getting by

HOW NORTHERN VIRGINIANS RESPOND WHEN THERE IS LESS TO GO AROUND

Elizabeth Hughes / August 2023

THE community foundation FOR NORTHERN VIRGINIA
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INSIGHT REGION® | COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA

With special thanks to our contributing partners, InsideNoVa and Northern Virginia Family Service (NVFS), for the family profiles featured on pages 9-11; and to the University of Washington Center for Women's Welfare (CWW) for the data crosswalk and supplemental data used in this report.

executive summary 3

income inadequacy in northern virginia 4

Poverty is an imbalance between the income one has and the income one needs to survive

an uneven spread 6

Geographic differences in income and cost have created a region where needs cluster

the added challenge of inflation 8

Recent cost increases have has placed a strain on moderate and middle-income families

making do with less 12

Families struggling with income inadequacy respond by modifying their spending and financial habits

reflections and recommendations 14

As a community, we must address immediate and long-term challenges posed by income inadequacy

ABOUT THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA

Founded in 1978, the Community Foundation has been the premier charitable partner trusted by thousands of generous Northern Virginians for decades. Our mission is to advance equity through philanthropy and community leadership. Comprised of donor advised funds, permanent funds, giving circles, and other charitable endowments, the Community Foundation's vision is to build a community that works for everyone. Our Community Foundation serves the entire region, including Arlington, Fairfax, Loudoun and Prince William Counties and the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. **www.cfnova.org**

ABOUT INSIGHT REGION®

Launched in 2020, Insight Region® is a research center at the Community Foundation for Northern Virginia that analyzes local trends, convenes civic leaders, and promotes civic and social action. It is a growing hub for reliable, well-researched, and actionable data and analyses on issues critical to Northern Virginia. Its work is focused within the Community Foundation's four strategic priorities: promoting social and economic mobility, advancing racial justice and equity, supporting inclusive systems of economic growth, and strengthening community resilience. **www.cfnova.org/insight-region**

ABOUT INSIDENOVA

InsideNoVa.com, founded in 2003, is Northern Virginia's leading news, sports, traffic and weather website, covering Arlington, Fairfax, Prince William, Stafford, Culpeper, Fauquier and Loudoun counties. The website averages nearly 800,000 unique visitors a month and has over 102,000 Facebook followers and 80,000 opt-in email subscribers. InsideNoVa is owned by Rappahannock Media LLC, a multi-media company that publishes a number of newspapers, magazines, websites and niche products throughout Northern and Piedmont Virginia.

ABOUT NORTHERN VIRGINIA FAMILY SERVICE

Northern Virginia Family Service's (NVFS) breadth, depth and scope of services offer the resources and support to ensure that everyone in need, at every stage of life, maximizes their potential and fully contributes to a thriving community. We provide the essential building blocks for financial, emotional and physical well-being, serving as leaders and innovators for the Northern Virginia community. Every year, we empower more than 35,000 individuals to achieve self-sufficiency. With these essential resources, our community is better equipped for future success and engagement among all of our neighbors.

executive summary

In 2021, one in five families (20 percent) in Northern Virginia did not earn enough money to meet their basic need for shelter, food, medical care, and other essentials. An additional nine percent could not cover these basic needs and pay for childcare. All told, 29 percent of the region's families were struggling with income inadequacy.

Needs tended to cluster, with over 30 percent of families in Alexandria, Arlington (south), Manassas, Manassas Park, Falls Church, and Fairfax (Annandale- Bailey's Crossroads) unable to cover basic needs. Rates were also higher than average among families whose primary earner identified as Black or Hispanic, had not earned a bachelor's degree, and whose primary occupation was in food service, construction, personal care, and grounds/building work.

Recent inflation has pushed many families into income inadequacy. In the first half of 2023, a third of families in Northern Virginia reported difficulty paying the bills, up from 27 percent in 2021. The population with the largest increase in difficulty was moderate and middle income families, who have been historically buffered from income inadequacy: in particular, the percent of families earning between $100,000 and $150,000 struggling to pay their bills increased, from 15 percent in 2021 to 34 percent in 2023.

To cope with rising costs, families at all income levels are changing their habits. The vast majority of families are cutting back on *discretionary spending*, including switching to generic brands, shopping sales, reducing subscription services, dining out less frequently, consuming less energy, changing the type of food they eat, and delaying major purchases. Nearly half of families at all income levels in the region have *compromised their financial health*, including taking on more debt, saving less, and getting behind of bills. Twenty-six percent were *sacrificing a basic need* to make ends meet—delaying medical care, keeping their homes at an unsafe temperature, going hungry—and 21 percent had made a *decision impacting work*. Some of these short-term coping strategies have the potential to have lasting effects on families' health and financial wellbeing.

Solving for income inadequacy—particularly in the wake of inflation—is no easy task. It requires recognizing and tackling both the *immediate challenge* for families who are sacrificing one or more basic needs to make ends meet and the *long-term challenge* for families making decisions now that compromise future financial wellbeing:

THE IMMEDIATE CHALLENGE

- Monitor and report local rates of program/service utilization.
- Consider expanding program eligibility to families at higher-income levels.
- Develop technology and community liaisons to reach eligible individuals, facilitate the application process, and normalize /destigmatize the receipt of basic needs assistance.

THE LONG-TERM CHALLENGE

- Provide resources to help parents and children understand the value proposition of different forms of debt, including home ownership, education, vehicle, and personal loans/ credit card.
- Expand home ownership programs for lower-moderate income families.
- Support low-interest loans to low and moderate-income families, along with financial counseling that outlines a path to repayment.

income inadequacy in northern virginia

Poverty is an imbalance between the income one has and the income one needs to survive

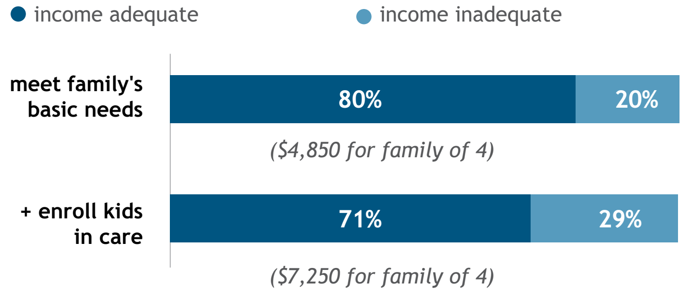
In Northern Virginia, seven percent of families—20,000 households with one or more children under the age of 18—officially live in "poverty": their annual income falls below the minimum set by the federal government (known as the federal poverty level, or FPL) for what they need to feed, shelter, and clothe their family.[1] As of 2021, that threshold was $26,500 for a family of 4, about $1,800 a month after taxes.[2]

How far does $1,800 per month stretch in Northern Virginia? For that same family of 4, the amount would not even cover the "fair market" cost of housing, let alone the added expense of food, transportation, medical care, and other basic needs ($4,850). See **Figure 1**.

When the actual cost of living in Northern Virginia is considered, the percent of families who are struggling far exceeds the poverty rate. In 2021, 60,000 families—20 percent—did not earn enough to meet their *basic needs* for shelter, food, health care, and other essentials. Twenty-nine percent—85,000 families—did not have enough to cover those basic needs and also pay the going rate for *childcare*, a necessity for working parents. See **Figure 2**.

Figure 2.

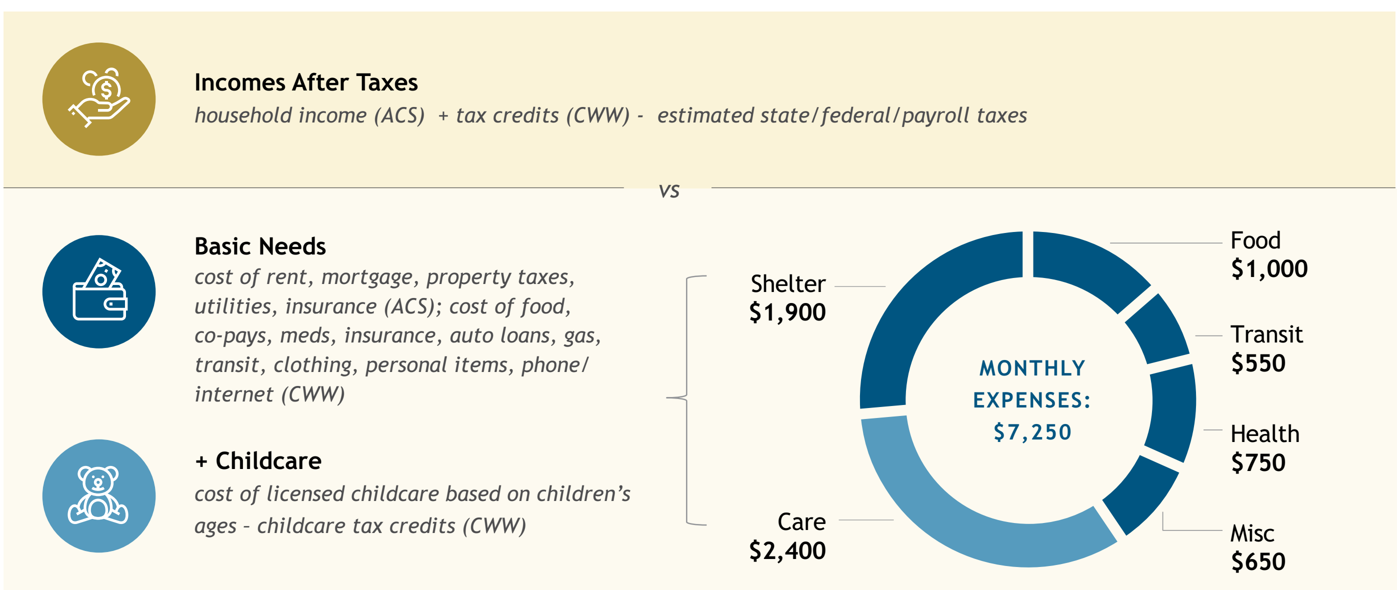
Income adequacy for families with children in Northern Virginia



Source: Insight Region® analysis of CWW data, 2021; see methods. For cost estimates, see Figure 1.

Figure 1.

Income inadequacy occurs when income cannot cover basic needs and childcare



ACS = American Community Survey | CWW=University of Washington Center for Women's Welfare | TF= TaxFoundation.org

Source: Cost estimates in pie chart represent the estimates expenses for a family with two adults, one 3-4 year old, and one 5-11 year old (CWW, 2021, family type a2i0p1s1t0, county-weighted Northern Virginia average).

Approximately 429,000 individuals make up the families struggling to cover their basic needs and the additional cost of childcare. Half (213,000) are children, representing a third of all individuals under 18 in Northern Virginia.

HOUSEHOLD CHARACTERISTICS

Income inadequacy occurs when a family's earnings do not cover the amount needed to subsist. By definition, families with lower incomes will struggle more, and indeed, nearly every family with an income below $50,000 a year (approximately 200 percent of federal poverty) struggled with basic needs income inadequacy, as did 43 percent of those who fell into the more moderate range. Families earning between $100,000 to $150,000 rarely struggled with basic needs, but approximately one in five did not have the income to cover the added cost of childcare.

While families where no individuals work at least part-time have predictably high rates of income inadequacy, those with one worker struggled, too: 30 percent were unable to meet basic needs, and 42 percent could not afford childcare. One in eight families with two or more workers could not afford childcare.[3]

PRIMARY EARNER CHARACTERISTICS

Families whose primary earner[4] identified as White had lower levels of basic needs inadequacy (11 percent), than those whose primary earner was Hispanic (37 percent) or Black (28 percent).

Primary earners without a degree also found it difficult to find family-sustaining wages. Over a third of families headed by an individual without a bachelor's degree did not have enough income to cover their basic needs, and half could not afford childcare. One in five families headed by an individual with a terminal bachelor's degree could not afford their basic needs and childcare.

When examined by occupation, over half of families headed by a worker in food services, construction, personal care, and grounds/ building did not have enough income to cover basic needs—and approximately two-thirds could not cover licensed care.

Figure 3.

Percent of families with income inadequacy in Northern Virginia

	FACTOR	BASIC NEEDS	CHILD CARE
INCOME	under $50k *(lower)*	99%	99%
	$50-100K *(moderate)*	43%	70%
	$100-150k *(lower-middle)*	3%	25%
	$150-200K *(upper-middle)*	1%	4%
	$200K+ *(higher)*	0%	0%
# WORKERS	no workers	74%	81%
	1 worker	30%	42%
	2+ workers	6%	13%
EDUCATION	Sub-Bac Credential	39%	52%
	Bachelor's Degree	**13%**	**22%**
	Graduate Degree	8%	15%
RACE-ETHNICITY	Hispanic	37%	50%
	Black	28%	43%
	Asian	17%	27%
	White	11%	17%
OCCUPATION	Food Prep/Service	69%	78%
	Personal Care	69%	71%
	Building/Grounds	60%	64%
	Construction	59%	74%
	Transporation/Freight	47%	64%
	Healthcare Support	46%	74%
	Community/Social Services	37%	40%
	Sales	32%	43%
	Office Admin	31%	39%
	Military	29%	40%
	Installation/Repair	28%	46%
	Production	23%	39%
	Education/Training	17%	28%
	Sciences	16%	25%
	Protective Services	14%	21%
	Healthcare Practitionner	10%	22%
	Arts/Entertainment	9%	15%
	Management	9%	17%
	Business/Finance	6%	15%
	Legal	5%	6%
	Tech	5%	14%

Source: Insight Region® analysis, see methodology.

an uneven spread

Geographic differences in income and cost of living have created a region where needs cluster

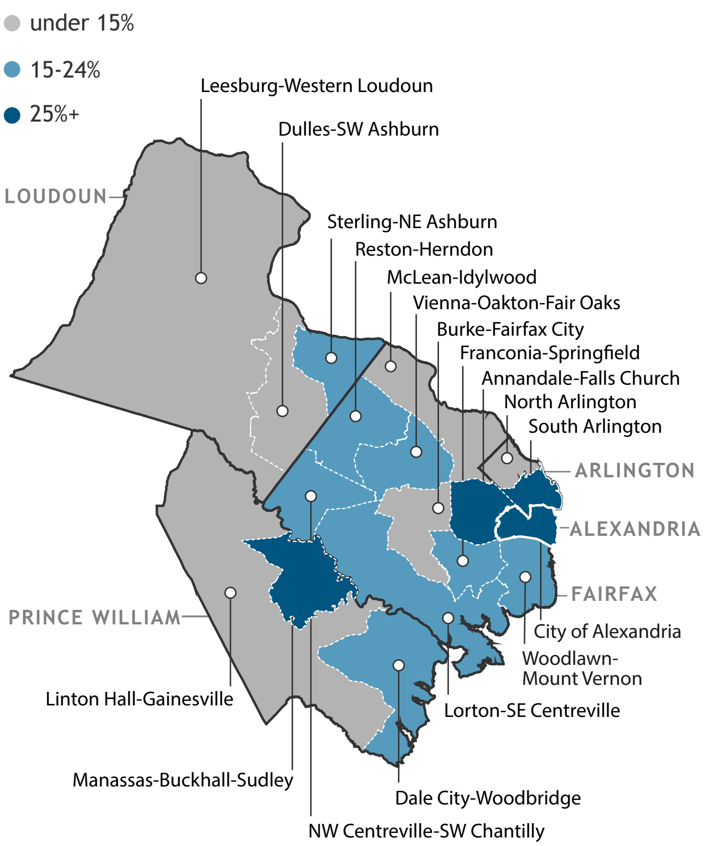
Four communities—Manassas/Manassas Park, Alexandria, South Arlington, and Falls Church-Annandale-Bailey's—have especially high rates of income inadequacy, where 30+ percent of families do not have sufficient income to cover shelter, food, healthcare, and other basics, and 40+ percent cannot afford these expenses and pay for licensed childcare.

These areas tend to border communities with relatively low levels of need: for example, 41 percent of families in Annandale-Falls Church-Bailey's do not have enough income to cover basic needs, a rate of income inadequacy *four times* as high as nearby North Arlington and Burke-Fairfax City. Over half of families in South Arlington cannot afford basic needs and childcare, compared to just 15 percent in North Arlington. See **Figure 4**.

This geographic clustering of income inadequacy reflects both structural (government policy) and social (community preferences) forces that segregate residents by race and income. While overtly-discriminatory housing and lending practices are prohibited, their legacy remains[5] as subtler methods of exclusion persist, including zoning policies (such as lot-size and square-footage requirements) that make it difficult for low-moderate-income families to live in wealthier areas,[6] subsidized housing programs that prioritize building affordable housing in already distressed neighborhoods,[7] income inequality that tends to drive up housing costs and cluster poverty,[8] and the continued use of racial-income proxies in real estate selection.[9]

Figure 4.

Percent of families with basic needs income inadequacy



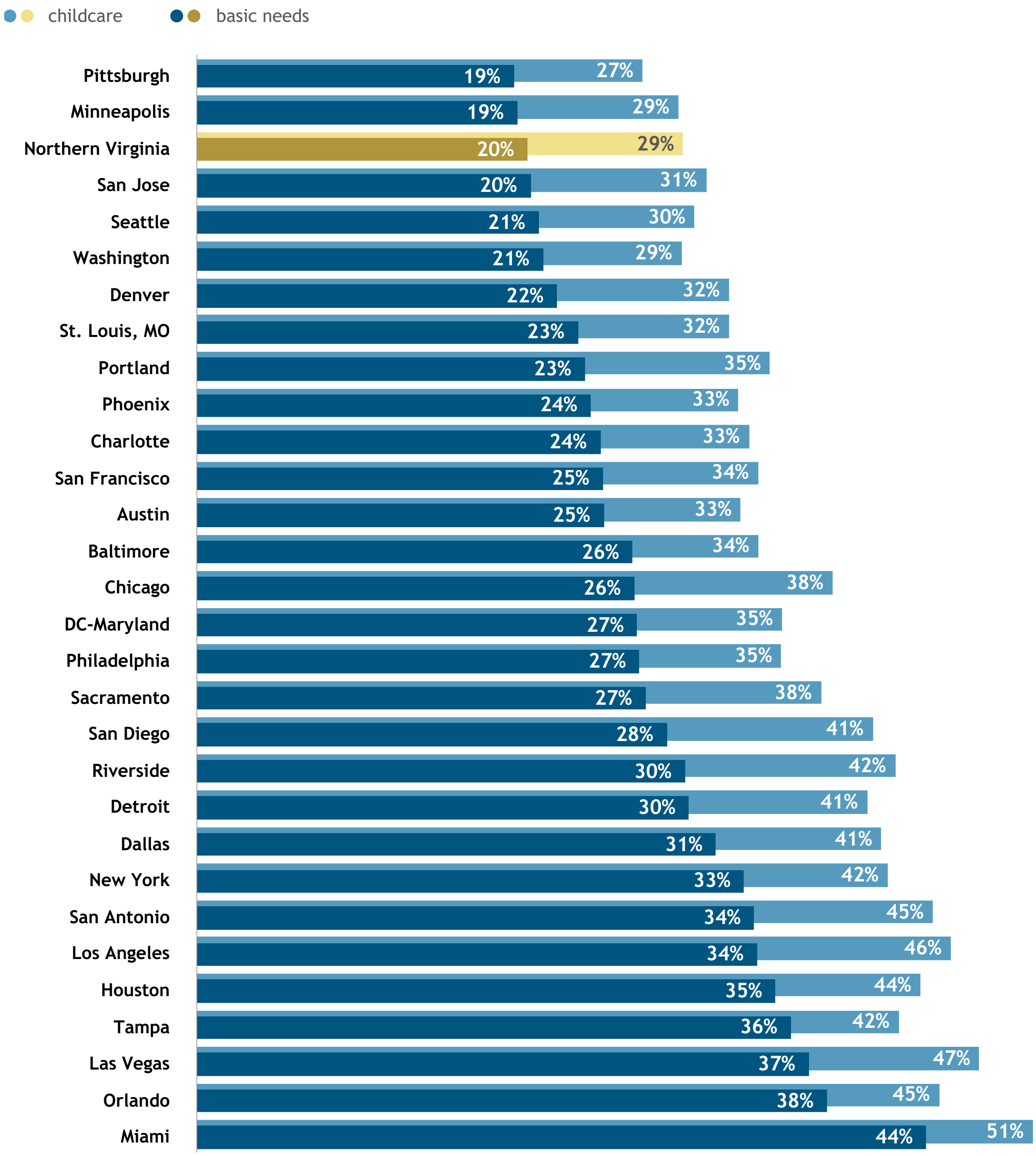
COMMUNITY	BASIC NEEDS	CHILD CARE
Dulles-SW Ashburn	6%	15%
Leesburg	8%	18%
North Arlington	10%	15%
Linton Hall-Gainesville	11%	14%
McLean-Idylwood	13%	17%
Burke-Fairfax City	14%	19%
Vienna-Oakton	15%	25%
Reston-Herndon	19%	29%
Woodlawn-Mt. Vernon	19%	36%
Northern Virginia	20%	29%
Chantilly-NW Centreville	22%	36%
Sterling-NE Ashburn	23%	33%
Lorton-SE Centreville	23%	29%
Dale City-Woodbridge	24%	37%
Franconia-Springfield	24%	33%
South Arlington	34%	52%
Manassas-Manassas Park	36%	42%
Alexandria	36%	49%
Annandale-Falls Church	41%	47%

Source: IACS, 2018 and 2021 1-year estimates

While there is variation within the region, overall Northern Virginia's rate of income inadequacy falls well below other metro areas.[10] For basic needs and childcare income inadequacy, the region had the third lowest rates among the 30 largest metro areas, just after Pittsburgh and Minneapolis. The highest rates were observed in Miami (where 44 percent of families did not have enough to meet their basic needs, and half could not meet their needs and afford the additional cost of childcare). See **Figure 5**.

Figure 5.

Income Inadequacy among families in the 30 largest metro areas (*Sorted by basic needs income inadequacy)*



Source: Insight Region® analysis using data obtained by special request from CWW; see methods

the added challenge of inflation

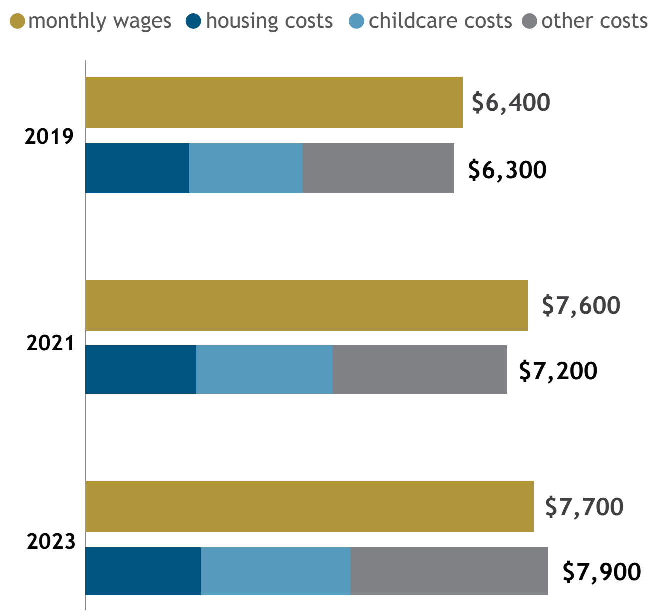
Recent cost increases have placed a strain on moderate and middle-income families

Historically, Northern Virginia's rate of income inadequacy has been stable, as rising costs have tended to track with wages. Similarly, at the beginning of the pandemic, while monthly costs for a family of 4 increased by ~$900 a month (2019-2021), the average wage[11] increased by $1,200. The past two years have witnessed a spike in cost of living, where expenses now outpace wages. From 2021 to 2023, average wages increased by $100 as estimated monthly expenses grew by $700. **See Figure 6**.

In line with these findings, a growing share of families—households with children who complete the Census Bureau's Household Pulse Survey—are now struggling to pay their bills, from 27 percent in 2021 to 33 percent in 2023. While the families most likely to struggle are those starting with the least (62 percent of families earning less than $50k reported struggling to pay their monthly bills), the largest *increase* in these rates fell to the region's middle-income families. In 2023, 34 percent of lower-middle income families (income of $100-150k) had difficulty paying the bills, a 19 percentage point increase from the 15 percent in 2021. Families in the income brackets immediately adjacent—moderate-income and higher-middle income families—also reported elevated difficulty paying the bills (+9% and +11%, respectively). See **Figure 7**.

Figure 6.

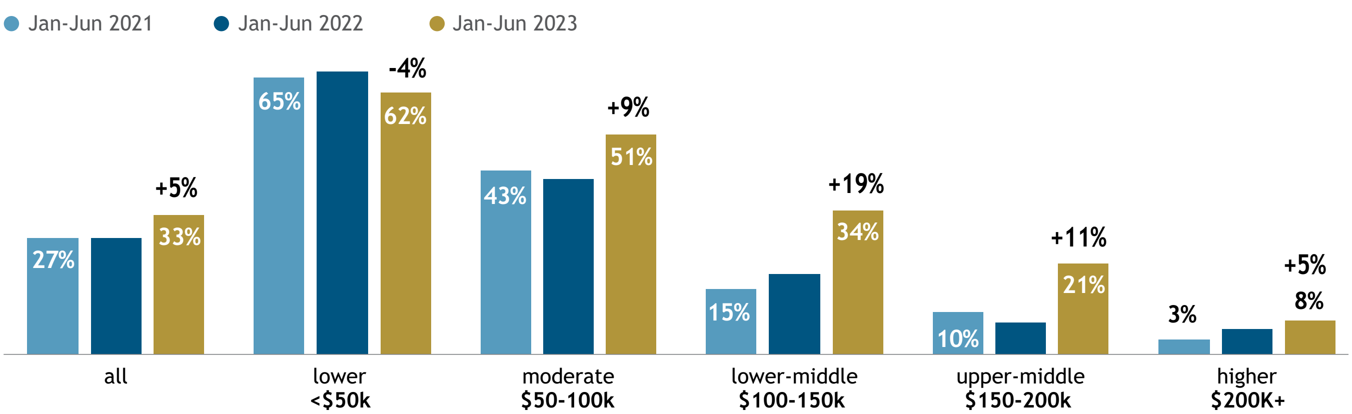
Monthly Expenses and Average Wages in Northern Virginia



Source: Insight Region® analysis of average weekly wage data (Q4 from previous year) from the Bureau of Labor Statistics Quarterly Census of Employment and Wages and expenses data obtained from CWW (family type a2i0p1s1t0). Population-weighted averages have been applied to estimate expenses and wages for the region.

Figure 7.

Percent of families who report difficulty paying their monthly bills, by household income



Source: Insight Region® analysis of Pulse Survey

single-earner families

Voices from parents in Northern Virginia

In Northern Virginia, approximately half of families with children are headed by two working adults. If each family with 2+ workers only had its primary (highest paid) source of income, 45 percent of the region's families would not have income sufficient to pay for basic needs, and 67 percent would struggle with the cost of childcare. While not "living at the margin", most families in Northern Virginia depend on two incomes.

Single-earner families—single parents, as well as two-parent households with only one working parent—struggle with a different set of financial and logistical considerations to "getting by" in Northern Virginia.

TWO SINGLE MOTHERS IN PRINCE WILLIAM COUNTY TRYING TO MAKE ENDS MEET

Acacia James, InsideNoVa

Chanel and Crissy are single mothers living in Prince William County. They have well-paying jobs but struggle to keep up with basic expenses like utilities, gas and food.

Both women are sharing their personal stories to shed light on a key group of working parents and to add a voice to the numbers. Their hope is that their stories, in combination with data, will bring awareness to the immense stress created by insufficient income.

Chanel, who only wants to be identified by her middle name, has four children and says she considers herself homeless, although she lives with loved ones.

Crissy, who did not want to share her last name, said she can only afford to pay her rent and partly fill up her gas tank. She has five children, lives paycheck to paycheck and receives help from different organizations to cover her utility expenses.

Crissy, 35, has lived in her Prince William home with her children for 10 years. Previously, she shared the expenses with her boyfriend but was left to cover her bills alone after they split in 2021. She is thankful that the landlord has not recently asked her to verify her income, saying she would probably have to move out if the landlord knew how much less she makes as a single-income household.

"If she would ask for my pay stub, she'd [say] how are you even paying the rent by yourself? How are you even surviving?" Crissy said.

Her rent was $1,000 a month when she first moved into the home, but it has since increased to $1,600. She has tried to find more affordable housing but without success.

Both women say housing is the most difficult—yet most essential—expense to cover.

CHANEL

For Chanel, 37, feeding her children sometimes means not eating herself. Inflation has cooled recently, but she doesn't feel the difference when grocery shopping.

"I just bought a couple of items—small items, and it cost me $50," Chanel said. "That's hard because once the food is gone, once you've cooked all the food or eaten all the food, then you gotta go back and get more."

Chanel says her son needs a new pair of shoes, but she has yet to buy them.

"I haven't bought him shoes because I want to make sure that they're eating."

She says she lost her job when the COVID-19 pandemic started because she had to stay home with her 1-year old and middle school children at the time. The stimulus check and unemployment she received during the pandemic was helpful, but she calls it a temporary fix.

Although Chanel is now working, she is still struggling to make ends meet. She was receiving child care assistance for her youngest child, now 4, but since that ended she hasn't been able to put her in daycare. She relies on family members and her older children to look after her.

Despite having a roof over her head, Chanel says she considers herself homeless because she is "bunking from home to home." She moved in with loved ones after the lease on her previous home ended and the owners sold the house.

She describes how difficult it can sometimes be to receive housing assistance due to the varying definitions of homelessness. She says for some, being homeless is defined as sleeping in a car or an inhabitable place. But for her, it means she doesn't have her own home and depends on others for shelter. When she had her own house, all her income went toward rent.

"A three-bedroom would have been $1,500 to $1,700 [monthly rent]," she said. "Now, they're $2,400 to $2,500, and that's not affordable."

CRISSY

With just enough money to cover her monthly rent, Crissy says she can barely remember the last time she had a full tank of gas. When she needs fuel, she can afford only the bare minimum.

"Every time it's just whatever money I can scrape up to put in my gas tank."

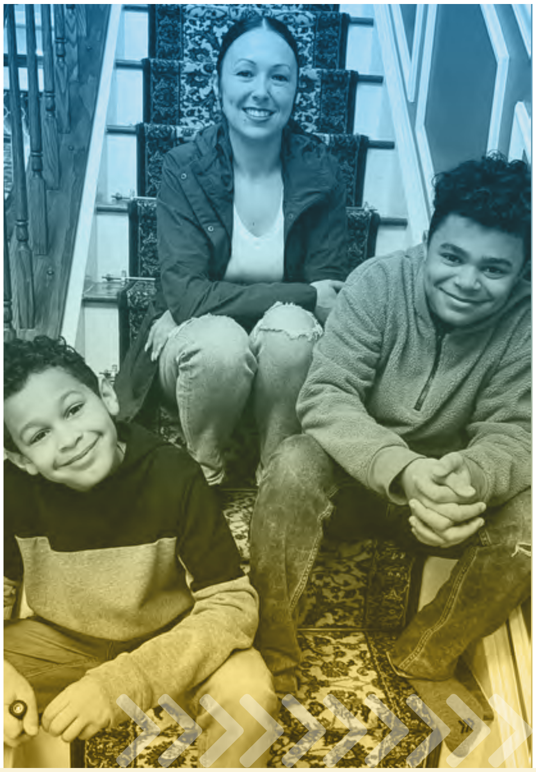
She receives SNAP benefits, which she says are helpful but "not enough to feed five kids." She often has to ask the cashier to put food back when grocery shopping.

When you think of the sacrifices that families make to get by, you may not consider recreational activities. But for Crissy, that's one of the most difficult sacrifices.

"I feel bad because I don't really do anything with my kids. I don't go to the pool. I don't take them to the movies. I don't go on vacations, because I am a single mom and I cannot afford it at all."

Crissy with her three daughters.

Crissy with her two sons.



While trying to keep up with current expenses, Crissy says she's not able to plan for the future. Her landlord offered to sell her the house she rents for $350,000, but she declined, knowing that she could not get a loan.

"I feel like I'm never going to be able to afford a home—I'm never going to be able to buy a home," Crissy says. "I'm always going to have to rent."

She has worked at her retail job for 12 years and only recently started putting money in a 401(k).

"I'm only able to worry about today and this month and this year. I'm not able to worry about my retirement—I can't afford it."

After researching rentals in her area, Crissy knows she can afford only a one-bedroom apartment for her and her four children. Should her landlord decide to sell the home she lives in, she says she would be in distress.

making do with less

How families have adapted in the face of inflation

To cope with rising prices, the vast majority of families in Northern Virginia have modified their spending behaviors in some way, including changing what and how much they consume (80 percent), compromising one or more aspects of their financial health (47 percent), sacrificing a basic need (26 percent), and making a decision that impacts how much they work (21 percent). See **Figure 8**.

CHANGING/REDUCING CONSUMPTION

Most families have responded to inflation by changing one or more of their discretionary purchase decisions: shopping sales/ generic items (63 percent); cutting back on leisure spending (subscription services, fewer events, not dining out; 60 percent); delaying a major purchase (45 percent); reducing food quality or variety while having enough to eat (42 percent); and using less home energy while keeping the home at a safe temperature (11 percent).

While families with households income in excess of $200,000 were the least likely to modify their behaviors in response to inflation, a large percentage are cutting back on their discretionary purchases. For example, over half of these higher-income families are now shopping for discount and/or generic goods and reducing their leisure activities in direct response to inflation, and 38 percent are delaying at least one major purchase.

COMPROMISING FINANCIAL HEALTH

Inflation has prompted nearly half of all families in Northern Virginia to make compromises to their financial health, including putting less money toward savings (29 percent); taking on more debt (21 percent); and getting behind on the rent/ mortgage, and other bills (18 percent).

While low/moderate-income families were the most likely to have compromised their financial health in response to rising prices, their main course of action was to fall behind on rent, mortgage, utility, and other bills. In contrast, those in the middle ($100-200k) income tier were more likely to take on additional debt to cope with inflation (25 percent) and to put less money toward savings (32 percent).

SACRIFICING A BASIC NEED

About one in four families in Northern Virginia are sacrificing a basic need, including delaying medical treatment (surgery, prescriptions) to save money (16 percent), keeping their homes at an unsafe temperature (12 percent), and going hungry (8 percent).

Low and moderate-income families were the most likely to make changes overall in response to inflation, and also had exceptionally high rates of sacrificing a basic need (42 percent) to cope with rising costs. Approximately a quarter of these families had delayed medical care or kept their home at an unsafe temperature to save money; 17 percent had gone hungry.

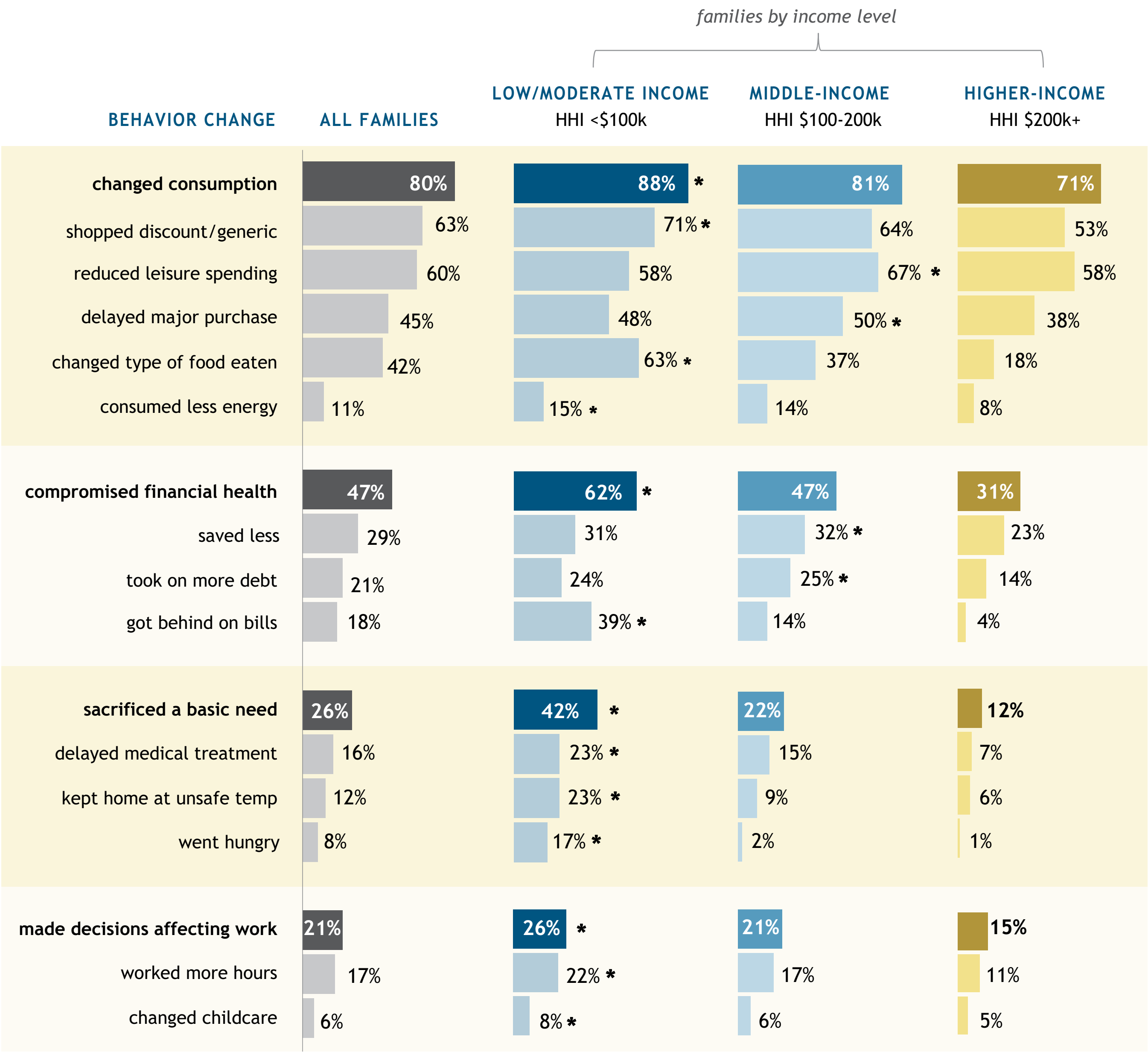
MAKING A DECISION AFFECTING WORK

About one in five families have responded to inflation by taking on additional shifts/jobs (17 percent) and altering childcare arrangements[12] to save money (6 percent).

Low/moderate-income families were slightly more likely to engage in these behaviors affecting work, including nearly a quarter who were working additional shifts/hours to make ends meet for their family. While just a fraction of families had changed their childcare arrangements in response to inflation, the practice showed little variation by income level, with approximately one in twenty higher-income families sacrificing childcare to save money.

Figure 8.

How families in Northern Virginia families are responding to inflation



* income category with the highest level of behavior change

Source: Insight Region® analysis of data from Household Pulse Survey, 2022-23

reflections and recommendations

As a community, we must address the immediate and long-term effects of income inadequacy

This brief explored what income inadequacy means in Northern Virginia: from families whose income cannot cover the basics (20 percent), to parents struggling to work and afford childcare (29 percent) and the wide range of households who struggle every month to pay the bills (33 percent).

How do families respond when there is less to go around? Recent data from the Census Bureau's Household Pulse Survey provide a window into how families at different income levels are coping with inflation, including changing consumption, compromising financial health, sacrificing a basic need, and making decisions that affect their work.

Not all of the strategies that families have employed to cope with inflation are negative—the decision to reduce home heating/cooling (at a safe temperature), switch to generic, and cut back on streaming services is not likely to impact a family's overall wellbeing. Other responses, however, represent a tremendous hardship to the region's parents and their children. As a community, we must address both the *immediate challenge* for families who are sacrificing one or more basic needs to make ends meet, as well as the *long-term challenge* for families who are making decisions now that compromise their future financial health.

THE IMMEDIATE CHALLENGE

Families who are currently *sacrificing a basic human need*—for shelter, food, warmth, health—require help, quickly. Untreated physical and mental health issues often worsen over time, and can have lasting and dire consequences for the family. People who are cold, heat exhausted, or hungry—that is, who have sacrificed home heating/cooling or food to make ends meet—may see a dramatic, rapid decline in their quality of life.

Government and nonprofits already have systems in place to provide these basic needs to "financially vulnerable" residents, a definition that varies by program but that rarely exceeds 200 percent of federal poverty ($55,000 for a family of 4 in 2023). While these thresholds focus resources on those most in need, they will likely miss moderate and lower-middle income families who are struggling with their bills. Historically, such programs serve a fraction of the families who are eligible to receive the services. As shown in **Figure 9**, many safety net programs across the country see low utilization rates (the percent of eligible individuals who actually participate),[13] driven in part by limited information, administrative[14] obstacles to applying or maintaining status, disrespectful treatment, stigma, immigration concerns, and concern that funds must be repaid.[15]

As a community, we must closely examine the ability of our safety net system to identify, reach, and serve those who are struggling.

- Monitor and report local rates of program/service utilization.
- Consider expanding program eligibility to families at higher-income levels.
- Develop technology and community liaisons to reach eligible individuals, facilitate the application process, and normalize /destigmatize the receipt of basic needs assistance.

Figure 9.
Utilization of safety net programs, 2018

childcare (CCDF)	15%
home energy (LIHEAP[16])	20%
housing (voucher, section 8, public)	22%
income (TANF)	28%
food (WIC, age 0-4)	53%
food (SNAP)	63%
health (Medicaid/CHIP)	75%
income (EITC)	78%

Source: Macartney & Ghertner, 2021

THE LONG-TERM CHALLENGE

Strategies that families employ to cope with inflation and structural income inadequacy may also carry lasting ramifications. For example, while *delaying a major purchase* may be a short-term neutral decision, renters who continue to be priced out of home ownership will miss this important pathway to building wealth. In 2022, the median monthly payment for a 30-year fixed-rate mortgage was $3,500 a month in Northern Virginia, an amount that grew by approximately 50 percent from 2021 to 2022 due to rising interest rates and home prices.[17] Tack on property taxes, insurance, and home energy costs, and the total cost runs around $4,300 a month—a housing cost that approximately 40 percent of families in Northern Virginia cannot afford.[18]

Families who have *compromised their financial health* to make ends meet may find it increasingly difficult to "catch up". As of 2023, the average DC-area resident was carrying $45,000 in non-housing debt, the third highest among the top 50 metro areas (just below Atlanta and Dallas), with debt evenly attributable to student loans, auto loans, and personal loans / credit cards.[19] Locally, between 26 percent and 44 percent of the region's drivers had auto loan debt, and 20-62 percent of degree holders held student loan debt. See **Figure 10**. The median cost of student loan repayment—which is not included in the basic needs expenses in this report—ranges from $175 to 250 per month depending on the Northern Virginia jurisdiction.[20]

The decision to cut back on childcare is often considered a sacrifice of a basic need, but also impacts a family's long-term financial wellbeing, including parents' ability to learn and earn and children's preparedness for school and their long-term economic mobility. As noted above, childcare subsidies are available to families who qualify, though participation rates have historically been very low and the majority of young Northern Virginians in lower-income families do not attend preschool.[21]

As a community, we must consider how wealth inequality contributes to the broader issue of income inequality.

- Provide resources to help parents and children understand the value proposition of different forms of debt, including home ownership, education, vehicle, and personal loans/ credit card.
- Expand home ownership programs for lower-moderate income families.
- Support low-interest loans to low and moderate-income families, along with financial counseling that outlines a path to repayment.

Figure 10.
Debt in Northern Virginia, 2022

	MONTHLY COST NEW MORTGAGE	DEBT-TO-INCOME	% AUTO DEBT*	% STUDENT DEBT*	% WITH DEBT IN COLLECTIONS			
					All	Auto	Medical	Student
Alexandria	$3,590	1.44	32%	27%	19%	3%	8%	6%
Arlington	$4,437	1.35	26%	22%	11%	2%	4%	4%
Fairfax	$3,682	1.85	29%	21%	13%	2%	6%	4%
Loudoun	$3,692	3.58	36%	23%	11%	1%	5%	3%
Prince William	$2,604	5.38	40%	40%	21%	3%	11%	5%

Source: Urban Institute, 2022; Federal Reserve, 2022: National Association of Realtors, 2022
**adjusted by percent of adults who live in a household with 1+ cars / have a bachelor's degree or higher*

Data & Methods

To calculate **income inadequacy** among families in Northern Virginia—Arlington, Fairfax, Loudoun, and Prince William Counties and the independent cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park—and in the 30 largest metros [22], Insight Region® extracted data on all households residing in the 30 most populous metros from the American Community Survey 2021 1-year estimates[23] and assigned each household a code based on the ages of each of its residents. Households were excluded if they did not have any members under age 18 or resided in group quarters.

Each household was then assigned a set of non-shelter expenses (food, childcare, transportation, healthcare, miscellaneous) and tax credits for its particular household-county using data obtained from the University of Washington Center for Women's Welfare (CWW) Self-Sufficiency Standard. *Basic needs expenses* were calculated as the sum of self-reported rent, mortgage, utilities, property taxes, and insurance payments (ACS, 2021) and MSA-level non-shelter, non-childcare costs (CWW, 2021). *Childcare expenses* were calculated as the estimated cost of childcare (CWW, 2021) less expected tax credits (CWW, 2021). *Income after taxes* was calculated as the difference between self-reported earnings (ACS, 2021) and estimated payroll, federal, and state taxes (taxfoundation.org), based on the marital status, household composition, and earnings after the standard deduction, less estimated credits (CWW, 2021). Local taxes were omitted.

Finally, each family was categorized by their level of income inadequacy: *basic* (income after taxes would not cover basic needs) and *care* (income after taxes would not cover both basic needs and childcare).

To calculate *difficulty paying bills and responses to inflation*, Insight Region® extracted data on all households residing in both Virginia and the DC metropolitan area (a slightly larger geography than the Community Foundation's service area) from the U.S. Census Bureau's household pulse survey. Households were excluded if they did not have children. Households were classified as having difficulty if they indicated it was "very difficult" or "somewhat difficult" to pay the monthly bills; those who indicated it was "a little difficult" or "not at all difficult" were classified as not having a difficulty.[24]

Responses to inflation were categorized in the following four categories, with rates taken from all households who completed the Pulse Survey, including those who indicated they had not changed their habits or had not observed inflation:

1. **Changing consumption**
    a. shopping at stores that offer lower prices, purchasing sale or discount items, using coupons
    b. switching from name brand to generic products
    c. eating out or ordering food for delivery less often
    d. reducing subscription services (streaming, meal delivery, cell phone)
    e. attending fewer events
    f. delaying major purchases (vacations, vehicles, home repair/renovation/appliances, cell/computer)
    g. not eating the kinds of foods one likes or using a food pantry (while having enough to eat)
    h. decreasing use of home utilities (while keeping the home at safe temperature)
2. **Compromising financial health**
    a. contributing less to savings/retirement accounts
    b. increasing use of credit cards, loans, pawnshops
    c. getting behind on the rent, mortgage, or other bills
3. **Sacrificing a basic need**
    a. delaying medical treatment (prescriptions, surgery)
    b. going hungry (household sometimes or often did not have enough to eat)
    c. keeping home at unsafe temperature
4. **Making a decision affecting work**
    a. working additional job(s)/shift(s)
    b. changing childcare arrangements to save money

For more information on the methods used by CWW to estimate non-shelter costs, please visit www.selfsufficiencystandard.org. To access ACS estimates through IPUMS, please visit www.ipums.org. To access U.S. Census Bureau Pulse data, please visit census.gov/programs-surveys/household-pulse-survey.html.

ENDNOTES

1. ACS, 2021, accessed via IPUMS, see Ruggles et al, 2022

2. Calculated using smartasset Virginia Paycheck Calculator

3. Categories based on multiplier of Area Median Income in 2021 ($129,000)

4. The primary earner is the household member with the highest personal earnings.

5. Woolf, S. (nd). Deeply Rooted: History's Lessons for Equity in Northern Virginia. Virginia Commonwealth University Center on Society and Health.

6. Turner, M.A. & Greene, S. (nd). Causes and Consequences of Separate and Unequal Neighborhoods.The Urban Institute. In particular, research on this phenomenon across Virginia has found that "zoning laws and policies that perpetuate the separation of housing by wealth and income" represent one of the principle drivers of economic and racial segregation. See McGuire Woods Consulting. Zoning and Segregation in Virginia: Part 2 Expanding Housing Choices for the Future of Virginia. McGuire Woods.

7. Turner & Greene, nd

8. Iceland, J., & Hernandez, E. (2017). Understanding trends in concentrated poverty: 1980-2014. Social science research(62.

9. Yoshinaga, K. & Kamenetz,A. (2016). Race, School Ratings And Real Estate: A 'Legal Gray Area'. National Public Radio.

10. Rates may differ from published reports that utilize the CWW self-sufficiency standard because of the population examined (households with children), the geography applied (MSAs), and the elimination of local taxes from calculations. For example, a report authored by CWW researchers found that in 2021, 36 percent of households in New York City and 49 percent of households with children in New York City struggled with income inadequacy, versus the 42 percent reported in this brief. See Kucklick, A. & L. Manzer. (2021). Overlooked & Undercounted 2021: Struggling to Make Ends Meet in New York City. Center for Women's Welfare University of Washington School of Social Work.

11. While median wages are a more useful metric for examining how earnings have changed over time, the average is used here due to data availability. See Bureau of Labor Statistics, Quarterly Census of Earnings and Wages.

12. To learn more about alternative childcare arrangements, see Hughes, E. (2021). Ready for Kindergarten, Ready for Life. The Community Foundation for Northern Virginia.

13. Macartney, S. & Ghertner, R. (2021). Participation in the U.S. Social Safety Net: Coverage of Low-Income Families, 2018. U.S. Department of Health and Human Services. Note that utilization rates in Virginia tend to be lower than the national average, including SNAP receipt (73 percent, versus 82 percent nationally; see U.S. Department of Agriculture. SNAP participation rates by state, all eligible people), TANF participation (18 percent, versus 21 percent nationally; Center on Budget and Policy Priorities. TANF Cash Assistance Should Reach Many More Families in Virginia to Lessen Hardship), and use of childcare subsidy (9 percent, the tenth lowest rate in the country; see Ullrich, R. Schmit, S., & Cosse, R. 2019. Inequitable Access to Child Care Subsidies).

14. New initiatives by the Commonwealth to create common applications and help people maintain benefits could also help more residents connect with services, as these programs aim to reduce the barriers to applying for and receiving help.

15. Bailey, K., Ettinger de Cuba, S., Cook, J.T., March, E.L., Coleman, S., and Frank, D.A. Too Many Hurdles: Barriers to Receiving SNAP Put Children's Health at Risk. Children's Healthwatch Policy Action Brief.

16. The government also offers the relatively new LIHWAP program to offset the cost of residential water/sewer.

17. National Association of Realtors. (nd). Median Sales Price of Existing Single-Family Homes for Metropolitan Areas.

18. National Association of Realtors. (nd). County Median Home Prices and Monthly Mortgage Payment.

19. Davis, M. (2023). The Most and Least Debt-Ridden Places.

20. Federal Reserve. (nd). County-Level Debt-to-Income Ratios, 2022; Urban Institute. (2022). Debt in America.

21. See Hughes, E. (2021). Ready for Kindergarten, Ready for Life. The Community Foundation for Northern Virginia.

22. This report examines income inadequacy in the top 30 metro areas, versus the top 50 commonly used by Insight Region®, due to the availability of county-level data produced by the CWW. The Boston metro area is also excluded due to data availability.

23. Accessed through IPUMS; see Ruggles, S. et al. (2022). IPUMS USA: Version 12.0 [dataset]

24. This methodology is consistent with Airgood-Obrycki, W. (2022). The Short-Term Benefits of Emergency Rental Assistance. Joint Center for Housing Studies, Harvard University.

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