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The Public Cost of Low-Wage Jobs in the Banking Industry

by Sylvia Allegretto, Ken Jacobs, Dave Graham-Squire and Megan Emiko Scott

Working families comprise nearly three-quarters (73 percent) of enrollments in America's major public benefits programs and account for 63 percent of total program costs.¹ The paychecks of many low-wage workers do not generate enough income to provide for life's basic necessities. When workers and their families earn so little that they cannot make ends meet they turn to publicly-provided aid.

This research brief estimates the public cost of low-wage jobs in the banking industry. For this analysis we focus on bank tellers employed at least 10 hours per week and 27 weeks per year.² We estimate that there are over 478,000 bank tellers in the U.S. that meet our criteria.³ The median wage for a U.S. bank teller is \$11.82 per hour.⁴

Public benefits programs provide a vital support system for millions of American workers. In Table 1 we present public program utilization by working bank tellers and their families and estimate the total average annual public benefit expenditures for the years 2007 to 2011. We show results based on four vital public benefits program: Health insurance (Medicaid and the Children's Health Insurance Program, or CHIP), the federal Earned Income Tax Credit (EITC), food stamps (the Supplemental Nutrition Assistance Program, or SNAP), and basic household income assistance (Temporary Assistance for Needy Families, or TANF).

Table 1: Enrollment and Costs of Public Support Programs for Bank Tellers (U.S.)

Program	Program Enrollment		Program Costs	
	Number of Workers with Families Enrolled	Participation Rate	Average per Family	Total (millions)
EITC	114,643	24%	\$2,177	\$250
Medicaid (adults)	43,651	9%	\$7,526	\$325
Medicaid/CHIP (children)	47,968	10%	\$4,387	\$209
Food Stamps	50,366	11%	\$2,092	\$105
TANF	3,837	1%	\$2,946	\$12
All Programs	146,302	31%	\$6,179	\$899

Source: Authors' calculations from 2008–2012 March Current Population Survey (CPS), 2007–2011 American Community Survey (ACS), 2011 Occupational Employment Survey (OES), program administrative data.

Note: All costs are reported in 2011 dollars.

Findings: United States

- Nearly one-third (31 percent) of the families of bank tellers are enrolled in one or more public programs, compared to 25 percent of the workforce as a whole. Bank tellers and their families are more likely than working families in general to be enrolled in public programs.
- The cost of public benefits to families of bank tellers is nearly \$900 million per year.
- At an average of \$534 million per year, spending on Medicaid and CHIP accounts for more than half of these costs.
- Due to low earnings, bank tellers' and their families also receive an annual average of \$105 million in food stamp benefits and \$250 million in EITC payments.
- More than 110,000 families of bank tellers (24 percent) receive EITC benefits—more than double the number enrolled in any other program. However, the EITC is less expensive than other programs on a household basis, with average benefits of approximately \$2,177 per family.

- The number of families with adults enrolled in Medicaid (43,000) is significantly smaller. But due to significantly higher program costs, Medicaid accounts for more total spending on bank tellers and their families than any other program.

Findings: New York State

In the State of New York, we estimate that there are over 27,000 year-round bank tellers, based on the occupational definition previously described.⁵ The median wage for bank tellers in New York State is \$12.49 per hour.⁶ Table 2 summarizes public program utilization by working families and estimates total average annual public benefit expenditures on the families of New York State bank tellers from 2007 to 2011. The cost of public programs to families of bank tellers in the State of New York exceeds \$100 million per year.

- Nearly four in ten (39 percent) families of bank tellers are enrolled in one or more public programs, compared to 31 percent of the bank teller workforce nationwide and 25 percent of the workforce as a whole.

Table 2: Enrollment and Costs of Public Support Programs for Bank Tellers (State of New York)

Program	Program Enrollment		Program Costs	
	Number of Workers with Families Enrolled	Participation Rate	Average per Family	Total (millions)
EITC	7,346	27%	\$2,161	\$16
Medicaid (adults)	5,729	21%	\$11,368	\$65
Medicaid/CHIP (children)	3,975	15%	\$5,541	\$22
Food Stamps	3,152	12%	\$2,195	\$7
TANF	219	1%	\$9,439	\$2
All Programs	10,663	39%	\$10,511	\$112

Source: Authors' calculations from 2008–2012 March CPS, 2007–2011 ACS, 2011 OES, program administrative data.

Notes: All costs are reported in 2011 dollars.

- The cost of public programs to families of bank tellers in the State of New York exceeds \$100 million per year.
- Spending on Medicaid and the CHIP accounts for the majority of these costs (\$87 million per year).
- Due to low earnings, bank tellers' families also receive an annual average of \$7 million in food stamp benefits and \$16 million in EITC payments.

Methodology

We build our estimates of the public cost of low-wage work by combining publicly available data on costs and participation levels for public benefits programs with datasets providing information on the demographics, employment, and public program participation of U.S. workers. While costs and participation levels on public programs are available from administrative datasets, those data only provide information on aggregate program participation. Our methodology makes it possible to determine the cost of public benefits payments to individual subgroups of the population. For a

detailed explanation of methodology, please see Appendix A: Methodology from “Fast Food, Poverty Wages: The Public Cost of Low-Wage Jobs in the Fast-Food Industry”.⁷

Endnotes

¹ Allegretto, Sylvia, Marc Doussard, Dave Graham-Squire, Ken Jacobs, Dan Thompson and Jeremy Thompson. October 2013. “Fast Food, Poverty Wages: The Public Cost of Low-Wage Jobs in the Fast-Food Industry.” Berkeley: UC Berkeley Center for Labor Research and Education. See page 5. At: <http://laborcenter.berkeley.edu/fast-food-poverty-wages-the-public-cost-of-low-wage-jobs-in-the-fast-food-industry/>.

² We followed the methodology in Allegretto et al. (2013).

³ U.S. Bureau of Labor Statistics, Occupational and Employment Statistics 2011, and authors' calculations from the 2007–2011 American Community Survey.

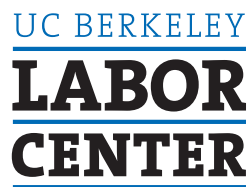
⁴ U.S. Bureau of Labor Statistics, Occupational and Employment Statistics 2011.

⁵ U.S. Bureau of Labor Statistics, Occupational and Employment Statistics 2011, and authors' calculations from the 2007–2011 American Community Survey.

⁶ U.S. Bureau of Labor Statistics, Occupational and Employment Statistics 2011.

⁷ Allegretto, et al. (2013).

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