

## The working poor

In addition to having incomes below the poverty line, the working poor tend to share certain economic and demographic characteristics.<sup>1</sup> First, they face labor market problems like unemployment, involuntary part-time employment, and low earnings—all of which lower their annual incomes. Second, the working poor often live in family structures that are more conducive to poverty, such as those with dependent children but only one family member of working age. Finally, the working poor are overrepresented among women, blacks, Hispanics, and the less educated.

Of the more than 36 million people living in poverty in 1995, about 7.5 million either worked or looked for work for at least half the year and hence were classified as the working poor. The “poverty rate” for workers—the ratio of the working poor to all persons who were in the labor force for 27 weeks or more—was 5.9 percent. As in previous years, the majority of the working poor in 1995 worked full time most weeks during the year, although full-time workers generally are less likely to be poor. (See table 1.)

The three primary labor market problems faced by the working poor are unemployment, involuntary part-time employment, and low earnings. As shown in the tabulation below, 3.1 million (42 percent) of the working poor in 1995 experienced at least one spell of unemployment during the year. Also, nearly a quarter of the working poor cited involuntary part-time work at some time during the year among their labor market difficul-

ties. Among the working poor (in thousands):

|                  | Number with unemployment | Number with involuntary part-time employment |
|------------------|--------------------------|--|
| Total            | 3,134                    | 1,799  |
| 1 to 26 weeks    | 1,674                    | 1,176  |
| 27 weeks or more | 1,460                    | 624  |
| Median weeks     | 26.2                     | 17.3   |

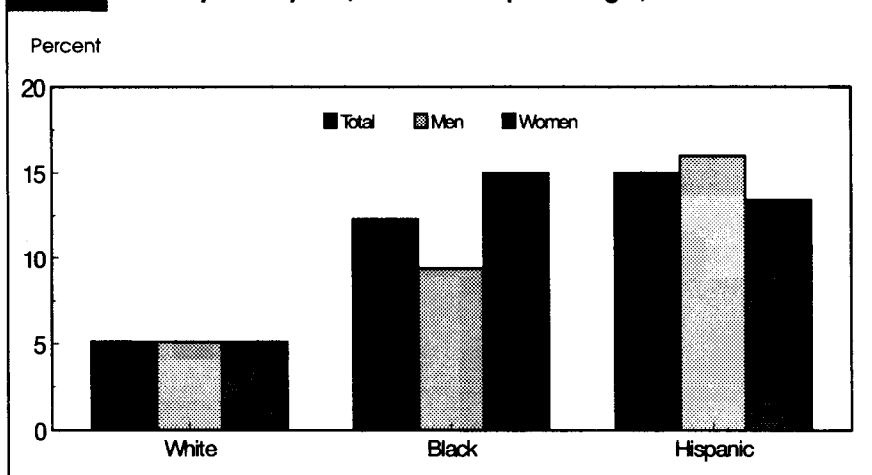
*Full-time wage and salary workers.* Among full-time wage and salary workers who were in the labor force for at least half the year in 1995, 3.9 million lived in poverty.<sup>2</sup> Of these, the vast majority (86 percent) experienced at least one of the three major labor market problems at some time during the year. Low earnings were the most common problem, with 7 in 10 of poor workers subject to low earnings alone or in combination with other labor market problems. Unemployment, either by itself or in combination with other problems, was an issue for about 4 in 10 of this subgroup of the working poor. Finally, a little more than 1 in 7 worked part time involuntarily in 1995. (See table 2.)

*Families.* Family structure—including marital status, size of family, and the labor force status of family members—plays an important role in determining poverty rates among workers. The working poor are most likely to be in families maintained by single parents (especially women), and least likely to be in married-couple families (especially those with two or more earners). The poverty rate for families maintained by women with children under 18 was 25 percent in 1995; the rate among married-couple families with at least two earners was less than 2 percent.

*Demographic characteristics.* Although there were slightly more men among the working poor than women in 1995, the poverty rate continued to be greater for women (6.4 versus 5.6 percent). Similarly, while white workers comprised about three-fourths of the total number of working poor, poverty rates were 2½ and 3 times higher, respectively, for blacks and Hispanics. Among white workers, men’s and women’s poverty rates were equal, at

<sup>1</sup>“At issue” was prepared by Thomas W. Hale, an economist in the Division of Labor Force Statistics, Bureau of Labor Statistics.

Chart 1. Poverty rate by sex, race and Hispanic origin, 1995



**Table 1. Persons in the labor force for 27 weeks or more: poverty status by work experience, usual full- or part-time status, 1995**

[Numbers in thousands]

| Work experience                                    | Total in the labor force | At or above poverty level | Below poverty level | Poverty rate <sup>1</sup> |
|--|--------------------------|---------------------------|---------------------|---------------------------|
| Total in labor force .....                         | 126,020                  | 118,539                   | 7,482               | 5.9                       |
| Did not work during the year .....                 | 1,085                    | 583                       | 502                 | 46.3                      |
| Worked during the year .....                       | 124,935                  | 117,955                   | 6,980               | 5.6                       |
| Usual full-time workers .....                      | 103,545                  | 99,113                    | 4,433               | 4.3                       |
| Some involuntary part-time work <sup>2</sup> ..... | 5,917                    | 5,234                     | 683                 | 11.5                      |
| Usual part-time workers .....                      | 21,390                   | 18,843                    | 2,547               | 11.9                      |
| Involuntary part-time workers .....                | 4,307                    | 3,190                     | 1,116               | 25.9                      |
| Voluntary part-time workers .....                  | 17,083                   | 15,653                    | 1,431               | 8.4                       |

<sup>1</sup> Number below the poverty level as a percent of the total in the labor force for 27 weeks or more.      <sup>2</sup> Number who usually worked full time (35 hours or more per week) but who worked part time involuntarily in at least one week during the year.

**Table 2. Full-time wage and salary workers in the labor force for 27 weeks or more: poverty status and labor market problems, 1995**

[Numbers in thousands]

| Poverty status and labor market problems  | Total  | At or above poverty level | Below poverty level | Poverty rate <sup>1</sup> |
|---|--------|---------------------------|---------------------|---------------------------|
| Total, full-time wage and salary workers .....  | 97,931 | 94,020                    | 3,912               | 4.0                       |
| No unemployment, involuntary part-time employment, or low earnings <sup>2</sup> ..... | 77,013 | 76,472                    | 541                 | 0.7                       |
| Unemployment only .....   | 6,289  | 5,770                     | 519                 | 8.3                       |
| Involuntary part-time employment only .....   | 2,650  | 2,595                     | 56                  | 2.1                       |
| Low earnings only .....   | 7,250  | 5,729                     | 1,520               | 21.0                      |
| Unemployment and involuntary part-time employment .....                               | 1,199  | 1,101                     | 99                  | 8.2                       |
| Unemployment and low earnings .....   | 2,053  | 1,307                     | 745                 | 36.3                      |
| Involuntary part-time employment and low earnings .....                               | 968    | 729                       | 239                 | 24.7                      |
| Unemployment, involuntary part-time employment, and low earnings .....                | 509    | 317                       | 192                 | 37.7                      |

<sup>1</sup> Number below the poverty level as a percent of the total in the labor force for 27 weeks or more.      <sup>2</sup> The low earnings threshold in 1995 was \$224 per week.

5.1 percent. For blacks and Hispanics, however, there were substantial differences by gender. Black women, with a poverty rate of 15 percent in 1995, were more likely to be among the working poor than black men, whose rate was 9.4 percent. The opposite was true for Hispanic workers, among whom men had a working poverty rate of 16 percent, compared to a 13.4-percent rate for women. In addition, as in earlier analyses, young workers were the most likely to be poor, with poverty rates among black and Hispanic teenagers especially high. (See chart 1.)

**Educational attainment.** In general, workers with more education are much less likely to be among the working poor than those with less education. Among workers who were in the labor force for at least half the year in 1995, the poverty rate was nearly three times greater for those with less than a high school diploma than it was for high school graduates (17.2 versus 6.1 percent). Among workers who had been to college, poverty rates were quite low: 3.3 percent for those with an associate degree, and 1.5 percent for those with a bachelor's degree. □

## Footnotes

<sup>1</sup> The working poor are defined as those persons who devoted 27 weeks or more during the year to working or looking for work, and who either lived in families with incomes below the official poverty threshold for a family of that size, or were unrelated individuals whose own incomes fell below the poverty threshold. The poverty threshold for a family of four was \$15,569 in 1995. For more complete definitions of concepts and background information on the working poor, see Jennifer M. Gardner and Diane E. Herz, "Working and poor in 1990," *Monthly Labor Review*, December 1992.

<sup>2</sup> Full-time wage and salary workers are those who worked 35 hours or more per week during most weeks of the year, and who received wages, salaries, commissions, tips, payments in kind, or piece rates for the work they performed. Self-employed workers are excluded from this group.