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Homelessness and the Persistence of Deprivation: Income, Employment, and Safety Net Participation

Based on BFI Working Paper 2024-48, “Homelessness and the Persistence of Deprivation: Income, Employment, and Safety Net Participation,” by Alexa Grunwaldt, Yale University; Bruce D. Meyer, University of Chicago; Gillian Meyer, University of Pennsylvania; Derek Wu, University of Virginia; and Angela Wyse, University of Chicago

Homelessness occurs in the context of long-term, severe deprivation rather than large and sudden losses of income. Low permanent incomes leave people vulnerable to housing loss when met with even modest disruptions to life circumstances, even if they are connected to the labor market and safety net.

That homelessness is associated with severe economic disadvantage is intuitive to a casual observer and is understood at a deeper level by economists and other researchers. Nobody wants to be homeless, and people will go to great lengths to avoid it, leaving those lacking finances or credit resources, those with limited support from friends or family, or those suffering from mental health challenges and addictions, to navigate a life on the streets, in a vehicle, or in homeless shelters.

However, other than such broad descriptions of homelessness, what do we know about the circumstances that lead to, and exacerbate, homelessness? Surveys that help us understand poverty and general well-being usually only attempt to obtain answers from those with a fixed address. The most recent national survey on homelessness was conducted in 1996, with recent studies limited to smaller geographic areas and often relying on small, non-representative samples.

Figure 1: Benefit Receipt and Earnings in 2010: Homeless and Single Housed Poor, Ages 25-59

Note: This figure displays the share of the Census homeless population and single housed poor comparison group receiving various benefits and earnings in 2010. The vast majority received at least one safety net benefit (89 percent of the sheltered and 80 percent of the unsheltered), and about 52 percent of sheltered homeless individuals and 40 percent of unsheltered homeless individuals had formal employment, albeit with low earnings (a median of $8,300 among workers) that suggest sporadic and/or part-time work at very low wages. Please see working paper for more details.
samples. And it is important to understand the income, employment, and safety net participation of people who have experienced homelessness if we hope to design effective and well-targeted policies.

This research answers that call. The authors’ main sample consists of 139,000 adults who were recorded as homeless in the 2010 Census, of which 89,500 were residing in homeless shelters and 49,500 were living in unsheltered situations. These data provide by far the largest and most representative samples ever used to study these questions, particularly for unsheltered homeless individuals, a group that has never been linked to administrative data on a large scale. Please see the working paper for more detail on data sources and methodology, but the authors’ approach benefits not only from these large, national samples, but also from a wealth of accurate income and safety net information from the administrative records of a host of government agencies, including the Internal Revenue Service and the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), as well as Medicaid, Medicare, Temporary Assistance for Needy Families, and many others that shed light on the homeless population. They find the following:

- People experiencing homelessness are surprisingly well-connected to formal employment and the safety net, in contrast to earlier depictions of a population “unconnected to the world of work” with “no safety net of entitlements.”
- Ninety-seven percent of sheltered homeless adults, and 93 percent of unsheltered homeless adults were formally employed or enrolled in at least one safety net program in 2010, the year they were observed as homeless. Many were drawn from the ranks of the working poor: about half of those in shelters and 40 percent of those at unsheltered locations had formal employment in 2010, albeit with low median annual earnings (about $8,300) suggesting low-wage, sporadic work.
- About 77 percent of sheltered and unsheltered homeless adults were enrolled in SNAP in 2010.
- The median value of the authors’ most comprehensive resource measure, which adds to cash income the value of in-kind transfers from government programs, was $7,500 for those in shelters and $5,500 for those in unsheltered living situations in 2010.

### Figure 2 · Median Income Including In-Kind Transfers in 2005-2016: Homeless and Single Housed Poor, Ages 25-59

Note: This figure examines longitudinal patterns of median income including the value of in-kind transfers from SNAP and HUD between 2005 and 2016. The solid lines indicate the value of income from all sources except SSI, which the authors incorporate starting in 2010 (as reflected in the dashed lines) when these data become available. This figure illustrates the stark persistence of material deprivation for this population, with incomes remaining very low over the four years prior to and six years after an observed period of homelessness. Please see working paper for more details.

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**Safety net:** Generally understood as government programs that protect low-income and/or homeless citizens, including elements of Social Security like Supplemental Security Income and Disability Insurance, and Medicare, Medicaid, Unemployment, and Welfare Programs, among others.

**Administrative records:** Documents created by governmental agencies to support their mission activities, such as budget and finance, human resources, and facilities. Administrative records are collected for administrative purposes, such as registration, transaction, and record keeping, usually for the provision of public services.
These findings suggest that people experience homelessness not because they are estranged from formal income and programs, but because they are very poor despite being highly connected to work and the safety net.

The authors then analyze data over time (or longitudinally), revealing persistent, severe deprivation, with incomes remaining low for the decade surrounding an observed period of homelessness. For example:

- Median annual income, including the value of in-kind transfers, never exceeded $10,000 in the sheltered homeless sample and $8,000 in the unsheltered homeless sample in the decade surrounding 2010. There was only a small dip in employment and earnings relative to the long-term trend preceding an observed period of homelessness, suggesting that large shocks to employment and earnings are not the predominant precipitating event for most spells of homelessness.

- Connections to the safety net were also persistently high over the study’s ten-year period and peaked in the year observed as homeless, perhaps due in part to service providers’ and shelters’ efforts to facilitate enrollment in these programs.

- There is a long-term pattern of declining employment that is accompanied by increasing enrollment in disability programs, with receipt of Supplemental Security Income or Disability Insurance increasing from 19 to 34 percent for the sheltered homeless and 29 to 40 percent for the unsheltered homeless between 2010 and 2016.

The authors interpret these longitudinal patterns as suggesting that homelessness tends to arise in the context of severe long-term deprivation, alongside steadily declining employment and increasing disability assistance receipt, rather than large shocks to income.

**Bottom line:** The authors offer important caveats and discuss the need for future research, but their key findings stress that homelessness does not appear to be driven primarily by major shocks to income, employment, or safety net benefit receipt. Instead, they highlight the exceptional vulnerability that comes with long-term, severe poverty, which in turn leaves little buffer against what otherwise might be considered modest disruptions to life circumstances. By adding important new insights into our understanding of homelessness, this pathbreaking analysis can help us identify the most effective strategies for improving the lives of this exceptionally deprived, and ill-understood, segment of the US population.

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**In-kind transfers:** In lieu of cash, a government agency may provide welfare support by distributing, for example, housing vouchers or nutrition assistance.

**Supplemental Security Income (SSI):** SSI is a federal program that provides monthly cash payments to people with limited income and resources, including people who are blind, age 65 or older, or have a qualifying disability. SSI is administered by the Social Security Administration.

**Disability Insurance:** Social Security Disability Insurance (SSDI), or “Disability,” provides monthly payments to people who have a disability that stops or limits their ability to work. SSDI is administered by the Social Security Administration.