A profile of the working poor

More than 6 million persons who spent at least half of 1987 in the labor force were poor; among families with workers, those headed by unmarried women with children have the highest poverty rates

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Policymakers and researchers have been interested for a long time in the link between the labor market problems of workers and the economic status of their families. When workers are either unemployed or limited to part-time work, or when they have to work at very low wages, their personal finances suffer. But the impact on their families varies. In many cases, it may not be severe. At the extreme, however, several million families live below the official poverty level, even when some of their members are active in the work force. This situation is most common when only one family member works and earns low wages.

This article focuses on persons who are labor force participants but live in poor families. The labor market experiences and family circumstances of these persons are contrasted with those of persons in the work force who are not poor. Some general findings are as follows:

- The *working poor* made up about one-third of all persons age 16 and over who were in poverty. These are the more than 6 million persons whose family income was below the official poverty level in 1987, even though they worked or looked for work at least half of the year.
- Labor market problems such as unemployment or the inability to find full-time work are most likely to cause poverty when they occur in conjunction with low wages. Two-thirds of the working poor who usually work full time have weekly earnings that are below a "low-earnings" threshold used in this analysis.
- The presence of more than one worker in a family dramatically lowers the probability of poverty. In particular, poverty is rare in husband-and-wife families where both are employed.
- Unmarried women maintaining families are the workers with the greatest risk of living in poverty. Their earnings are rarely supplemented by those of other family members, and their wages, like those of women in general, are substantially lower than men's. Almost one-fourth of single-earner families maintained by women are poor.
- Because education has a strong influence on earnings, individuals with low levels of schooling are overrepresented among the working poor. Most at risk are black workers and women, because, at every level of education, they have lower earnings than white men.

Background and definitions

A number of substantial efforts have been made to study issues which have been broadly labeled "economic hardship."[1] The Bureau of Labor Statistics issued annual reports between 1982 and 1987 entitled *Linking Employment Problems to Economic Status*. In these reports, Cur-

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rent Population Survey (CPS) data were used to provide estimates of the number of workers who had encountered any of a list of labor market problems during a given year, however slight they might have been. The number of such persons totaled 33 million in 1985.[2]

This article focuses on a much smaller universe. It first identifies *families* living in poverty and then examines the labor market characteristics and problems of the *workers* in these families.[3] The approach emphasizes the "working poor," a term often used, although with a wide range of meanings. Here, the working poor are defined as *persons who have devoted at least half the year to labor market efforts, being either employed or in search of a job during that period, but who still lived in poor families.* While the 6-month cutoff is somewhat arbitrary, it is meant to exclude not only nonparticipants in the labor force, but also marginal participants. Such persons may also live in poverty, but their economic problems are not likely to have stemmed primarily from their failures in the workplace, or the failure of the workplace to provide jobs. Among those falling into this category are students who look for work for 1 or 2 weeks before finding summer employment and persons who are ill or disabled most of the year.

Blacks and women are at higher risk of poverty because they have lower earnings than white men at all levels of education.

The most complicated aspect of the analysis presented here is that the working poor, as a group, owe their poverty status to two sets of circumstances: (1) low earnings, resulting from a range of labor market problems, including unemployment, inability to find full-time work, and low wage rates; and (2) a family structure that is conducive to poverty, such as the presence of dependent children and only one earner. Because the poverty threshold—that is, the amount of money needed to stay out of poverty—is a function of family size, it is actually possible for a "poor" worker to have earned much more than a worker who, because of different family circumstances, is classified as nonpoor. The following are some hypothetical examples of persons whose employment and family characteristics leave them in poverty:

- Bob is married, is the father of two children, worked as a construction laborer, and earned $5.25 an hour. His wife did not work. Bob usually worked full time, but because of bad weather and temporary layoffs, he lost several weeks of work. He earned $9,555 in 1987, before taxes.
- Barbara is a single mother with two children, worked in a cleaning store, and earned $3.35 an hour, the minimum wage. She worked all year, except for 2 weeks when the children were sick, and earned $6,700.
- Jane lives alone, worked in a cafeteria 4 hours a day, and earned $3.75 an hour. She would have preferred to work full time, but was unable to find another job. In 1987, she earned $3,750 before taxes.

Families of four, like Bob's, required at least $11,611 in 1987 to be considered above poverty by the Federal Government's definition. Families of three, like Barbara's, required at least $9,056 to be considered out of poverty, while a person living alone, such as Jane, needed an annual income of $5,909 or more. Thus, assuming that their families had no other sources of income, Bob, Barbara, and Jane would each have been a member of the "working poor."

The working poor

Of the 112 million persons who spent at least half a year in the labor force in 1987, 6.4 million were members of poor families. Thus, the poverty rate among workers was 5.6 percent. Exhibit 1 profiles poor and nonpoor workers, comparing their personal traits, labor market performances, and family situations. Table 1 provides additional detail on the demographic and personal characteristics of workers who are poor and those who are not.

While persons from every age, race, sex, and educational group are found among the working poor, the key variables that relate to poverty among workers are family relationship and education. Family structure largely determines the number of potential wage earners, and education is the best predictor of earnings.

Despite the fact that men's earnings are generally much higher than women's, a working husband had a higher probability of his family's being poor in 1987 (4.2 percent) than did a working wife (2.5 percent). The reason is that husbands are more likely than wives to be the sole support of their families. Black workers have very high poverty rates (13.2 percent, compared to 4.7 percent for whites), largely because they tend to live in family arrangements that are most conducive to poverty. Black men are disproportionately in the group of unrelated individuals (those not living with other relatives), and black women are far more likely than women of other racial or ethnic groups to maintain families themselves. Women who maintain families had the highest poverty rates of any of the major groups shown in table 1—nearly 18 percent. The poverty situation for black workers is exacerbated by their relatively low levels of educational attainment (employed blacks are almost 50 percent more likely than whites not to have completed high school) and the resultant low earnings.

Nonagricultural wage and salary workers made up the bulk of the working poor, although 10 percent had been employed in agriculture, an industry with a poverty rate four times that of

the nonagricultural sector. Twelve percent were self-employed, possibly reflecting work in some very small-scale enterprises.[4]

The labor market problems that poor workers experience are quite different from those of nonpoor workers. Nearly half of the working poor experienced unemployment at some time during 1987, while only 1 in 8 of the nonpoor did so. (See table 2.) And the median number of weeks of unemployment was much higher for the poor than the nonpoor workers—26 versus 13 weeks. Also, relative to nonpoor workers, poor workers were nearly four times as likely to have been limited, for at least part of the year, to working part time when they would have preferred full-time work.

Nevertheless, these labor market problems, by themselves, generally did not make workers poor. Among both the unemployed and involuntary part-time workers, nonpoor persons outnumbered poor persons by $4\frac{1}{2}$ to 1. In fact, the nonpoor even predominate among those unemployed for half a year or more.

Aside from experiencing unemployment or being limited to involuntary part-time work, the working poor have a strong tendency to work in jobs that pay low wages. Previous research supports the contention that low pay may be the primary cause of poverty among workers. In a 1976 study, Frank Levy addressed the effect of unemployment, measured in terms of work-hour losses, on the earning levels and poverty status of workers.[5] Levy found that merely increasing the number of hours for which poor workers were paid (at their usual wage rate) would have removed few of their families from poverty status. Many of the workers who had lost work due to unemployment or were unable to get full-time work were in poverty primarily because their jobs paid low wage rates.

The situation reflects the workings of low-wage labor markets. Unemployment and involuntary part-time work do not occur randomly across the earnings spectrum. Unemployment, particularly, is most common among workers who have low-wage jobs, as is evident from data on the rates of joblessness in individual occupations.

Table 1. **Characteristics of poor and nonpoor workers, 1987**

[Numbers in thousands]

Characteristic	Poor workers		Nonpoor workers		Poverty rate[1]
	Number	Percent	Number	Percent	
Age, sex, and race					
Total, 16 years and over	6,400	100.0	107,089	100.0	5.6
16 to 19 years	494	7.7	4,275	4.0	10.4
20 to 24 years	1,175	18.4	11,837	11.1	9.0
25 to 54 years	4,163	65.0	76,490	71.4	5.2
55 years and over	568	8.9	14,487	13.5	3.8
Men	3,346	52.3	60,022	56.0	5.3
Women	3,054	47.7	47,067	44.0	6.1
White	4,647	72.6	93,649	87.4	4.7
Black	1,567	24.5	10,269	9.6	13.2
Family relationship					
Husbands	1,669	26.1	38,088	35.6	4.2
Wives	685	10.7	27,114	25.3	2.5
Women who maintain families	1,091	17.0	5,074	4.7	17.7
Men who maintain families	158	2.5	1,857	1.7	7.8
Others in families	860	13.4	17,071	15.9	4.8
Unrelated individuals	1,937	30.3	17,886	16.7	9.8
Education					
Fewer than 4 years of high school	2,466	38.5	16,051	15.0	13.3
4 years of high school	2,620	40.9	43,355	40.5	5.7
1 to 3 years of college	867	13.5	22,215	20.7	3.8
4 years of college or more	447	7.0	25,468	23.8	1.7

[1] The number of poor workers as a percent of all workers who spent 27 weeks or more in the labor force in 1987.

NOTE: Because of rounding, sums of individual items may not equal totals.

The significance of low earnings

Determining the prevalence of low earnings among poor and nonpoor workers involves defining exactly what is meant by low earnings, establishing a cutoff line, and then applying the cutoff to the available data on earnings. Information is collected in the March CPS supplement on annual earnings in the prior calendar year, along with weeks worked and usual hours worked. Using these data, past BLS analyses on labor market hardship have focused on the earnings of full-time, year-round workers, identifying them as "low-wage" workers if their yearly earnings fell below the Federal minimum hourly wage multiplied by 2,000.

The methodology was changed for this article for two reasons. First, we wanted to examine the earnings of workers who worked less than year round, particularly because so many of the working poor experienced unemployment. Second, the number of workers employed at the Federal minimum wage, set at $3.35 since 1981, has been gradually declining as nominal wages have increased. The resulting drop in the number and proportion of minimum-wage workers does not necessarily mean that low earnings are any less of an issue as an employment problem.

The major goal in defining a more relevant low-earnings level was to choose a method that accepted the minimum wage as an important indicator of society's view of low wages, but also allowed analytically meaningful comparisons to be made over time. There is no one method which lends itself to this end, and, certainly, the choice of methodologies largely determines the number of low earners that the analysis will identify. (See the appendix for a discussion of the sensitivity of the number of low earners to several low-wage options.)

The low-wage level chosen for this analysis is an average of the minimum-wage levels in effect from 1967 to 1987, calculated from each year's value, *expressed in 1987 dollars.*[6] The average minimum-wage value for the entire 21-year period, in 1987 dollars, was $4.18 per hour. Assuming a 40-hour week, this would translate to weekly earnings of $167.20. This figure was then compared with the weekly earnings for each full-time wage and salary worker to determine whether actual 1987 earnings were above or below the "low-earnings" threshold.

About 2.1 million poor full-time wage and salary workers who were in the labor force at least half the year earned the low-earnings level of $167.20 per week or less. To place this measure in perspective, 1.6 million earned the prevailing minimum wage of $3.35 or less, while 2.6 million earned 150 percent of the minimum or less ($5.03). (See the appendix for details on determining the low-earnings figure.)

The data for 1987 indicate that fully two-thirds of the poor who usually worked in full-time wage and salary jobs had earnings at or below the low-earnings threshold. Three-quarters of these low earners had average weekly earnings of $134 or less, which would be the equivalent of earning the minimum wage of $3.35 for a 40-hour week.

Analysis shows that there is considerable evidence that a strong relationship exists between low earnings and poverty status. Two-thirds of poor full-time workers experienced low earnings. Furthermore, even among the poor full-time wage and salary workers who also experienced either unemployment or involuntary part-time work, most had low earnings. (See table 3.) By contrast, the poverty rate was quite low—only 7 percent—

Exhibit 1. Comparing poor with nonpoor workers

Dimension	Poor workers	Nonpoor workers
Definition	Persons who worked or sought work for 27 weeks or more during the year and lived below the poverty level	Those who worked or sought work for 27 weeks or more during the year and lived at or above the poverty level
Industry and class of worker	About 10 percent were agricultural workers; 12 percent were nonagricultural self-employed; and 78 percent were nonagricultural wage and salary workers	Only 3 percent worked in agriculture; 9 percent were nonagricultural self-employed; and 88 percent were nonagricultural wage and salary workers
Work schedules	Of the 6.4 million working poor, 1.9 million (29 percent) worked full time, year round	Of the 107 million nonpoor workers, 75 million (70 percent) worked full time, year round
Location	Three in 10 lived in nonmetropolitan areas	Two in 10 lived in nonmetropolitan areas
Family relationship	26 percent were husbands; 11 percent were wives; 17 percent were women who maintained families; and 30 percent were persons living outside of families	36 percent were husbands; 25 percent were wives; 5 percent were women who maintained families; and 17 percent were persons living outside of families
Race	73 percent were white; 24 percent were black	87 percent were white; 10 percent were black
Education	About 40 percent were dropouts; 40 percent had completed high school; only 20 percent had attended college	15 percent were dropouts; 40 percent were high school graduates; 45 percent had attended college

among those who had been unemployed but did not also experience low earnings. For those unemployed persons who also had low earnings, the rate was dramatically higher—37 percent. Similarly, those who were forced to work part time at least some of the year even though they would have preferred full-time work had only about a 2-percent chance of being poor if they experienced no other labor market problem. Those who also had low earnings, though, had a poverty rate of 26 percent. Thus, among full-time workers, low earnings alone are an important contributor to poverty, and they greatly increase the probability of poverty among those with other labor market problems.

While low weekly earnings (stemming from low hourly wage rates) were the most common problem for those working poor who usually worked full time, it should be noted that, as with the unemployed, most low-wage earners were not in poverty. In fact, for each low-wage worker in a poor family, three were in families that were not poor. The poor families were most often those in which no one other than the low earner had worked.

As an illustration, table 4 indicates that, among persons earning low wages, husbands in married-couple families, persons who maintain families without a spouse, and unrelated individuals had the highest probability of being poor. These individuals are more likely than others to be the sole support of their families or households. In contrast, when wives or other persons related to a householder work for low pay, their earnings are generally supplemented by others. Hence, their poverty rates are relatively low.

Overall, a full-time wage and salary worker with low earnings had a 25-percent probability of being poor. By comparison, full-time workers who earned more than the low-earnings level had only a 2-percent chance of being below the poverty level.

Low-earning levels were only estimated for full-time workers because past research has found that weekly earnings calculated from annual data for part-time workers are quite unreliable.[7] Although part-time workers work fewer hours, the *hourly* wages of poor part-time workers, could, in theory, be higher than those earned by full-time workers. Still, given the relatively low wages paid part-time workers in general, it is reasonable to infer that a large proportion of poor part-time workers also earned wage rates below the $4.18 "low-wage" level.

The group most affected by low wages was women heading families containing children (not shown in table 4). Three-fourths of these women who worked full time at low wages were living below the poverty level. More will be said about these workers later.

Table 2. Incidence of labor market problems among poor and nonpoor workers in the labor force 27 weeks or more in 1987

[Numbers in thousands]

Labor market problem	Poor workers		Nonpoor workers		Poverty rate[2]
	Number	Percent[1]	Number	Percent	
Total	6,400	....	107,089	....	5.6
Unemployment	2,861	44.7	12,743	11.9	18.3
1 to 26 weeks	1,539	24.0	10,425	9.7	12.9
27 weeks or more	1,322	20.7	2,318	2.2	36.3
Involuntary part-time work	1,795	28.0	8,393	7.8	17.6
1 to 26 weeks	1,228	19.2	6,302	5.9	16.3
27 weeks or more	567	8.9	2,091	2.0	21.3
Full-time wage and salary workers	3,161	....	83,428	....	....
Low earnings[3]	2,127	67.3	6,550	7.9	24.5

[1] Individuals can have more than one labor market problem. The percent shown for low earners applies only to those persons who usually worked in full-time wage and salary jobs.

[2] Percent of workers with each labor market problem who are poor. Percent poor among those with low earnings uses full-time wage and salary workers as the denominator.

[3] Low earnings are equal to or less than $167.20 per full-time workweek. See "Appendix: Measurement of low earnings."

Of all readily observable personal characteristics, researchers have repeatedly found education to have the most consistently powerful effect on earnings. Aside from education, only one's family background seems to influence earnings and poverty to a large extent, and it does so primarily indirectly, through its influence on education. Other factors, such as years of work experience and test scores, have been found to have less impact in and of themselves.[8] The following tabulation demonstrates the marked difference in the poverty profiles of workers in 1987 in terms of their levels of education:

	Numbers (in millions)	*Percent poor*
Total, in the labor force 27 weeks or more	113.5	5.6
Fewer than 4 years of high school	18.5	13.3
4 years of high school only	46.0	5.7
1–3 years of college	23.1	3.8
4 years of college or more	25.9	1.7

Numerous explanations are available for the relatively low earnings profiles of blacks and women. To begin with, blacks have lower educational levels than whites. This, by itself, tends to lower blacks' earnings (relative to white men's) and, hence, raise their poverty rates. In addition, both blacks and women have

lower earnings than white men at all levels of educational attainment, which also contributes to the relatively high poverty rates of blacks, as shown in table 5. (Women's rates are not affected as much as blacks' because women's earnings are so often supplemented by those of a working husband.) The earning differentials between white men and blacks and women have often been attributed to discrimination, and a variety of theories have been proposed by economists and sociologists which seek to explain the effect of discrimination on differences in earnings.[9]

One factor explaining why blacks and women have lower earnings is that they tend to be in jobs that provide less on-the-job training. Saul Hoffman, in a 1981 article entitled "On-the-job training: difference by race and sex," suggests that this is one reason why blacks and women have lower earnings than white men even when educational levels are similar.[10] Hoffman found that blacks and women were seldom in jobs in which they were currently receiving training. Similarly, jobs held by blacks and women required a relatively short period before workers felt that they were "fully trained and qualified," the assumption being that such time is spent acquiring skills. By virtue of their increased skills over time, which are generally associated with job or career advancement, the earnings of white men tend to rise at a faster rate than the earnings of blacks and women. Hence, Hoffman concludes that white men are less likely to be trapped at very low wages.

Table 3. **Number of full-time wage and salary workers with selected labor market problems living below the poverty level, 1987**

[Numbers in thousands]

Labor market problems	Number poor	Percent distribution	Poverty rate[1]
Total, 16 years and over	[2]3,161	....	3.7
With at least one labor market problem	2,727	....	14.4
Low earnings, total	2,126	100.0	24.5
Low earnings only	961	45.2	18.1
Low earnings and unemployment only	683	32.1	36.5
Low earnings and involuntary part time[3] only	206	9.7	26.3
All three problems	276	13.0	38.9
Unemployment, total	1,527	100.0	14.2
Unemployment only	440	28.8	6.5
Unemployment and low earnings only	683	44.7	36.5
Unemployment and involuntary part time only	128	8.4	8.9
All three problems	276	18.1	38.9
Involuntary part time, total	642	100.0	12.7
Involuntary part time only	32	5.0	1.5
Involuntary part time and low earnings only	206	32.1	26.3
Involuntary part time and unemployment only	128	19.9	8.9
All three problems	276	43.0	38.9

[1] Percent of workers with each set of labor market problems who are poor.

[2] Includes 434,000 poor full-time wage and salary workers who did not experience any of the three labor market problems listed.

[3] Persons who usually work full time are included in the category of working part time for economic reasons (involuntary part-time workers) if they worked less than 35 hours at least one week when they would have preferred full-time work.

Meeting family needs with earnings

As noted earlier, poverty is a condition closely tied to one's family situation, that is, to the amount of family resources and to the number of people who need to share those resources. For example, the family of a worker with minimum-wage earnings and extensive unemployment will not be poor if another member earns enough to keep the family's income above the poverty threshold. Indeed, most individuals who experienced the labor market problems identified in this analysis were not members of poor families in 1987.

Researchers have also noted how closely a family's economic status is linked to the size or composition of the family. Divorce, the death of a spouse, marriage, birth, or the departure of a child from the home can radically alter both family composition and earnings and thus have as profound an effect on poverty status as unemployment or a decline in wage rates.[11]

Families of the working poor. Of the 7 million families that were in poverty in 1987, 3.4 million were there despite the fact that at least one member was in the labor force most of the year. This represents about 6 percent of all families with a working member. The median income of these families that were below the poverty level was $6,805, compared with $36,716 for nonpoor families with workers. The fact that 83 percent of the families of the working poor had children, compared with only 55 percent of nonpoor families, shows the strong impact of family composition on poverty.

The most dramatic difference between poor and nonpoor families is the percent with only one earner. As shown in the following tabulation, 76 percent of poor families had only one working member, while the majority of nonpoor families had two or more earners.

	Nonpoor families	*Poor families*
All families with a member in the labor force 27 weeks or more (thousands)	50,012	3,382
Percent with:		
One member in the labor force 27 weeks or more	39.3	75.9
Two or more members in the labor force 27 weeks or more	60.7	24.1

Almost 40 percent of poor families were maintained by women, compared with just 12 percent of nonpoor families. The fact that so many poor families are maintained by women reflects several of the influences on poverty already discussed: these women's relatively low level of education and their resultant low wages; less career advancement among both women and blacks (female family heads are disproportionately black); the lack of other earners in those families; and the interrelationship between family size and the poverty threshold. As the next tabulation shows, when only the family head worked, the poverty rate in such families was 24 percent. Among married-couple families, in contrast, even when only one spouse worked, the poverty rate was only 8 percent. This is because, in the latter case, the one earner is most often a man, and few married men earn the low wages that result in poverty.

	Percent below the poverty level
All families with at least one person in the labor force 27 weeks or more	6.3
Married-couple families, total	4.4
Only one member in the labor force 27 weeks or more	8.2
Two or more members in the labor force 27 weeks or more	2.3
Families maintained by women, total	17.2
Householder is the only person in the labor force 27 weeks or more	24.2
Families maintained by men, total	7.8
Householder is the only person in the labor force 27 weeks or more	11.6

When a woman maintains a family and her earning potential is at or near the minimum wage, she generally cannot keep out of poverty. Researchers have found that, to many in this circumstance, welfare, generally in the form of Aid to Families with Dependent Children (AFDC), becomes a more attractive alternative.[12] Even when the welfare benefit is less than the potential earnings, receiving welfare may still be attractive because it does not involve such employment-related costs as child care, transportation, clothing, taxes, and Social Security withholding.

In the study mentioned earlier, Levy found that poverty among working women was not primarily a function of unemployment, or of voluntarily working less than year-round, full-time hours, or even of earning lower wage rates than other women.[13] In fact, even if poor female heads of household earned a "normal" wage—that is, a wage equal to that of nonpoor women with similar characteristics, such as age and education—for a full-time work year, few would rise above poverty. This reflects the concentration of women, both poor and nonpoor, at low wage rates relative to men and underscores the fact that those women who are the sole earners in their families often have a difficult time staying out of poverty.

Table 4. **Poverty rates and percent distribution of poor full-time wage and salary workers who earn less than the low-earnings level, by family type and relationship, 1987**

Family type and relationship	Full-time wage and salary workers earning less than low-earnings level		Percent distribution of poor low-wage earners
	Number (thousands)	Poverty rate[1]	
Total, 16 years and over	[2]8,676	24.5	100.0
In married-couple families	4,914	13.6	31.5
Husbands	1,116	35.5	18.6
Wives	2,193	8.8	9.1
Other	1,604	4.9	3.7
In families maintained by women	1,517	36.3	25.9
Householder	699	58.9	19.4
Other	818	16.9	6.5
In families maintained by men	388	17.8	3.2
Householder	115	38.3	2.1
Other	274	9.1	1.2
Unrelated individuals	1,758	44.4	36.7

[1] Percent of workers in each category who are poor.

[2] Total includes 99,000 persons who are members of unrelated subfamilies which are not shown elsewhere in the table.

NOTE: Because of rounding, sums of individual items may not equal totals.

Women who maintain families actually have median average weekly earnings for full-time work that are nearly identical to those of married women. The latter, however, almost always have a working husband. Another, perhaps more meaningful, comparison is that families maintained by women have only half the median earnings of married-couple families.[14] Yet their financial requirements are not much less, because their average family size is little different from that of married-couple families.[15]

Families headed by black women are overrepresented among the poor, not because black women's earnings are that much lower than white women's (they are not), but because such a large proportion of these women are the sole earners in their families. The proportion of all black families headed by women (no spouse

present) has risen dramatically over the past several decades—from less than 20 percent in 1950 to more than 40 percent in the 1980's.[16] Part of the rise stems from a dramatic increase over this period in the proportion of never-married black women who head families. Also, black women have much higher separation and divorce rates than white women, and the differences are exaggerated by the very low remarriage rates among blacks.[17]

Much of the literature related to the increase in the proportion of black female-headed families focuses on the role of various welfare programs, particularly AFDC, in encouraging such a family structure. In particular, William Julius Wilson and Kathryn M. Neckerman have suggested that the relatively poor economic status of young black men, as evidenced by their low labor force participation rates, has reduced the pool of "marriageable" black men.[18]

Almost 40 percent of poor families were maintained by women as the sole earners.

Poverty is also relatively common among workers living alone or with unrelated individuals. Three out of 10 poor workers fall into this category. They are younger than most workers, a large proportion being 16 to 24 years of age. They generally work at low wages, and, while they have no family to support, neither can they depend on the earnings of other family members to keep them out of poverty. Of course, many such persons live with others and may share housing costs and possibly other expenses. If their household units were treated as families, it is possible that the combined financial contributions of all members would result in higher-than-poverty incomes. But regardless of living arrangement, each unrelated individual is held to a poverty standard for a one-person economic unit.

The dynamics of poverty

The view presented here, which also appears in many earlier reports on economic hardship, relies primarily on cross-sectional data that provide a snapshot of the working poor. This type of data, however, cannot be used to study the long-term status of the working poor. Most importantly, it cannot be used to determine the extent to which families with workers are persistently poor or the extent to which their poverty is transitory.

Longitudinal surveys, that is, those which interview the same people over a period of years, are the best source of information on the dynamics of poverty. Some research using data from the Panel Survey of Income Dynamics (PSID), a study of 5,000 households which began in 1968, has been conducted on issues related to labor market problems and poverty. For example, in addition to Levy's study mentioned earlier, Mary Corcoran and Martha S. Hill have investigated the effect of unemployment on poverty status.[19] These researchers' findings indicate that 10 percent fewer persons would be living in "poor" families if family householders had experienced no unemployment. In their study, they defined poverty as the condition of having an average income, during the 9-year period 1967–75, below 125 percent of the average poverty level. Their findings might have been quite different using cross-sectional data; perhaps unemployment has a greater influence on a family's income and poverty status in any given year than it does over an extended period of time. While the Corcoran and Hill study had a narrow focus—unemployment—it does demonstrate the different view that longitudinal data provide when examining poverty issues.

Research on the *entire* poverty population using data from the PSID indicates that poverty is rarely a permanent state for a family over a long period of time. Many individuals enter poverty because of a major change in their circumstances, such as divorce, the death of a spouse, illness, or unemployment. The PSID results show that, while fully a quarter of all U.S. families (including families with and without workers) spent at least 1 year in poverty between 1969 and 1978, fewer than 3 percent were "persistently poor"—that is, below the poverty level in at least 8 of the 10 years studied.[20] Those who were poor only temporarily had characteristics quite similar to those of the general population, supporting the notion that poverty was the tem-

Table 5. Poverty rates of workers in the labor force 27 weeks or more, by educational attainment, sex, and race, 1987

Educational attainment	Poverty rates			
	Men		Women	
	White	Black	White	Black
Total	4.7	10.5	4.8	16.0
Fewer than 4 years of high school	11.7	17.4	11.8	28.7
4 years of high school only	4.4	9.6	5.0	17.8
1 to 3 years of college	3.0	7.4	3.4	8.6
4 years of college or more	1.6	3.5	1.3	3.2

NOTE: Poverty rates are the percent of persons in the labor force 27 weeks or more who are poor.

porary result of sudden changes in family or economic status. The persistently poor were even more concentrated in two overlapping groups—blacks and women who head families—than they are found to be in the annual CPS-derived poverty data. While blacks made up only 12 percent of the U.S. population, they were found to constitute 62 percent of the persons who were persistently poor, a far larger proportion than are poor in any one year. Black women made up a third of the total.

Whether poverty among families with workers is in fact mostly transitory is difficult to infer from these data representing all poor families. Perhaps poverty is more permanent among families of the working poor, because this group is less affected by events such as divorce or death than are the nonworking poor. On the other hand, some poor workers may have enough upward mobility in their jobs or careers that they are able to earn their way out of poverty, an option that is unlikely for a poor disabled person or an elderly woman living alone. In any event, it is fairly clear that, as in all poor families, the persistently poor among families with workers are overrepresented by blacks and, particularly, black women.

The policy implications of the differences between the persistently poor and the temporarily poor are important, because measures to deal with temporary poverty would necessarily be quite different from those designed to deal with long-term poverty.

Conclusion

While unfortunate circumstances can leave many families temporarily below poverty, among workers poverty is chiefly a feature of those with a particular profile. This article suggests that 6.4 million persons in 3.4 million poor families were either employed or in search of a job during at least half of 1987. Poor workers tend to have low levels of education and, often as a result, to be employed at very low wages. Workers most likely to be poor are those who have children and are the only earners in their families. Thus, among workers, women who head families are in the greatest jeopardy of living in poverty. □

Footnotes

[1] For studies on labor market-related hardship, see: U.S. Department of Labor, *Manpower Report of the President, 1967*, pp. 74–76; William Spring, Bennett Harrison, and Thomas Vietorisz, "Crisis of the Underemployed," *The New York Times Magazine*, Nov. 5, 1972; Herman P. Miller, "Subemployment in poverty areas of large U.S. cities," *Monthly Labor Review*, October 1973, pp. 10–17; Sar A. Levitan and Robert Taggart, *Employment and Earnings Inadequacy: A New Social Indicator* (Baltimore, The Johns Hopkins University Press, 1974); Thomas Vietorisz, Robert Mier, and John Giblin, "Subemployment: exclusion and inadequacy indexes," *Monthly Labor Review*, May 1975, pp. 3–12; Francis Horvath and Janet Scholl, "Measurement of Labor Market Related Economic Hardship," unpublished paper prepared for the National Commission on Employment and Unemployment Statistics, 1977; National Commission on Employment and Unemployment Statistics, *Counting the Labor Force* (Washington, U.S. Government Printing Office, 1979), pp. 57–81; Bruce W. Klein, "The Adequacy of the Earnings Capacity of the Subemployed and Its Policy Implications," Ph.D. diss., The George Washington University, 1981; Robert Taggart, *Hardship—The Welfare Consequences of Labor Market Problems: A Policy Discussion Paper* (Kalamazoo, MI, The W.E. Upjohn Institute for Employment Research, 1982); and Bruce W. Klein, "Measuring Labor Market Related Hardship Using SIPP Data," *American Statistical Association: 1986 Proceedings of the Social Statistics Section* (Washington, American Statistical Association, 1986).

[2] Updated tables 1–19 from the aforementioned reports are available upon request from the Bureau of Labor Statistics, Office of Employment and Unemployment Statistics, Division of Labor Force Statistics, Washington, DC 20212.

[3] Like past BLS efforts, this one utilizes the March work experience and income supplements to the Current Population Survey. These supplements have questions on individuals' work activity during the entire previous calendar year, such as weeks worked, weeks spent in search of a job, and weeks spent out of the labor force, and about income and earnings over the period. The data reported were collected in March 1988 and refer to calendar year 1987.

[4] Data on the self-employed relate to nonagricultural workers only. For this article, we did not investigate the characteristics of the poor self-employed, although an analysis of their detailed occupational characteristics would probably help to understand the group.

[5] See Frank Levy, "How Big Is the American Underclass?" Working Paper 0090–01 (Washington, The Urban Institute, 1977).

[6] This measure is meant for research use only and is in no way intended as an endorsement for indexing of the minimum wage.

[7] Shirley J. Smith and Nancy F. Rytina, "Testing a New Measure of Annual Hours of Work," presented at the annual meeting of the American Statistical Association, Toronto, Canada, August 1983, p. 12.

[8] Christopher Jenks and others, *Who Gets Ahead?* (New York, Basic Books, Inc., 1979), pp. 229–30; and Greg J. Duncan and others, *Years of Poverty, Years of Plenty* (Ann Arbor, MI, Institute for Social Research, University of Michigan, 1984), pp. 111–14.

[9] See, for example, Glen G. Cain, "The Economic Analysis of Labor Market Discrimination: A Survey," in Orley Ashenfelter and Richard Layard, eds., *Handbook of Labor Economics, Volume I* (New York, North–Holland, 1986); and the classic work by Gary S. Becker, *The Economics of Discrimination* (Chicago, Chicago University Press, 1957).

[10] Saul D. Hoffman, "On-the-job training: difference by race and sex," *Monthly Labor Review*, July 1981, p. 34.

[11] Duncan and others, *Years of Poverty, Years of Plenty*, p. 10.

[12] Rosemary Kern and Jack A. Meyer, "Reforming Wel-