

SAN ANTONIO Area



Asset Funders *Network*



**Income Volatility:
Why it Destabilizes Working Families
and Sector-Based Approaches
that Make Difference**

INCOME VOLATILITY

how it affects US households + strategies
for helping families resolve or manage it



@Aspen_FSP



#AspenEPIC

I can't
afford
to get
sick.

I had to quit going to school just so I could afford to pay rent. I can't even take a day off work if I can't breathe through my nose or have a cold. I work hourly. I'm a server and bartender. This is kind of difficult because you're hoping someone tips properly or you get a good table, or an extra table. It's day-by-day, dollar-by-dollar.

SINGLE WOMAN, FORMER STUDENT

A few months ago, my youngest, baby, kept having strange fevers.

**I took
time off
work &
got fired.**

Of course, they didn't want to hear the excuse. I really didn't care because my kids come before my job. My job said, *'Can't you get someone else to take her to the doctor?'*

I tried.

SINGLE MOTHER OF TWO

The electric bill came up. It was \$350.

I thought I
was going to
die.

MOTHER OF SIX

sheds
light on the
economic forces
that affect household
financial stability,
specifically short-term financial
insecurity and short-term savings



how epic WORKS



WHAT IS
INCOME
VOLATILITY?

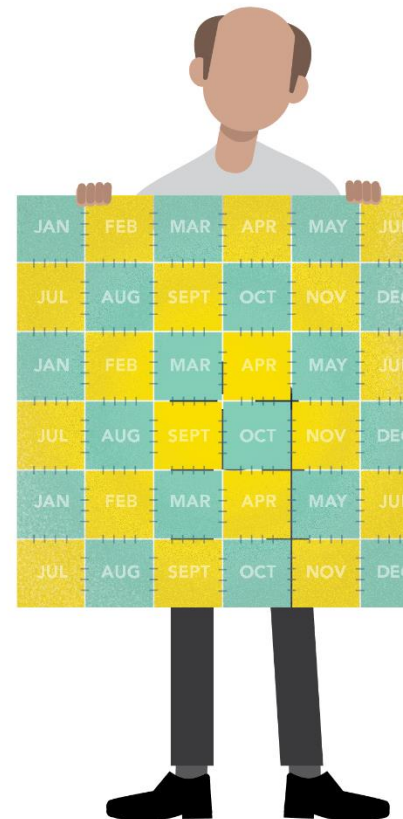
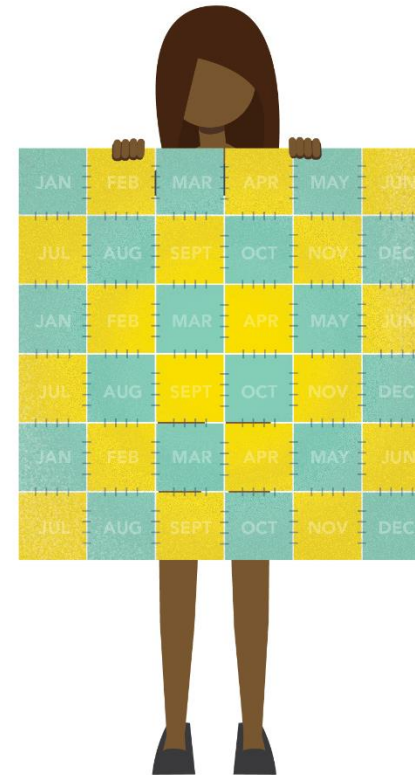
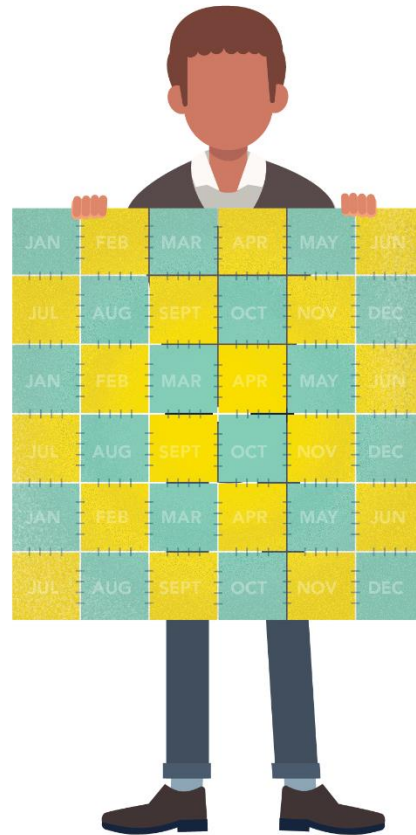
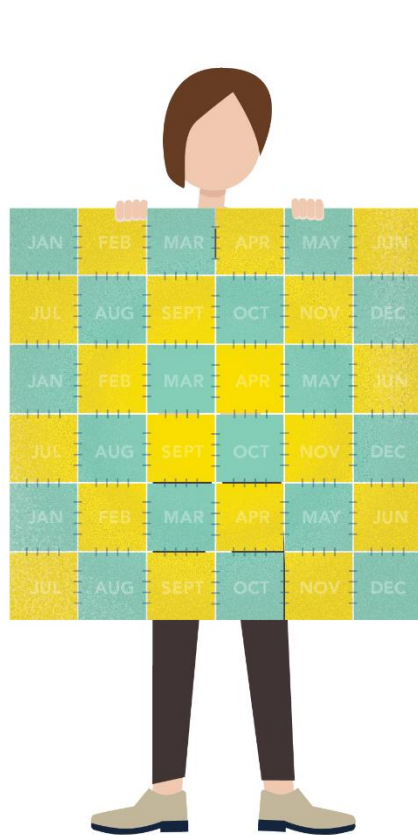
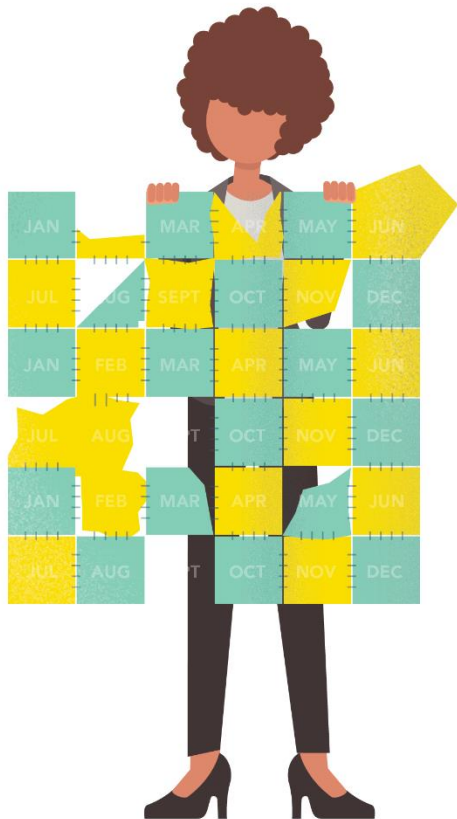


Income volatility is

the **variance** of income;
the divergence from the
average; the number of
substantial **spikes**
and **dips** over time

1 in 5 individuals

experience some unusually high- or low-income months



Low-wage households experienced

a change in income over

25%

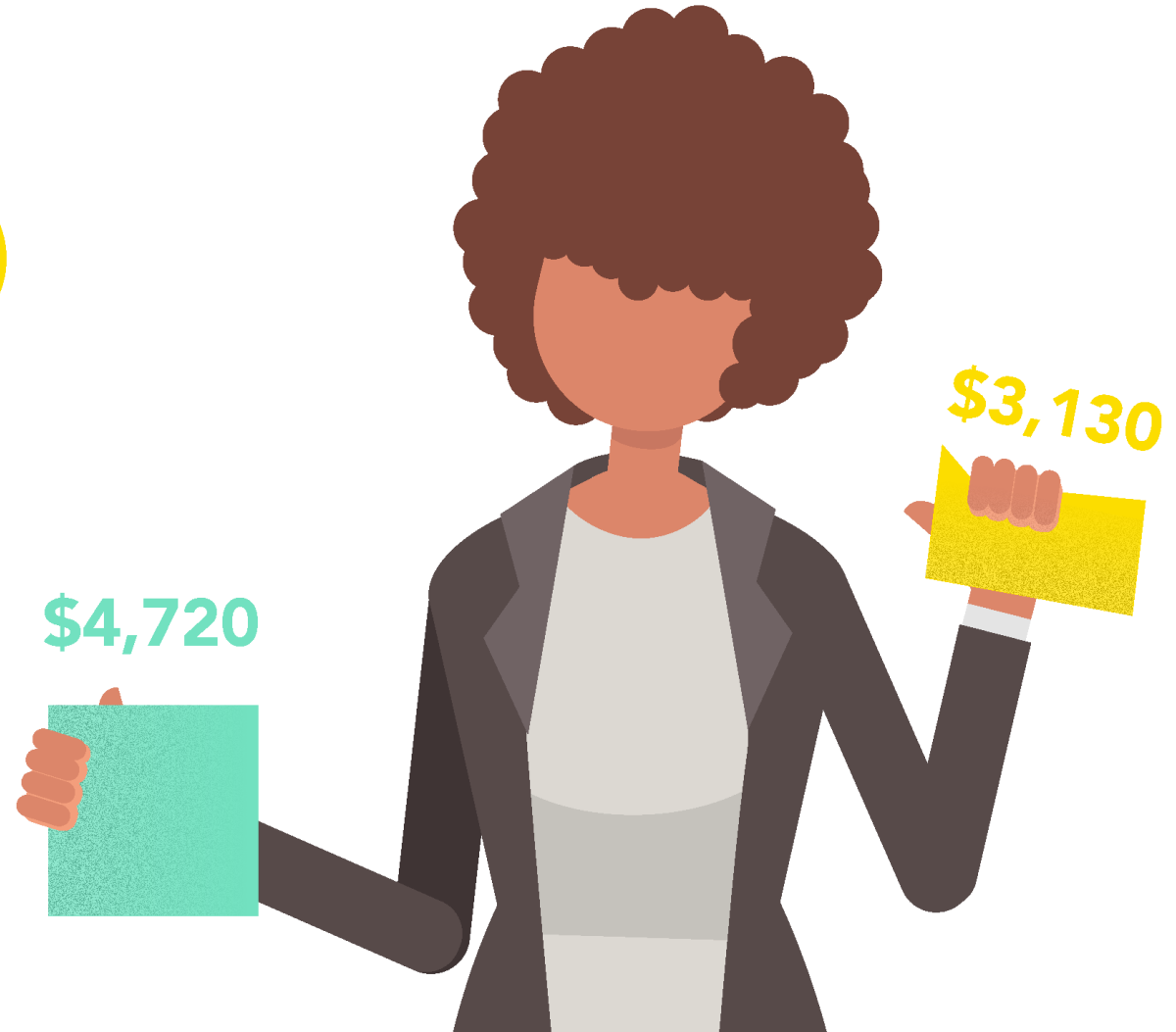
5 out of 12 months



4 in 10 individuals

saw month-to-month fluctuations over

30%



Income volatility is **common**,

as demonstrated by households profiled by the US Financial Diaries.

MATEO & LUCIA

EARNED

\$55,200

FROM JUNE 2012 - MAY 2013
HALF IN JUST THREE MONTHS

SANDRA YOUNG

EARNED

\$34,600

FROM OCT 2012 - SEP 2013,
HALF IN JUST THREE MONTHS

MOLLY & DUSTIN

EARNED

\$27,100

FROM JUNE 2012 - MAY 2013,
HELPED BY SOCIAL SECURITY
AND FOOD STAMPS

ELENA NAVARRO

EARNED

\$32,700

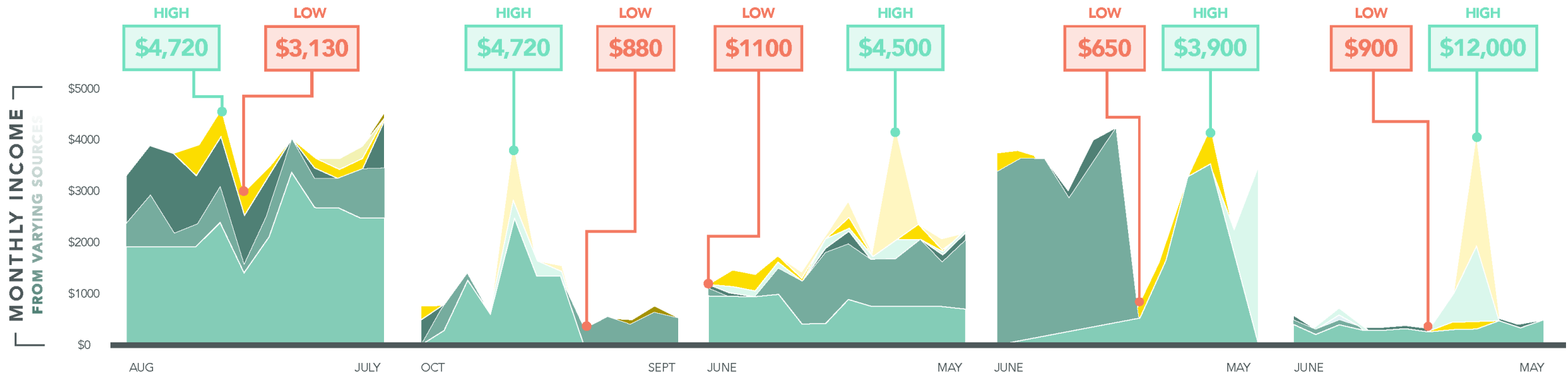
FROM JUNE 2012 - MAY 2013,
BUT SHE CHANGED JOBS TWICE,
WITH NEGATIVE INCOME EFFECTS

AMY COX

EARNED

\$28,700

FROM JUNE 2012 - MAY 2013,
WITH SPIKES FROM AN EITC
AND EDUCATION GRANTS



**WHAT
DRIVES
INCOME
VOLATILITY?**

01

UNSTABLE
EARNINGS

instability and
unpredictability of
earned income

**IRREGULAR WORK
SCHEDULES**

02

CHANGES IN
BENEFITS

changes in public
benefit policies
make transfer
income more
volatile

**CHANGES TO
UNEMPLOYMENT
INSURANCE + WELFARE**

03

HOUSEHOLD
CHANGES

family expansions
or deaths can shift
income flows

**CHANGES IN FAMILY
STRUCTURE**

01

UNSTABLE EARNINGS

IRREGULAR WORK SCHEDULES

30%

of those who report volatile
monthly incomes blame
irregular work schedules

S	M	T	W	T	F
1	2	3	4	5	6
8	9	10	11	12	13
15	16	17	18	19	20
22	23	24	25	26	27
29	30				

Week - to - week

variation in hours
and working
rotating
schedules drive
volatility, leaving
workers
uncertain
about where
they'll land
from week
to week



02

CHANGES IN BENEFITS

CHANGES TO UNEMPLOYMENT INSURANCE + WELFARE

Policy changes have shifted support from **stable monthly benefits** to variable **tax credits** and other **work-based assistance**

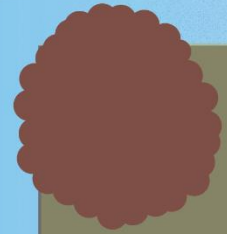


03

HOUSEHOLD CHANGES

CHANGES IN FAMILY STRUCTURE

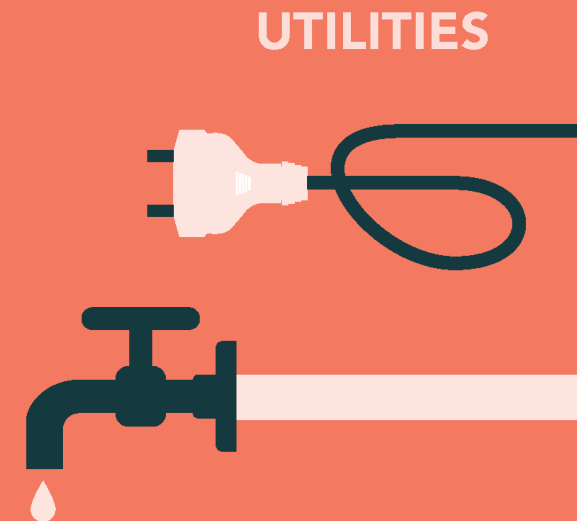
Even welcomed household events, like marriage or birth, can **destabilize** income and expenses



**HOW DOES
INCOME
VOLATILITY
IMPACT HOUSEHOLDS AND
COMMUNITIES?**

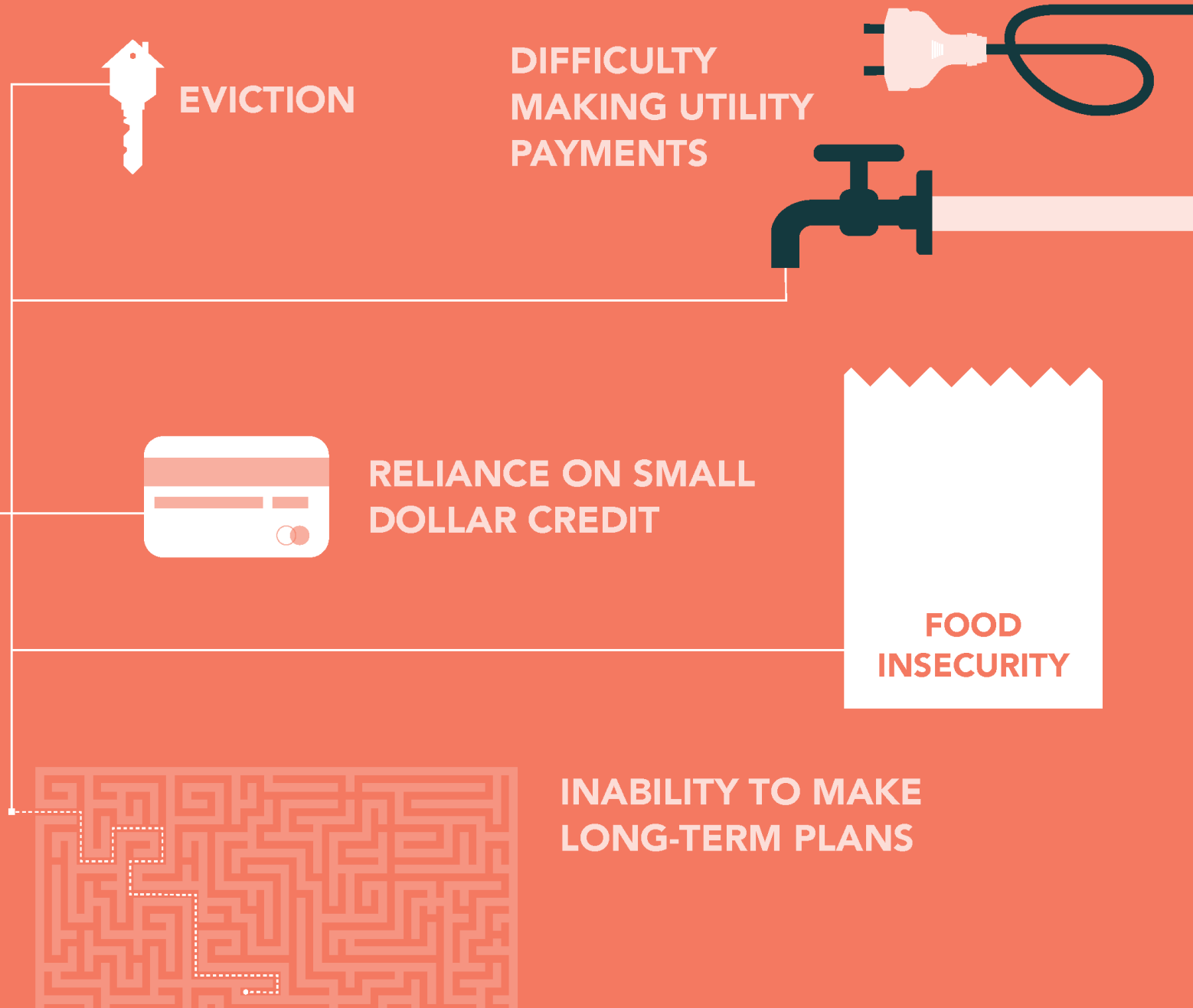


Income volatility forces families to make **impossible** choices between necessities.



As a result of income volatility, families are more likely to **experience**

These outcomes have serious repercussions for communities and future generations: families may begin to rely more on public benefits and city revenues may suffer if households can't afford to pay their bills.



STRATEGIES
FOR PREVENTING +
MITIGATING INCOME
VOLATILITY

STRATEGIES MAY...

PREVENT
INCOME VOLATILITY

MITIGATE
INCOME VOLATILITY

BE IMPLEMENTED BY

A RANGE OF DIFFERENT
STAKEHOLDERS



EMPLOYERS



FINANCIAL SERVICE PROVIDERS



GOVERNMENTS



TECHNOLOGY COMPANIES

01
STABLE
EMPLOYMENT

regular hours,
predictable
earnings and
generous benefits

**PREDICTABLE
SCHEDULING**

02
SAFETY NET

easily accessible
social programs
designed for
volatile incomes

**UNEMPLOYMENT
INSURANCE**

WAGE INSURANCE

03
LIQUIDITY

high-quality cash
management tools,
including savings,
credit and insurance

SHORTFALL SAVINGS

PAYROLL INNOVATIONS

**HYBRID FINANCIAL
PRODUCTS**

01

STABLE EMPLOYMENT

PREDICTABLE SCHEDULING

can resolve one of the most significant drivers of income volatility often exacerbated by on-demand scheduling

Belk is a model of fairness and balance between worker + firm preferences: in 2013, they implemented a workforce management tool to give managers local control over employee scheduling.

EXAMPLES



TECHNOLOGY COMPANIES

Workjam
Shyft



GOVERNMENTS

Right to Request
Reporting pay or show-up pay
Call-in or on-call pay
Split shift pay
Advance notice
More hours for part-time workers



EMPLOYERS

Belk
Macy's
Walmart

02

SAFETY NET

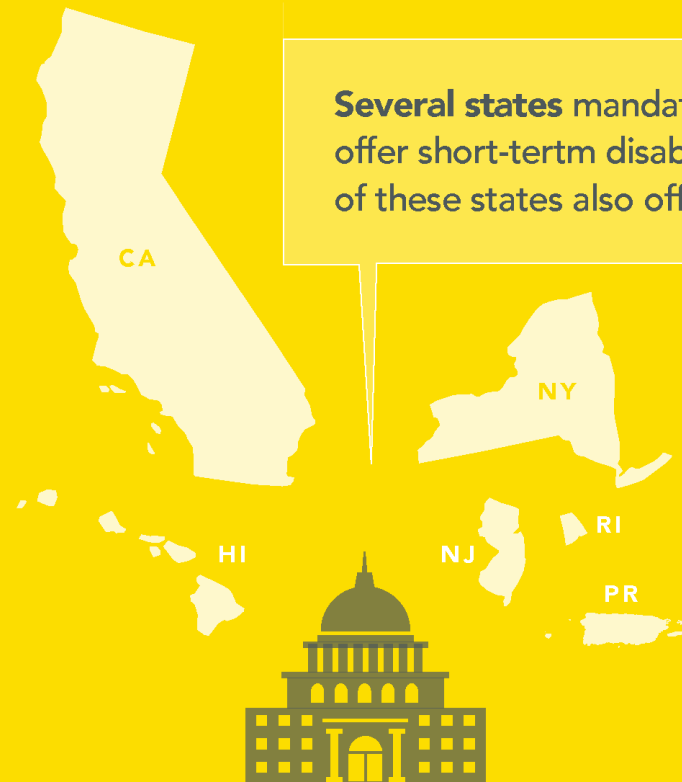
WAGE INSURANCE

is an insurance policy that provides partial replacement of lost wages to workers who are forced to accept pay cuts. It could help workers cope with long-term reductions in earnings.



FINANCIAL SERVICE PROVIDERS

Develop wage insurance products that meet workers' needs at low cost



GOVERNMENTS

Support research and piloting efforts on public wage insurance
Evaluate the Alternative Trade Adjustment Assistance program



EMPLOYERS

Offer severance pay
Partner with financial service companies to offer wage insurance to their employees

02

SAFETY NET

UNEMPLOYMENT INSURANCE

is a federal-state partnership that provides income support for workers who have lost their jobs and are actively searching for new positions

While governments must take the lead on UI, other stakeholders can contribute to strategies that expand coverage, promote portability, and reduce the magnitude of income losses.

HOW INSTITUTIONS CAN HELP



FINANCIAL SERVICE PROVIDERS

facilitate public transfers and help make these transfers more efficient



GOVERNMENTS

offer broader earnings insurance



EMPLOYERS

classify employees as full-time rather than part-time or independent contractors so workers receive UI protections

03

LIQUIDITY

SHORTFALL SAVINGS

build a financial cushion that helps families relieve liquidity crunches

The amount of shortfall savings required to protect families against typical volatility depends on their annual income.

BOTTOM QUINTILE FAMILIES

< \$23,000 IN ANNUAL INCOME

WOULD NEED

\$800

SECOND FROM BOTTOM QUINTILE FAMILIES

< \$23,001 - \$40,500 IN ANNUAL INCOME

WOULD NEED

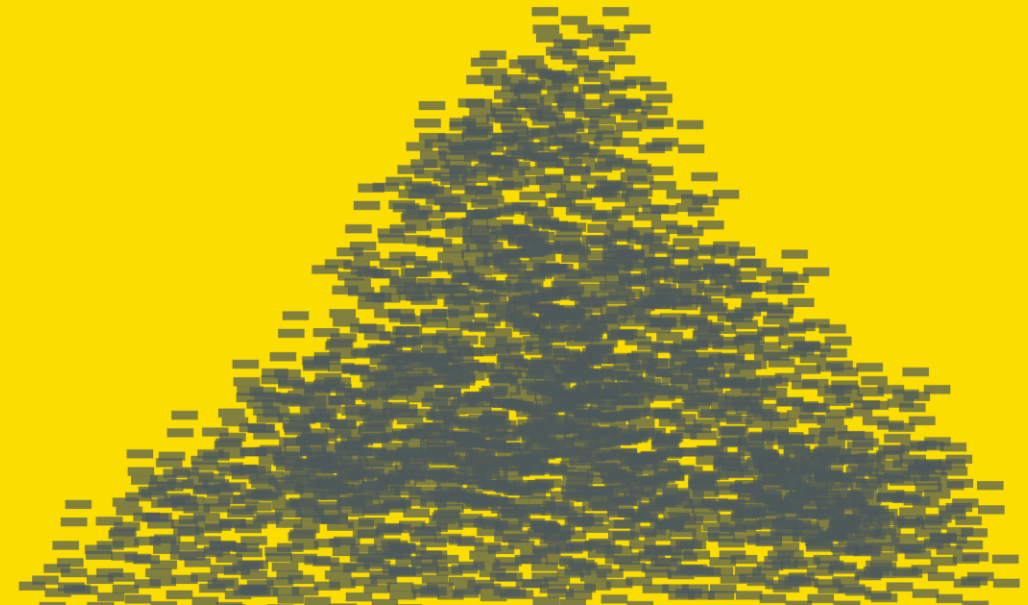
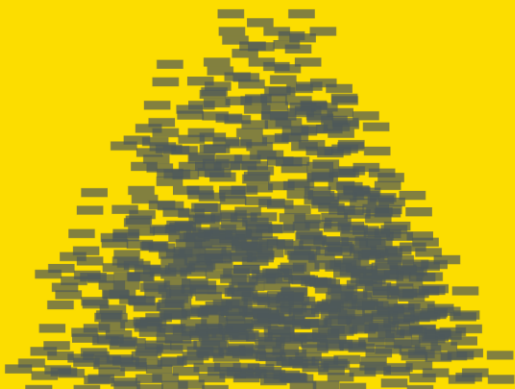
\$1,400

MIDDLE QUINTILE FAMILIES

< \$40,501 - \$63,100 IN ANNUAL INCOME

WOULD NEED

\$2,400



03

LIQUIDITY

PAYROLL INNOVATIONS

are strategies for modifying *when and how* workers get paid in order to give them quicker access to wages earned, paydays that better align with key expenses, customized paychecks, or more interconnected financial accounts

QUICKER + MORE FREQUENT PAYDAYS

	M	T	W	TH
PAYDAY	2	3	4	5
PAYDAY	9	10	11	12
PAYDAY	16	17	18	19
PAYDAY	23	24	25	26

SMARTER PAYCHECKS



03

LIQUIDITY

HYBRID FINANCIAL PRODUCTS

combine the functions of two or more consumer financial products that are generally offered separately, integrated for the purpose of improving people's capacity to effectively manage their money.

SAVE SPEND



FOR EXAMPLE
Walmart's MoneyCard
Digit

BORROW SAVE



FOR EXAMPLE
Self Lender
Lending Circles

SAVE



FOR EXAMPLE
Even
Earn & the Financial Clinic

BUDGET

PAYROLL+

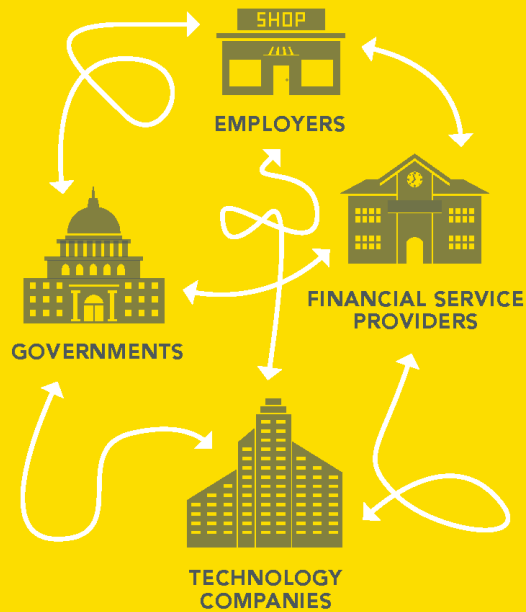


FOR EXAMPLE
DoubleNet Pay
Wage Goal

What can **funders** do?

SEEK COLLABORATION

funders can leverage their deep connections to encourage key stakeholders to engage with each other



INVEST IN ADVOCACY

funders can influence policy by supporting advocacy organizations and leveraging their powerful voices



REASSESS IMPACT METRICS

funders can offer patient, realistic time frames and expectations for change and impact from their grantmaking





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PANEL:

THE IMPACT OF INCOME VOLATILITY IN NORTH TEXAS

Melody Woosley

Human Services Department
City of San Antonio

Garret Groves

Center for Public Policy Priorities

*Moderated by
Joanna Smith-Ramani*

SAN ANTONIO Area



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PANEL:

WORKPLACE FINANCIAL WELLNESS OPPORTUNITIES FOR THE SAN ANTONIO AREA

Kimberly Arispe, Family Service Association

Lauren Gates, RAISE Texas

Adria Schmidt, Neighborhood Trust

*Moderated by **Rebecca "Becca" Brune**, San Antonio Area Foundation*



SAN ANTONIO Area



Asset Funders Network

**Income Volatility:
Why it Destabilizes Working Families
and Sector-Based Approaches that Make Difference**

Thank you for attending today's
San Antonio Area Asset Funders Network
Forum presentation.

PLEASE FILL OUT OUR SURVEY

**WE VALUE YOUR TIME,
AND YOUR RESPONSES WILL INFORM
OUR FUTURE PLANNING**