

# 40% of Americans only one missed paycheck away from poverty

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Millions of middle-class Americans are just one missed paycheck away from poverty, with 4 of 10 considered "liquid-asset poor," or without enough money socked away to cope with even a sudden disruption in income.

The findings, from economic advocacy group Prosperity Now, highlight the financial insecurity facing many U.S. households, as was seen during the recent partial government shutdown. Thousands of furloughed government workers, who missed two paychecks, struggled to cover basics like housing and food. One furloughed worker told CBS News last week she had \$1.06 in her bank account, describing the situation as "terrifying."

Despite the lowest unemployment rate in decades and solid economic growth, many Americans are on thin financial ice, Prosperity Now found. Minority households are particularly lagging on key measures such as income and wealth, the study found. Across the board, more than 1 in 10 American households fell behind in their bills in the last year, a signal that many are struggling with rising costs and stagnant incomes.

"A lot of headlines we've seen around the government shutdown highlights what that looks like for a lot of families," said Kasey Wiedrich, director of applied research at

Prosperity Now. "These federal jobs are well paying, they are stable, they give benefits. But if you lose that paycheck for a couple weeks, people aren't able to pay their bills."

The study crunched Census and other data to create a picture of Americans' financial health. For many, especially minorities, it's not a pretty picture.

The study also echoes previous research showing that large segments of the population lack financial stability. Four of 10 U.S. adults said they experienced at least one type of material hardship in 2017, an Urban Institute study found last year.

## **Not just the poor**

About one-third of households lack basic savings accounts, the study found, while fewer than 60 percent say they are putting money way for an emergency.

That can put people in a tough spot if they miss even a single paycheck. Forty percent of households don't have enough in liquid savings -- such as cash or assets that can be quickly sold and converted into cash -- to replace their income at the poverty level for three months, Prosperity Now found. The federal poverty level threshold for a family of four is \$25,750.



Government employees receive donations at a food distribution center for federal workers

impacted by the government shutdown, at the Barclays Center in the Brooklyn borough of New York, U.S., January 22, 2019. BRENDAN MCDERMID / REUTERS

"This is not a problem of just low-income people -- this is a problem of middle-class people and even people with higher income without enough savings," Wiedrich said. "If they hit a shock, they are in the same boat. Maybe they can't pay their mortgage" or must make choices about what bills to pay.

## **Health and housing costs**

More Americans are skipping doctor's visits because of the costs than in previous years, the study found. That comes at a time when the gains from the Affordable Care Act have been eroding. About 13 percent of Americans refrain from seeing their physician because of the expense.

Another financial challenge that keeps many people the edge is housing. Homes are becoming less affordable across the country, with median home values now early four times higher than median incomes -- experts generally advise against spending more than three times income on housing. Similarly, half of all renters say they spend more than a third of their income on rent and utilities.

Wiedrich added, "Certainly, we have seen at a national level things have slowly been getting better -- unemployment has been going down, income is getting better, but it's been a very slow improvement, and we know it's not shared equally across the country."

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