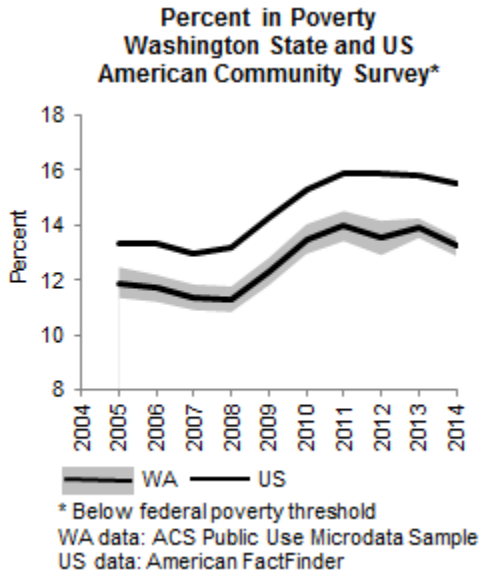
Socioeconomic Position in Washington

Definition: Socioeconomic position is a term that social scientists use to describe material and social resources available to individuals as well as their rank or status in the social hierarchy. Socioeconomic position is often measured by economic factors, such as income, wealth, and poverty; education; and occupation. This chapter focuses on two indicators of socioeconomic position available through the American Community Survey: poverty—defined as living below the federal poverty threshold that is established annually and accounts for the numbers and ages of household members—and college education—defined as having a bachelor's degree or higher for people ages 25 years or older.

This is a data update of the *Health of Washington State* chapter Socioeconomic Position in Washington published in 2014.

Poverty

Time Trends



Each year, the federal government defines the poverty threshold for households of varying sizes. Households with incomes below these levels seldom have enough money for basic needs, such as food, shelter or clothing. In 2014, a family of two adults and two children with a total household income of less than $23,283 was below the federal poverty threshold. (See Technical Notes.) The American Community Survey (ACS)[a] estimated that in 2014 13% of Washington State residents lived in poverty (that is, below the poverty threshold) compared to 16% in the United States.

Overall, from 2005 through 2014, poverty in Washington increased slowly at about one-fifth of a percentage point each year. The increase was due to poverty rate increases from 2008 to 2011 of almost one percentage point each year, reflecting economic recession. Overall, from 2005 through 2014, the percent of children in poverty grew at about one-third of a percentage point each year. In 2014, 18% of Washington's children ages 17 and younger lived in poverty, compared to 22% nationally.

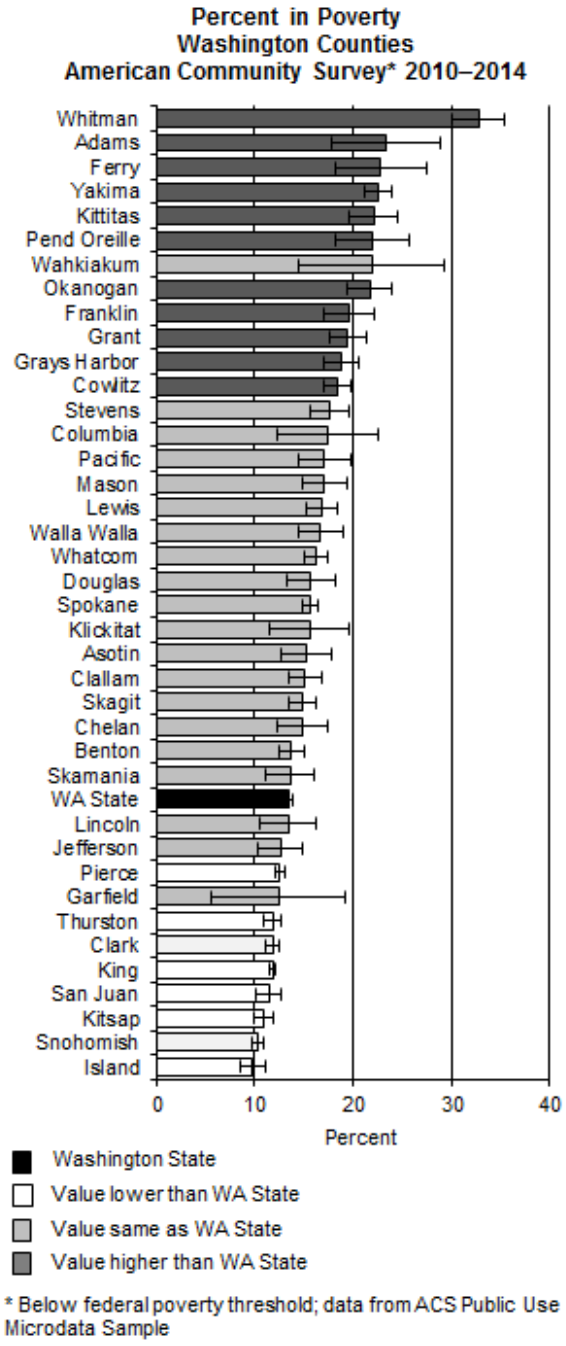
Geographic Variation

The 2010–2014 ACS showed large differences in poverty rates among Washington counties. People living in eastern Washington counties were more likely to have low income: among 11 counties with poverty rates higher than the state average, nine were east of the Cascade Mountains. In contrast, all eight counties with poverty rates lower than the state were in western Washington.

At least 60% of the 2014 population in seven of the 11 high-poverty counties lived in rural areas as classified by the 2010 Census—Adams, Ferry, Grant, Grays Harbor, Kittitas, Okanogan, and Whitman. (See Technical Notes.) Four of these seven counties are also the economically distressed counties as classified by the Washington State Employment Security Department based on high unemployment rates in 2013–2015—Adams, Cowlitz, Ferry, Franklin, Grant, Grays Harbor, Lewis, Mason, Okanogan, Pacific, Pend Oreille, Stevens, Wahkiakum and Yakima.[1] Yakima, Adams and Franklin counties have large Hispanic populations, while Ferry and Okanogan counties have the largest proportions of American Indians and Alaska Natives. Hispanics and American Indians and Alaska Natives are groups with high poverty rates. More than half of Whitman County residents—the county with the highest percentage of its residents living in poverty,

[a] Unless otherwise noted, margins of error for American Community Survey data are less than or equal to 1%.

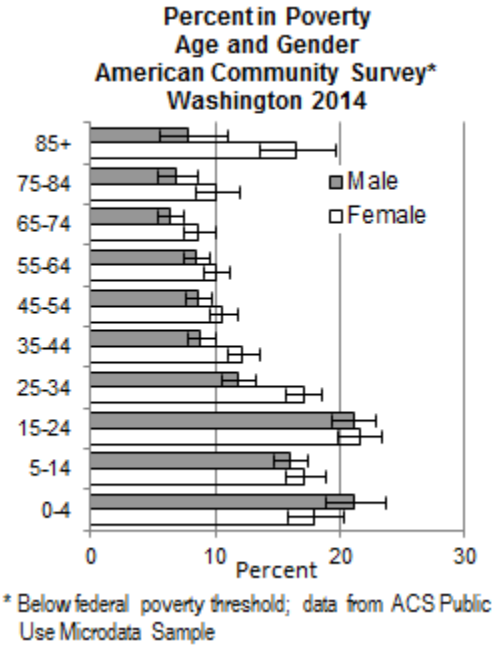
but not considered an economically distressed county—are students, who typically have low income.



In contrast, six out of eight counties with poverty rates lower than the state average—Clark, King, Kitsap, Pierce, Snohomish, and Thurston—include urban core areas or have high levels of commuting to urban cores. The two remaining counties—San Juan and Island—are among counties with the largest proportions of people with college educations, likely explaining their low poverty rates.

Age and Gender

On the 2014 ACS[a], 14% of females in Washington lived in poverty compared to 12% of males. Larger percentages of Washington's females than males 25 years and older lived in poverty. Women generally have lower wages than men. The 2014 ACS showed median incomes, among those in the labor force and 16 years old or older, of about $27,000 for women and $41,000 for men in Washington.

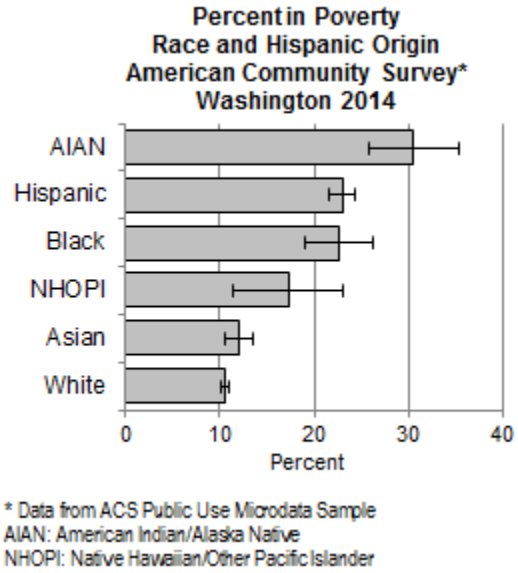


In addition to the wage gap, being unmarried with children likely contributes to the large poverty differences between females and males in the younger age groups. Among unmarried Washington residents ages 25–34 years with children in the home, 40% (±2%) of women lived in poverty compared to 21% (±2%) of men. For residents ages 75 and older, higher poverty rates among women reflect cumulative effects of lower life-time earnings, longer life expectancies and higher likelihood of widowhood.

Race and Hispanic Origin

The 2010–2014 ACS showed higher percentages of living in poverty among Washington's American Indian and Alaska Native (31% ±5%), Hispanic (23%), and black (23% ±2%) residents compared to other groups. At 11%, whites had the lowest percentages in poverty, followed by Asians (12%)

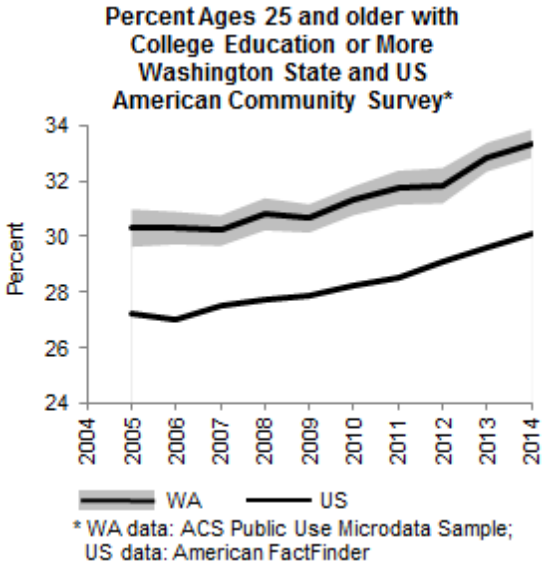
and Native Hawaiians and other Pacific Islanders (17% ±6%).



Education

Time Trends

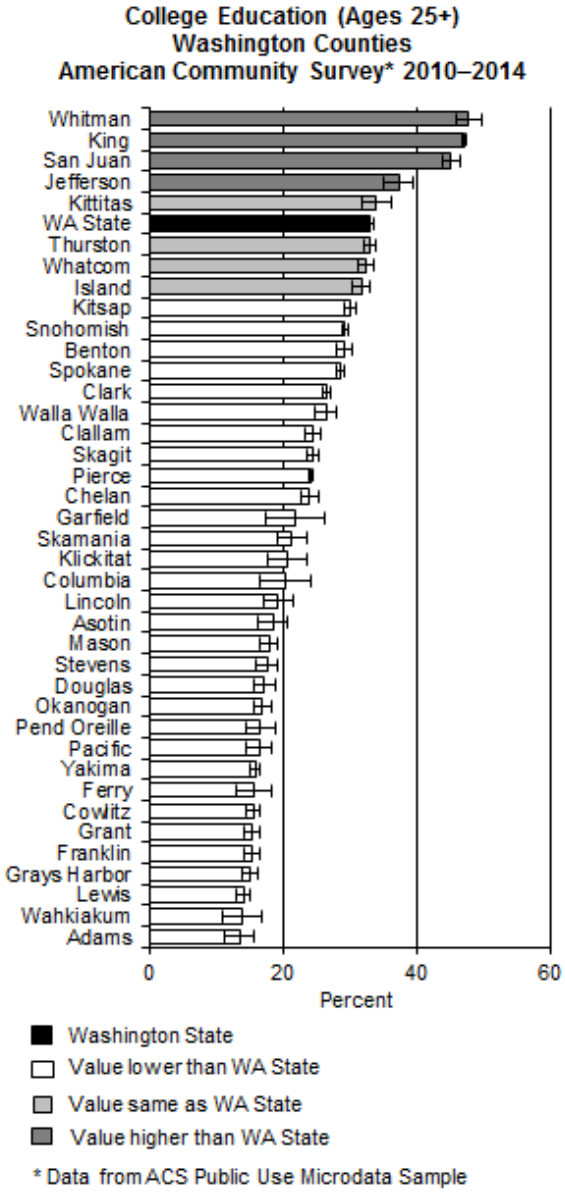
The 2014 ACS[a] showed 33% of Washington residents ages 25 and older with college degrees compared to 30% nationally. The overall percentage hides the fact that among those born in Washington, only 27% had college degrees compared to 38% of residents born in another state. From 2005 through 2014, college completion rates in both Washington and the United States grew slowly, increasing about one-third of a percentage point each year.



The 2014 ACS[a] also showed that 32% of Washington residents ages 25 and older had a high school education or less and 35% had some post-secondary education but had not completed college compared to national rates of 41% and 29% respectively.

Geographic Variation

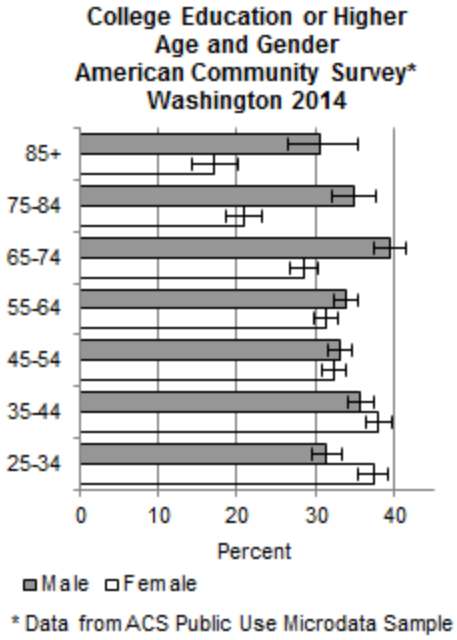
The 2010–2014 ACS[a] shows large differences in educational attainment among Washington counties. Only four counties—Whitman, King, San Juan and Jefferson—had higher percentages of adults ages 25 and older with college degrees than the state average; 31 counties had lower percentages. There was a fourfold difference between the counties at the highest and lowest ends of the distribution.



In Whitman County, faculty, staff, and post-graduate students of Washington State University propel the overall percentage of college graduates to the top rank in the state. King County, home to almost 30% of Washington residents in 2014, has large software, aerospace and biomedical technology sectors, which require highly educated workforces. San Juan County likely attracts professionals of pre-retirement and retirement ages; with about one-third of its population aged 60 or older in 2014, the county had the highest median age in Washington.

Adams, Ferry, Grays Harbor, Franklin, Lewis, Grant, Cowlitz and Yakima counties had college completion rates 50–60% lower than the state average. Adams, Franklin, Yakima and Grant counties have larger proportions of Hispanic residents than the state as a whole; Ferry County has the largest proportion of American Indian and Alaska Native residents. Both of these groups have relatively low levels of college completion.

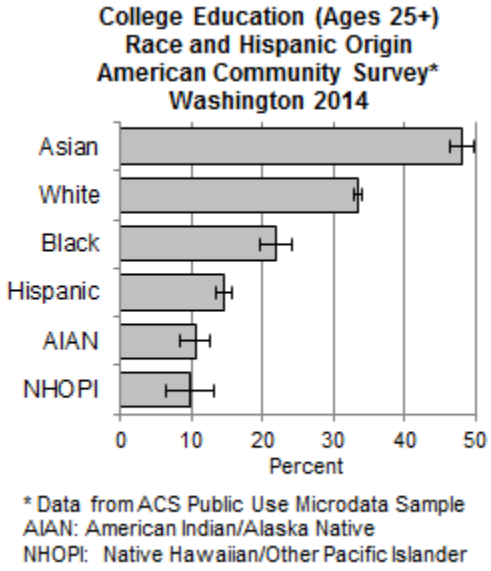
Age and Gender



Washington women younger than 45 years old have outpaced men in completing college. Among those 55 years and older, however, men have higher college completion rates, with the gap generally increasing with age. This pattern reflects national college enrollment for men and women. In 1960 about twice as many men as women attended college. By the late 1970s and early 1980s equal numbers of men and women attended college. By 1990, colleges had about 20% more women than men and this gap grew to about 30% by 2000, and has ranged between 22% and 32% by year since 2000.[2]

Race and Hispanic Origin

The 2014 ACS[a] showed Washington's Asian population having the highest percent of individuals ages 25 and older with college degrees. White residents had the next highest rate followed by black residents.



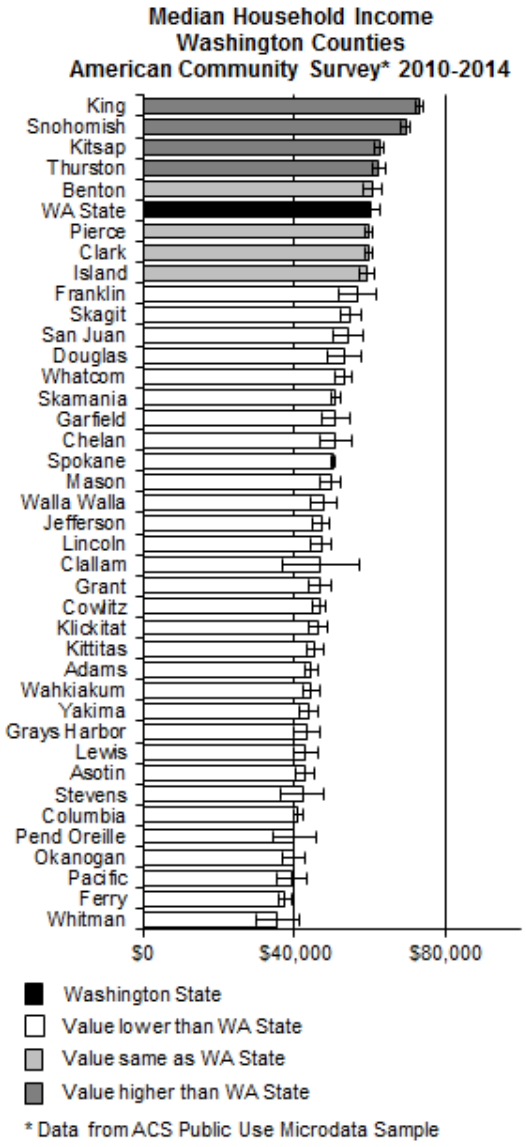
American Indian and Alaska Native, Hispanic, and Native Hawaiian and other Pacific Islander residents had the lowest levels with college degrees. These patterns are similar to those seen nationally.

Large differences in educational attainment by racial and ethnic grouping are also apparent in high school graduation rates. In the 2014–2015 school year, Washington students of Asian heritage had the highest on-time graduation with about 88% graduating four years after beginning 9th grade. At about 81%, white students had the next highest on-time graduation. About two-thirds of black, Hispanic, and Native Hawaiian and other Pacific Islander students graduated within four years. American Indian and Alaska Native students had the lowest percent of on-time graduation, 56%.[3]

Other Measures of Socioeconomic Position

Income. Median household income defines the midpoint of all household incomes in a population; half of households have incomes above and half

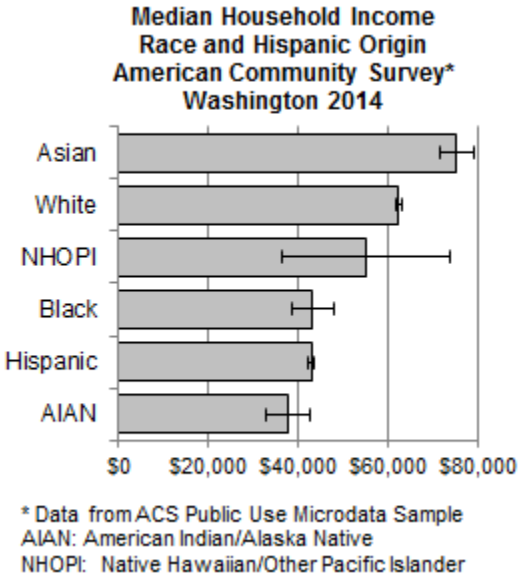
have incomes below the median. According to the 2014 ACS, the median household income in Washington was $61,366 (±$578) compared to $53,657 (±$93) for the nation. Washington's cost of living is higher than the national average; using a cost of living adjustment, Washington's median household income was $57,892.[4] Median incomes vary markedly across Washington counties.



The 2010–2014 ACS[a] showed Whitman County's median income—the lowest in the state—as less than half that of King County, which had the highest. Cost of living adjustments at the county level were not available. In addition to King County, Snohomish, Kitsap and Thurston counties had median incomes above the state median.

Median incomes in 31 counties were lower than the state's; 21 counties had median incomes less than 80% of the state median. Three of these 22 counties—Walla Walla, Whitman and Kittitas—have large populations of college students who often have low incomes. Walla Walla also has a substantial percentage of Hispanic residents—21% in 2014. About 40–60% of Adams, Grant, Franklin and Yakima county residents are Hispanic or American Indian and Alaska Native, groups that have low median incomes. The Washington State Department of Employment Security identified 11 of the 14 remaining counties with median incomes 80% less than the state's as economically distressed due to high unemployment during 2013–2015.[1]

Median household income for Washington's American Indian and Alaska Native, black, and Hispanic residents was about $40,000 annually during 2014, about 60% that of Asian residents, the group with the highest median income. This is consistent with these groups also having high poverty rates.



Near poor. The federal poverty threshold is useful as a standard way to identify families with insufficient incomes to meet basic needs. Families living above the poverty threshold, however, can also have difficulty meeting basic needs. The U.S. government recognizes this by setting eligibility criteria for most federally funded programs higher than the poverty threshold. For example, families with incomes up to 85% higher than the poverty threshold (that is, below 185% of the federal poverty level) can participate in the free and reduced-price school lunch program. The 2014 ACS[a] showed 28% of Washington residents living below 185% of the federal poverty

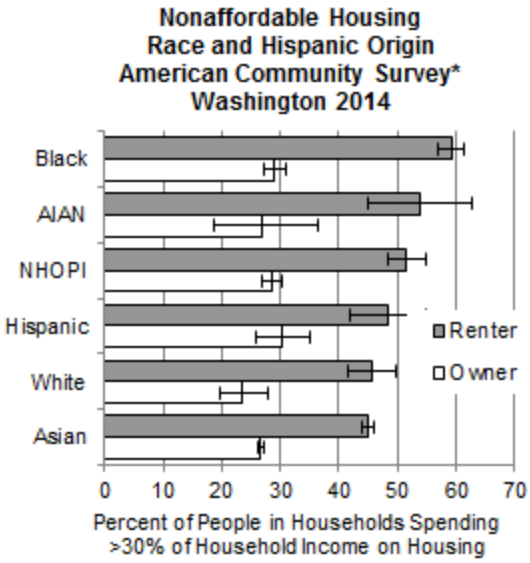
threshold, a smaller proportion than the 32% in the nation.

Basic family budget. The concept of a basic family budget that uses the actual cost of housing, food, childcare, transportation, healthcare and other necessities can clarify the gap between need and income. The Economic Policy Institute calculates a basic family budget for over 600 areas in the United States. The 2015 calculations show that a household of two adults and two children needed $72,274 if they lived in the Seattle-Bellevue area, the most expensive of the 14 areas available for Washington. With a basic family budget of $62,086, Yakima County was the least expensive place to live.[5] The 2014 ACS showed about one-quarter (13% ±1%) of married couples with two children in Washington earned less than needed for a basic budget in the least expensive area, while 16% ± 1% earned less than the basic budget for the most expensive area.

Washington has one of the highest minimum wages in the nation. If both adults in the family described above worked full-time (40 hours a week) and earned the minimum wage for 2015 ($9.47 an hour), their pretax income of $39,395 would be insufficient to meet the basic family budget in even the least expensive area in Washington.

Affordable housing. The U.S. Department of Housing and Urban Development defines affordable housing as housing that costs 30% or less of household income. Families that pay more than 30% may have difficulty affording other necessities such as food, transportation and medical care.[6] On the 2014 ACS[a], one-third (33%) of Washington residents lived in households spending more than 30% of income for housing, including 24% of people living in owned homes and 47% (±2%) of people living in rental homes. (See Technical Note.)

At 59% (±4%) and 48% (±3%), Washington's black and Hispanic residents, respectively, had the largest percentages of people living in households that paid more than 30% of income for housing; at 45% (±1% for whites; ±3% for Asians), white and Asian residents had the lowest overall percentages.



* Data from ACS Public Use Microdata Sample
Includes home expenses (such as mortgage or rent).
(See Technical Notes)
AIAN: American Indian/Alaska Native
NHOPI: Native Hawaiian/Other Pacific Islander

Data Sources (For additional detail, see Appendix B)

American Community Survey (ACS): American Community Survey - Public Use Microdata Sample (PUMS), 2005–2014, Washington State and all U.S. data from American FactFinder2 1 year (2005–2014) and 5-year (2010–2014) tables DP02, DP03, S0201, S1701, S2408.

For More Information

Washington State Office of Financial Management, Population Economy, and Research, http://www.ofm.wa.gov/.

U.S. Census, Washington Quick Facts: http://quickfacts.census.gov/qfd/states/53000.html

Washington State Facts: http://access.wa.gov/topics/statefacts

For information on Washington State tribes, go to http://www.goia.wa.gov

For information on unemployment trends and numbers, go to http://www.esd.wa.gov/

Technical Notes

Poverty measures. The U.S. Census Bureau develops poverty thresholds annually to define and quantify poverty in the United States. The thresholds vary depending on the number and ages of adults and the number of children in the family. Poverty thresholds are used primarily for statistical purposes. The U.S. Department of Health and Human Services issues annual poverty guidelines to set eligibility criteria for federally-funded programs. The guidelines set poverty levels for families of different sizes irrespective of their ages. In 2014, the poverty threshold for a family of two adults and two children was an annual income of $24,008; the poverty guideline for the 48

contiguous states was $23,850. This chapter uses the poverty threshold to define poverty.

Rural-Urban Classification Systems. The Washington State Department of Health recommends a four-tiered rural-urban classification system developed by collapsing primary and secondary rural-urban commuting area (RUCA) codes. This chapter uses RUCA codes developed by the U.S. Department of Agriculture based on census tract population densities from the 2010 U.S. Census and commuting patterns from the 2006–2010 American Community Survey.[7] The four tiers are urban core, sub-urban, large rural towns, and small town and isolated rural. Details of this system are available at Guidelines for Using Rural-Urban Classification Systems for Public Health Assessment. This chapter classified counties with at least 60% of the 2010 population living in census tracts classified as urban core or sub-urban as urban; counties with at least 60% living in large rural towns or small town or isolated rural were classified as rural.

Affordable housing: The American Community Survey (ACS) calculates selected monthly owner costs that include mortgage and other types of housing-related debt, real estate tax, homeowner's insurance, utilities and fuel, and fees for condominiums and mobile homes. ACS calculates monthly housing costs as a percentage of household income using selected monthly owner costs for homeowners and gross rent for renters.

Acknowledgments

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Endnotes

[1] Washington State Employment Security Department. *Distressed Areas List – 2013-15 Distressed areas*. Olympia, WA: Washington State Employment Security Department; 2016. https://fortress.wa.gov/esd/employmentdata/reports-publications/regional-reports/distressed-areas-list. Accessed May 12, 2016.

[2] U.S. Census Bureau. *CPS Historical Time Series Tables on School Enrollment, Table A-6 Age distribution of college students 14 years old and over, by Sex: 1947–2014*. Washington, DC: U.S. Census Bureau. https://www.census.gov/hhes/school/data/cps/historical/index.html. Accessed on May 13, 2016.

[3] Came D, Ireland L. *Graduation and Dropout Statistics Annual Report 2014–2015*. Olympia, WA: Superintendent of Public Instruction; March 2016. http://www.k12.wa.us/dataadmin/pubdocs/GradDropout/14-15/2014-15GraduationDropoutStatisticsAnnualReport.pdf. Accessed May 13, 2016.

[4] Missouri Economic Research and Information Center. *Cost of Living Data Series 2015 Annual Average*. Jefferson City, MO: Missouri Department of Economic Development; 2016. https://www.missourieconomy.org/indicators/cost_of_living/index.stm. Accessed May 19, 2016.

[5] Economic Policy Institute. *Family Budget Calculator*. Washington, DC: Economic Policy Institute; 2015. http://www.epi.org/resources/budget/. Accessed May 16, 2016.

[6] U.S. Department of Housing and Urban Development. *Affordable Housing*. Washington, DC: U.S. Department of Housing and Urban Development; 2013. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing. Accessed December 27, 2013.

[7] U.S. Department of Agriculture. *Rural-Urban Commuting Area Codes*. Washington, DC: U.S. Department of Agriculture, Economic Research Service; 2013. http://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes.aspx. Accessed December 27, 2013.