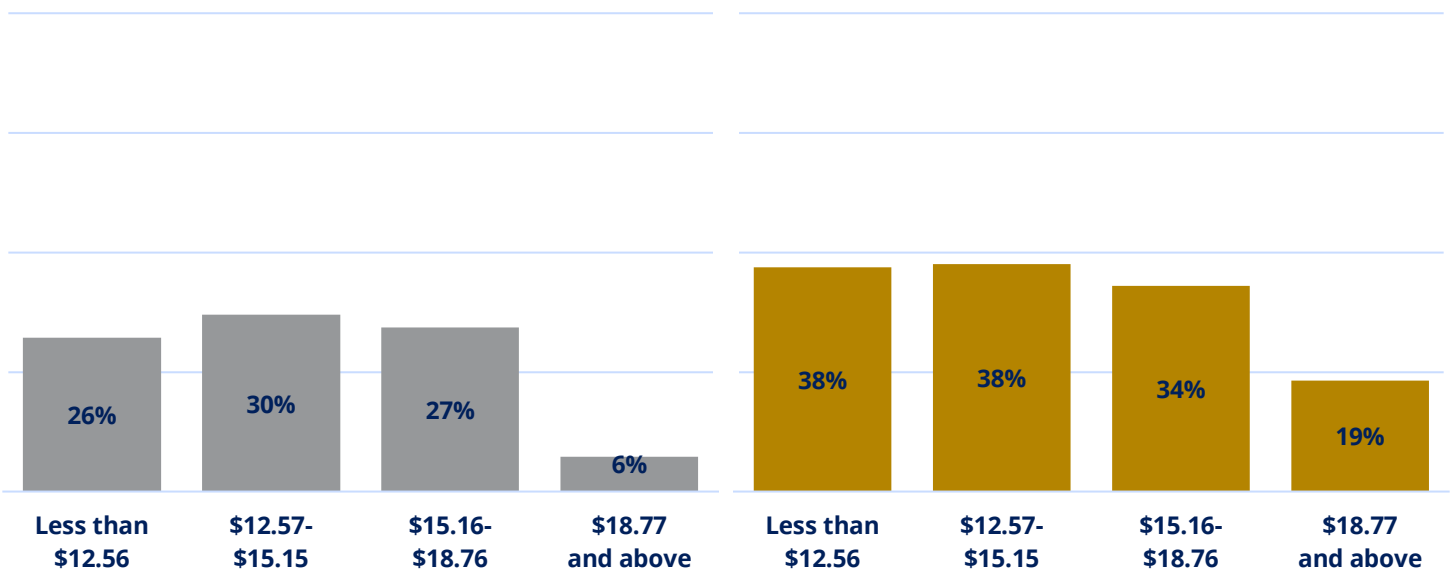
Workers in Group 3, who made \$15.16-\$18.76 an hour, were older than the other three groups, over 90% women, had a high percentage of workers of color, and had the most experience in the health care industry and at this hospital.

MATERIAL HARDSHIPS

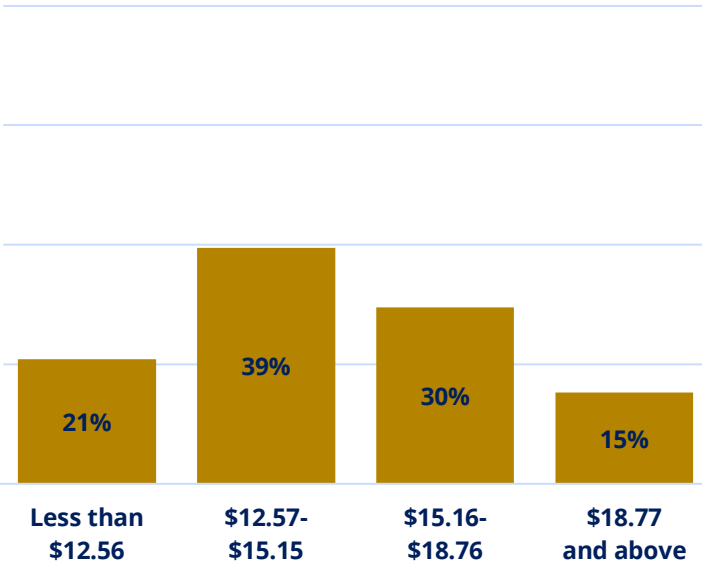
* Graphs below present the material hardships that statistically vary by groups.

Had My Cell Phone Disconnected Because of Bill Not Paid

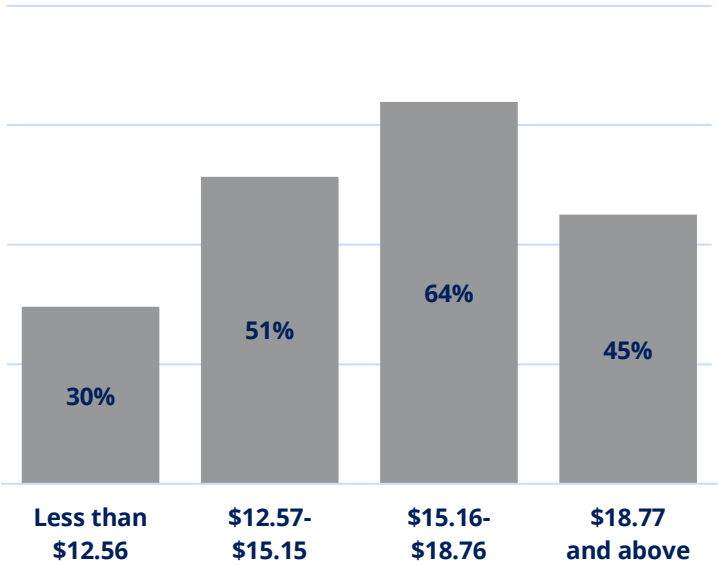
Could Not Afford Car Repairs, Gas, or Insurance



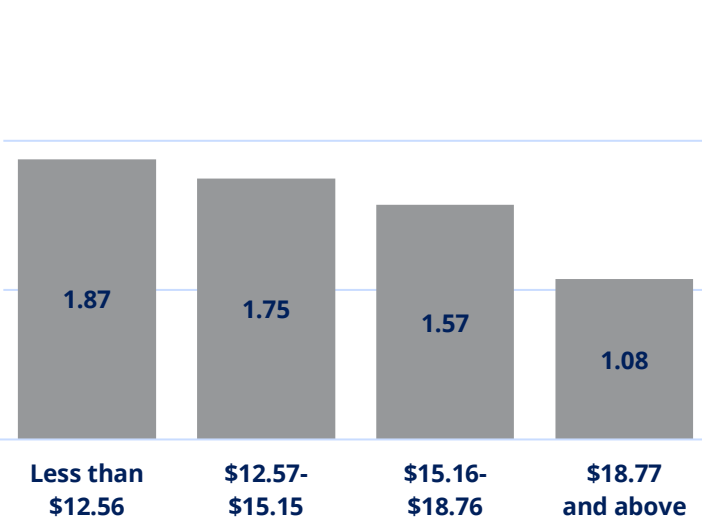
Could Not Afford Medical Treatment for Your Household



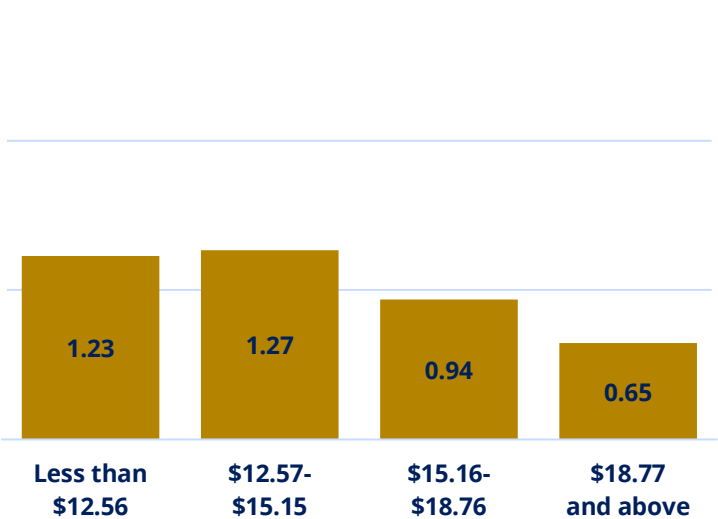
Owed Money for Medical Treatment



How Often Worried about Whether Food Would Run Out (on a 0-4 scale)



How Often Cut the Size of Meals or Skip Meals (on a 0-4 scale)

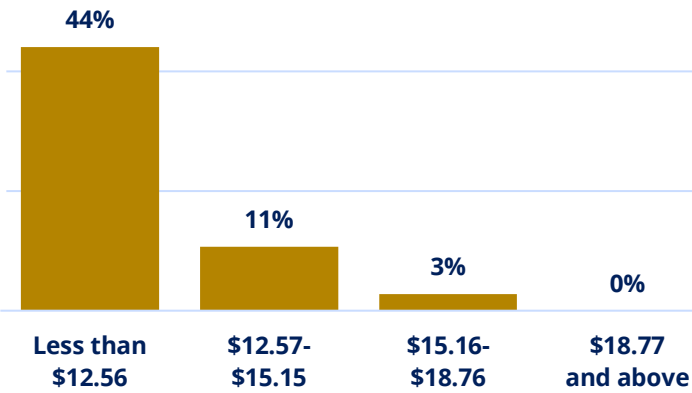


Hospital workers paid between \$15.16 and \$18.76/hour were not significantly better off than those paid less. Similar proportions of workers in these groups had difficulties paying cell phone bills, car repairs/gas/auto insurance, medical bills, and securing food. However, workers making more than \$18.77/hour had fewer material hardships than those in the other three groups.

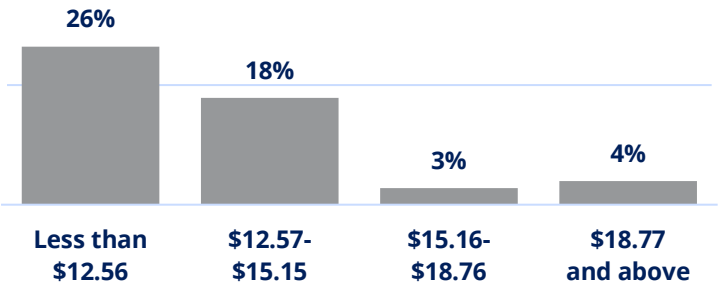
STRATEGIES - PUBLIC BENEFIT USE

* Graphs below present the strategies that statistically vary by groups.

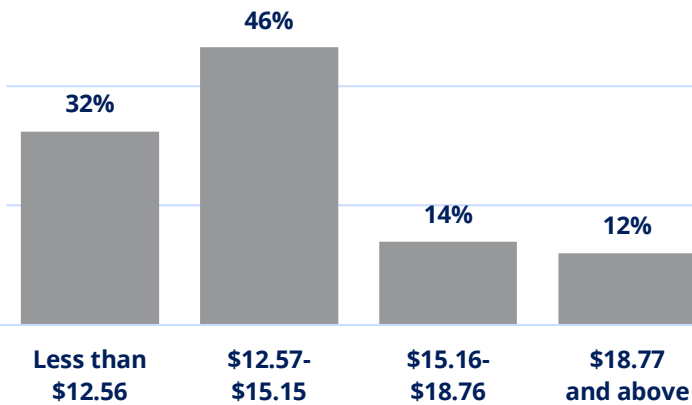
Temporary Assistance for Needy Families
(only those with kids)



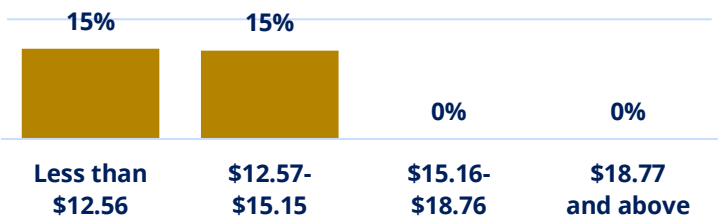
Special Supplemental Nutrition Program for Women, Infants, and Children
(only those with kids)



Children's Health Insurance Program
(only those with kids)

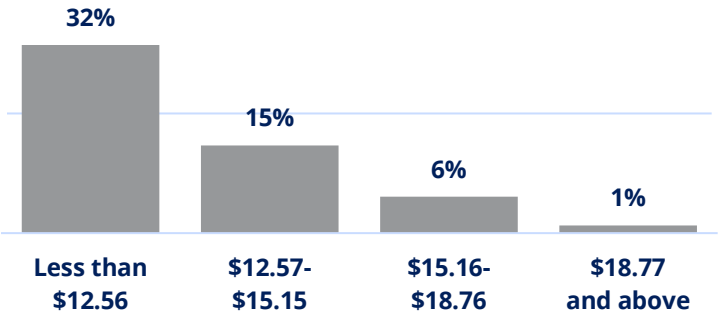
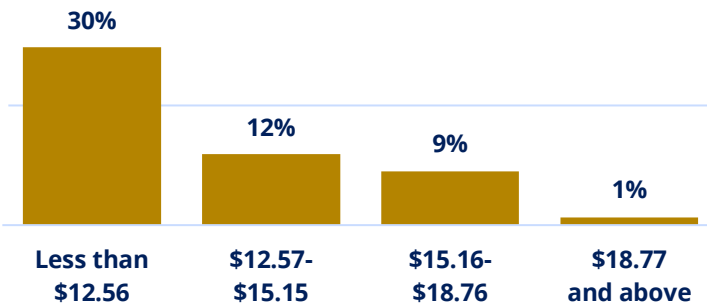


Subsidized Preschool Program or Child Care Program
(only those with kids)



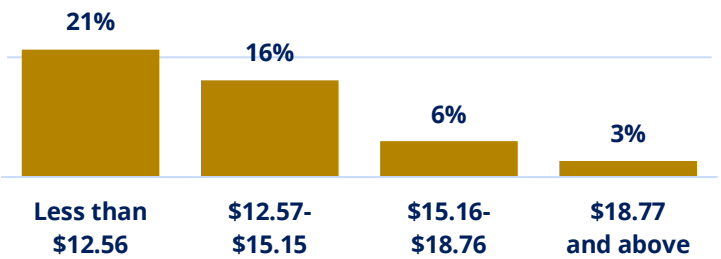
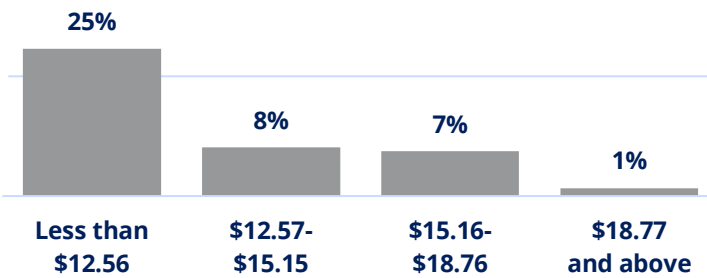
Medicaid

Food Stamp/SNAP



Public Housing or Section 8 Housing Subsidy

LIHEAP

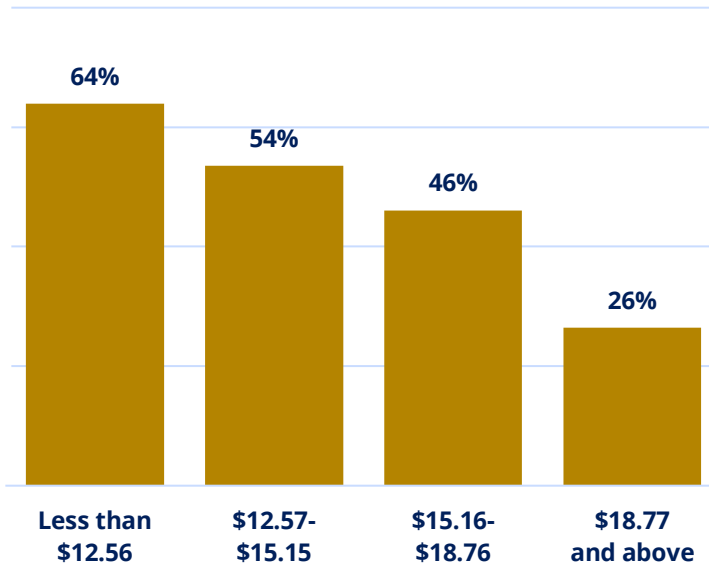


Workers paid \$15.16-\$18.76/hour are not significantly better off than workers paid less; however, they are less likely than lower-paid workers to receive public benefits & support.

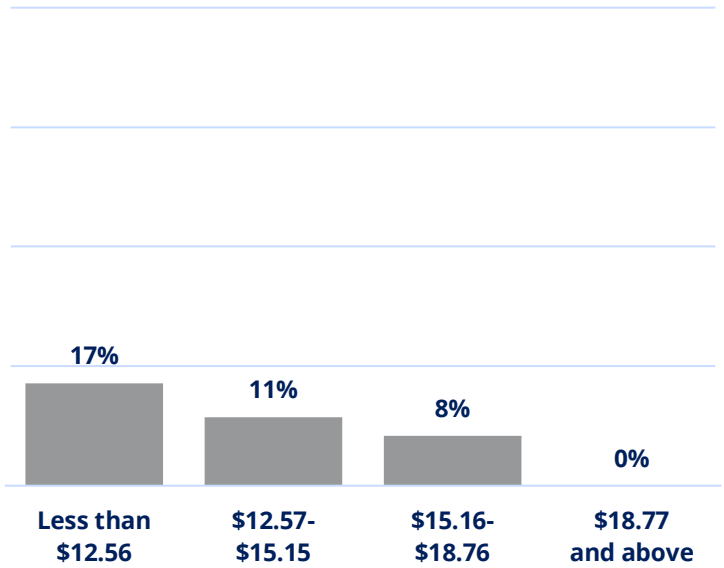
STRATEGIES - PRIVATE

* Graphs below present the private strategies that statistically vary by groups.

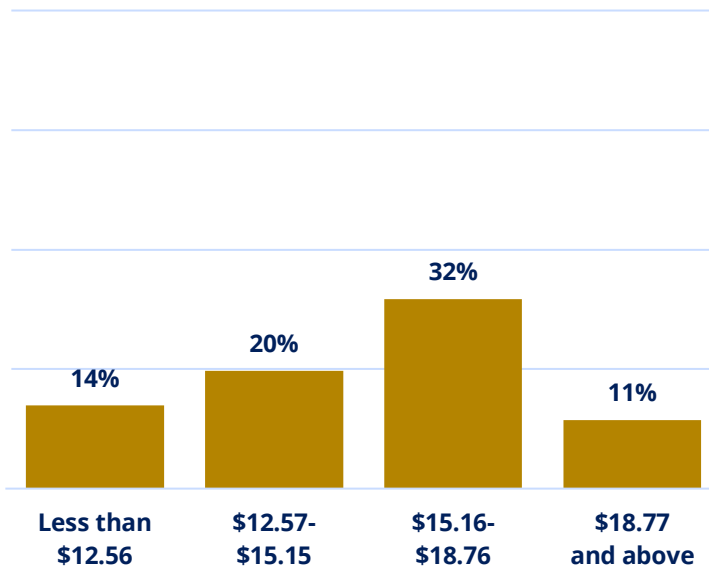
Sought Financial Help from Family/Friends



Stayed With Family Or Friends Due to Being Unable to Pay Rent/Mortgage



Used Payday Loans or Pawnshops



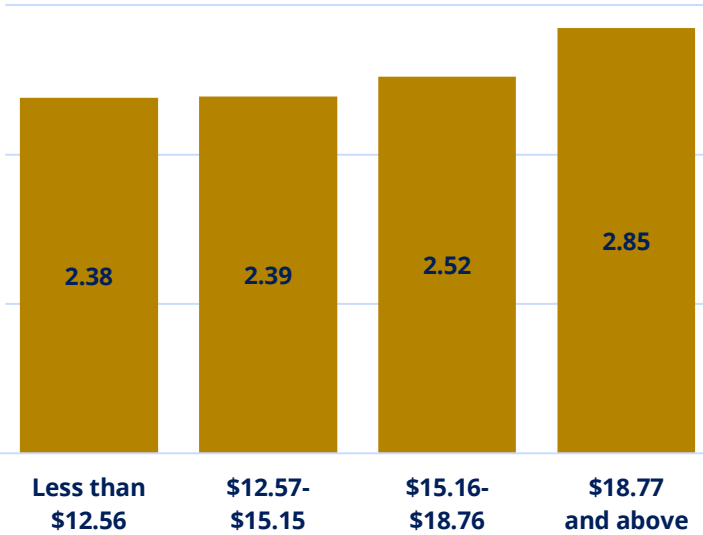
Workers paid \$15.16-\$18.76/hour were more likely than any other group to rely on private strategies to make ends meet, such as payday loans or pawnshops. They also sought financial help from family or friends and stayed with family or friends due to being unable to pay rent or mortgage at levels comparable to workers making \$12.57-\$15.15/hour.

OTHERS

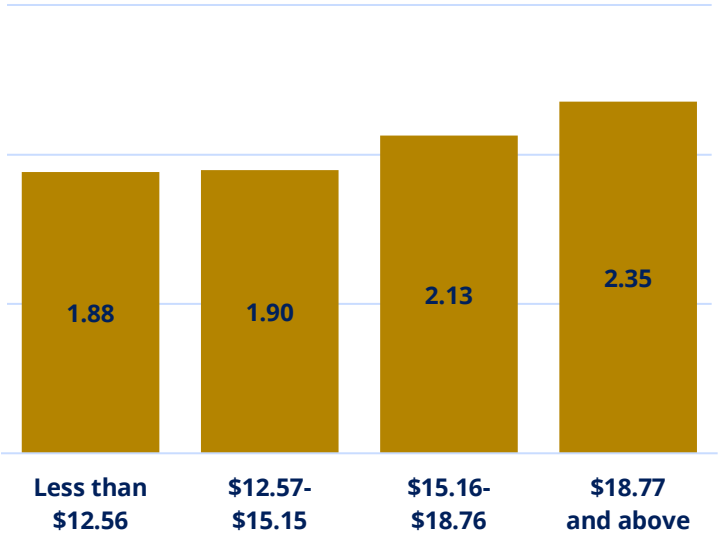
* Graphs below present the items that statistically vary by groups.

PERCEIVED STRESS

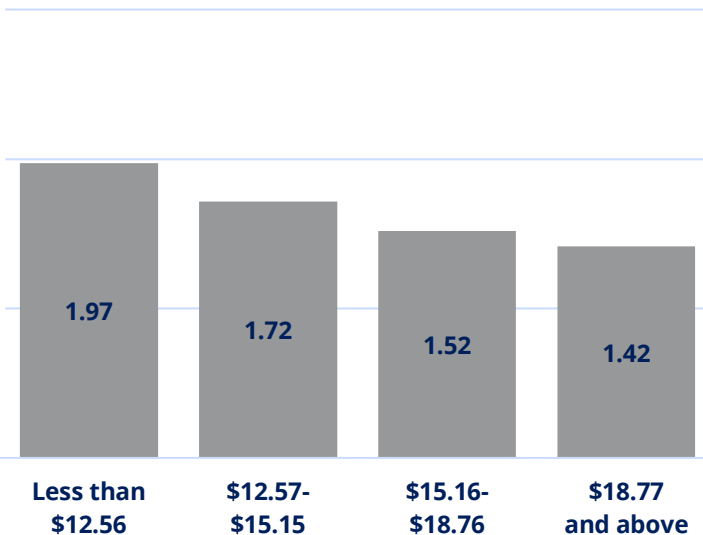
Felt Confident about the Ability to Handle Personal Problems
(0=Never, 4=Very Often)



Felt That Things Were Going Their Way
(0=Never, 4=Very Often)



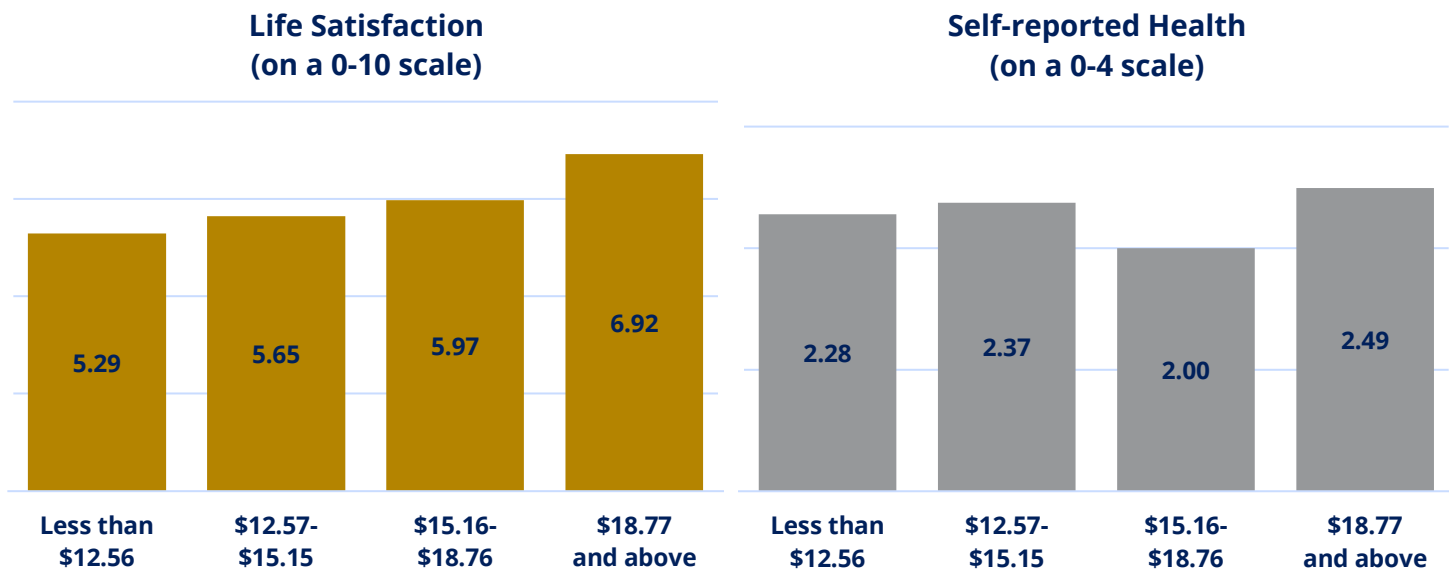
Felt That Difficulties Were Piling Up So High
(0=Never, 4=Very Often)



Workers making more than \$18.77/hour showed the least stress among the 4 groups. They more often felt confident about their ability to handle personal problems and more often felt that things were going their way.

Workers making more than \$15.16/hour were less likely to feel that difficulties were piling up than those making less than \$12.56/hour.

LIFE SATISFACTION AND SELF-REPORTED HEALTH



Workers making more than \$18.77/hour reported higher life satisfaction than those making less than \$15.15/hour. They also reported better health than those making \$15.16-\$18.76/hour.

CONCLUSION

THE QUESTION OF WHETHER \$15 IS ENOUGH IS NUANCED

All four groups experience material hardships. Nevertheless, workers paid over \$18.77/hour had significantly fewer hardships, less reliance on public benefits and private strategies, less stress, higher life satisfaction, and better self-reported health, suggesting that workers are better off as they approach \$20/hour.

WORKERS PAID \$15-18/HOUR MIGHT BE A BLIND SPOT OF SOCIAL POLICY

Group 3 workers (\$15.16-\$18.76/hour) did not significantly differ from Groups 1 and 2 (<\$15.15/hour) across most hardship measures, even though they made more than \$15/hour. Workers in Group 3 are older, women, people of color, and have worked in hospital settings and for low wages for a long period of time. Despite facing hardships, these workers are excluded from public supports because of eligibility cutoffs.

RAISING WAGES AND EXPANDING PUBLIC SUPPORT

Efforts to raise wages to \$15 and beyond are important. At the same time, raising income/asset eligibility criterion for public benefits – health care, LIHEAP, SNAP – can also help support workers. EITC was not featured in this brief because there was no statistically significant difference in EITC use by wage group. However, 21% of workers surveyed used EITC, making it the most common public benefit used, and its use could likely be expanded by raising eligibility cutoffs and/or getting more people to apply who are already eligible.

About the Authors: This brief was authored by Soobin Kim, Jihee Woo, Jeffrey Shook, Kess Ballentine, Sara Goodkind, Rafael Engel, and Sandy Wexler. The authors are members of the Pittsburgh Wage Study Research Team. For questions please contact Pittsburgh Wage Study at pittsburghwagestudy@pitt.edu.