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# **Low-Wage Jobs and Workers: Trends and Options for Change**

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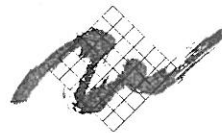
**A Summary Research Report**

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by



**National  
Displaced Homemakers  
Network**



**Institute for  
Women's Policy  
Research**



For information about the complete study on which this summary report is based, contact the Institute for Women's Policy Research, 1400 20th Street, N.W., Suite 104, Washington, DC 20036, (202) 785-5100.

## Acknowledgements

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Jill Miller  
Executive Director  
National Displaced Homemakers Network

## INTRODUCTION

The number of low-wage workers in the U.S. labor force has grown in recent years. Wages for many of the newly-created low-wage jobs are insufficient to keep workers and their families out of poverty or even off of welfare. Do these low-wage jobs meet the needs of employees who are looking for less than permanent full-time work and employers who desire a more flexible work force? Or are workers willing to take these jobs only because of the decreasing number of full-time jobs with decent pay and benefits?

This study examines the characteristics of low-wage jobs and workers so that realistic policies and programs can be developed that will improve work opportunities. It focuses on the prevalence of low-wage employment among women and minorities and the factors which could decrease the risks and increase the opportunity of higher-wage employment.

The study addresses these issues:

- How many low-wage workers are there, and do they represent an increasing proportion of the labor force?
- What kinds of workers hold low-wage jobs, and what kinds of jobs are they?
- What factors affect the likelihood that women and minorities will be low-wage workers?
- Do low-wage workers shift between low-wage work, welfare, unemployment, "out of the labor force" status, and higher-wage work? What are the consequences of such shifts for the worker's employment and economic status?
- Does low-wage employment affect whether workers and their families stay in poverty or on welfare? And has this changed over time?

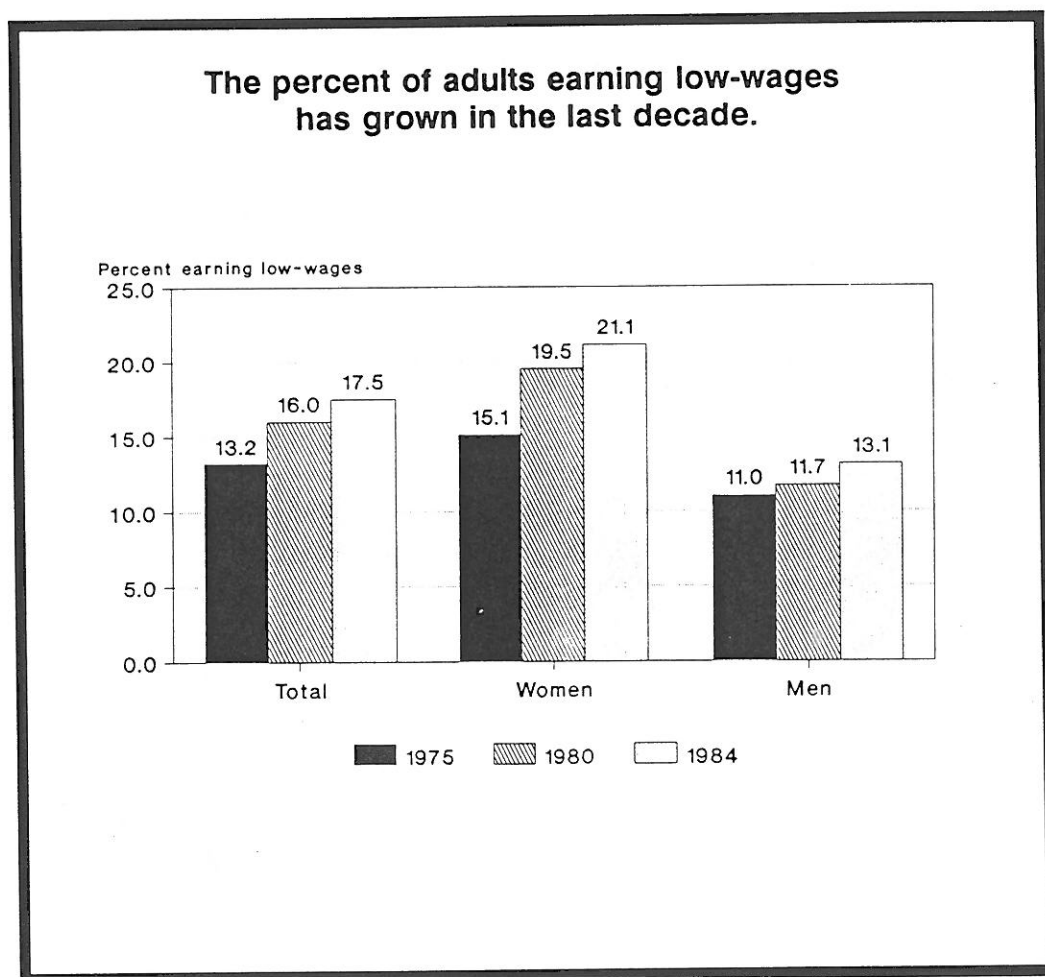
## THE FINDINGS

### 1. Low-wage employment has grown substantially.

From 1975 through 1984, both the number and proportion of adults working at low wages increased. About one quarter of all adult workers are low-wage workers.<sup>1</sup>

The low-wage labor force increased by 50 percent over that decade, from 15.6 million to 23.7 million workers. As of 1984 about 48 million workers experienced two or more months of low-wage work, and 25 million of these (more than one-fourth of all adult workers) were low-wage workers for seven months or more.

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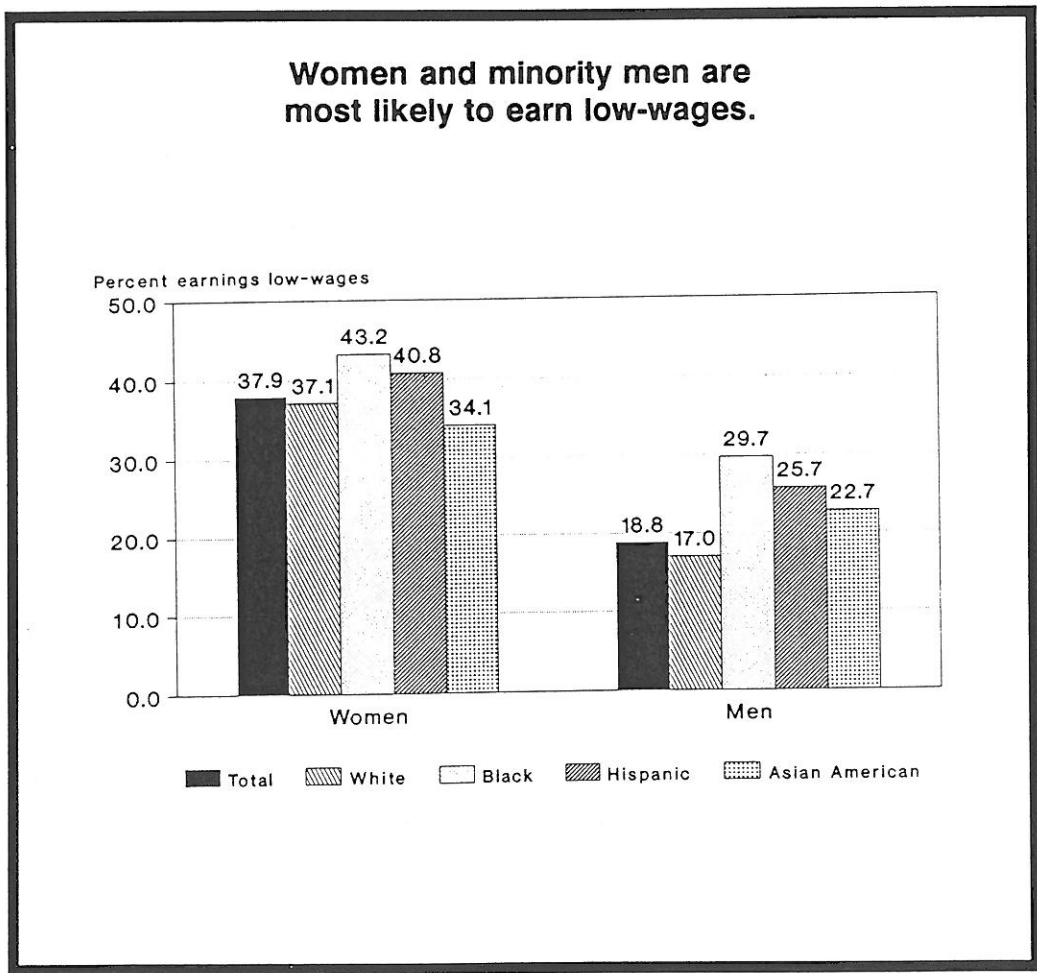


**2. Increasingly, low-wage workers are women (especially mothers) and people of color.**

The expansion of the low-wage work force has occurred disproportionately among women, adults responsible for children (especially mothers), and people of color.

While men decreased their over-all labor force participation during the decade, mainly through earlier retirement, the number of women employed increased by 12.2 million over the decade. Half of that increase was in low-wage employment, with married mothers and single parents disproportionately represented among low-wage workers.

Black women entered low-wage employment at a lesser rate in 1975-84 than did white women: one-third of their net increase over the decade was in low-wage employment, compared to one-half for white women. These differences were tied strongly to marital and family status.



Married black women, who have historically had higher labor force participation rates than married white women, were least likely to enter low-wage employment, while sixty percent of the net increase in employment among black single mothers was in low-wage employment.

Employed women were twice as likely as employed men to be low-wage workers, with over one-third of employed women falling into that category.

Men decreased their labor force participation over the decade. Among blacks, some groups countered this trend. An increasing proportion of black single men and married fathers were reported in the "not employed" category, but married black men without children increased their proportion of "higher-wage" employment.

Among all adults, employed or not, 21.1 percent of women and 13.1 percent of men were low-wage workers in 1984. Employed women were twice as likely as employed men to be low-wage workers, with over one-third of employed women falling into that category. Approximately 30 percent of black and 26 percent of Hispanic men, 37 percent of white women, 41 percent of Hispanic women, and almost 43 percent of black women were low-wage workers, in contrast to fewer than 17 percent of white men.

### 3. Economic responsibility for children is increasing among low-wage workers.

Perhaps the most important policy question concerning low-wage workers is the extent to which they are responsible for the economic well-being of children, given that children are the major victims of poverty.<sup>2</sup> A substantial and increasing minority of low-wage workers are responsible for children. Although many low-wage workers are relatively young--their median age is 30--fewer than 13 percent are teenagers living at home. More than four out of ten adult low-wage workers live in households with children, and economic responsibility for children among low-wage workers increased substantially between 1975 and 1984.

More than four out of ten adult low-wage workers live in households with children.

White and Hispanic women workers are more likely than black women to live in dual-earner households with children. Hispanic men are the most likely of all demographic groups of low-wage workers to be the only worker in a married couple family with children. Of all low-wage workers, white men are least likely and black women are most likely to be parents. Single mothers are the most likely of all demographic groups, excluding teenagers living at home, to be low-wage workers: 38 percent of single parents are low-wage workers.

**DISTRIBUTION OF LOW-WAGE WORKERS ACROSS FAMILY TYPES  
BY GENDER AND RACE-ETHNICITY IN 1984  
(IN PERCENTAGES)**

<b>MEN</b>	<b><u>WHITE</u></b>	<b><u>BLACK</u></b>	<b><u>HISPANIC</u></b>	<b><u>ASIAN AMERICAN</u></b>
Total With Children	32.1	41.3	52.8	49.1
Married Dual-Earner	9.8	17.0	15.6	23.5
Married Single-Earner	17.8	15.8	28.5	22.5
Single With Children	4.5	8.5	8.7	3.2
Total Without Children	67.9	58.7	47.2	50.9
Married Dual-Earner	8.3	5.3	5.7	2.3
Married Single-Earner	21.3	12.5	14.3	17.3
Single Adults	19.7	29.4	14.3	14.0
Single Teenage Workers	18.6	11.6	12.9	17.3
TOTAL	100.0	100.0	100.0	100.0
<b>WOMEN</b>	<b><u>WHITE</u></b>	<b><u>BLACK</u></b>	<b><u>HISPANIC</u></b>	<b><u>ASIAN AMERICAN</u></b>
Total With Children	45.2	65.7	63.4	52.3
Married Dual-Earner	26.5	17.7	29.2	30.7
Married Single-Earner	9.3	12.4	17.7	10.4
Single With Children	9.5	35.7	16.4	11.1
Total Without Children	54.8	34.3	36.7	47.7
Married Dual-Earner	14.6	8.2	9.7	9.9
Married Single-Earner	12.3	5.2	7.4	12.0
Single Adults	17.5	14.2	13.3	13.2
Single Teenage Workers	10.4	6.7	6.3	12.6
TOTAL	100.0	100.0	100.0	100.0

**4. Race and sex discrimination contribute to inequalities in the distribution of low-wage work.**

Neither human capital variables (work experience, education, and training) nor the structural characteristics of jobs, firms, and industries fully account for the lower wage levels of women and minorities. Even when human capital and job characteristics are equal, women and minority workers have a greater risk of low-wage work. Controlling for these variables, women of color are four times as likely to be low-wage workers as are white men with comparable skills and experiences. White women are more than three times as likely and men of color more than one-and-a-half times as likely as are white men to be low-wage workers.

Specific findings on human capital and job characteristics of low-wage workers follow.

Women of color are four times as likely to be low-wage workers as are white men with comparable skills and experiences.



Education. From 1975 through 1984, the educational level of the work force increased, with a **slightly greater** rise among low-wage workers than among higher-wage workers. Three-quarters of all low-wage workers have at least a high school diploma.

Work experience. More than half of all low-wage workers have more than five years of work experience. Women have somewhat more experience than their male counterparts.

Job training. Nearly one-quarter of low-wage workers have some job training beyond high school. Low-wage white male workers are most likely to have received job training; women of color (black, Hispanic, and Asian American) are least likely to have done so.

It appears that a "women's sector" and a "black male sector" exist in large firms.

Firm size. Low-wage workers are just as likely to have jobs in firms with 1,000 or more employees as to be working in firms with 25 or fewer. However, low-wage women workers are more likely than men, and low-wage black men more likely than other men, to work in the firms with 1,000 or more employees. It appears that a "women's sector" and a "black male sector" exist in large firms.

Occupations. Occupations with a high percentage of women workers are likely to have a high percentage of low-wage workers, indicating that "women's occupations" are low-wage occupations. Low-wage non-farm occupations include: retail sales; food, health, personal, cleaning, and building services; private household workers; textile and apparel operations; garage and service station workers and vehicle washers, and equipment cleaners. At least two-thirds of the workers in most of these occupations are women.

Industry. Seven out of ten low-wage workers are employed in service sector industries (retail; finance, insurance, and real estate; business services; personal services; and professional services, including health industries). Women are more likely than men to be employed in these industries.

Union status. Fewer than ten percent of low-wage workers are union members. Union membership or coverage by union contract is strongly related to higher wages regardless of gender or minority status. For black and Hispanic men and women, union contracts are especially related to higher wages.

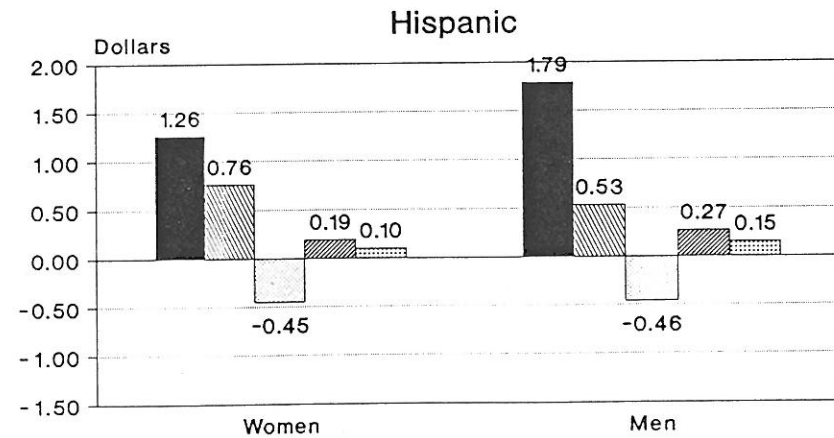
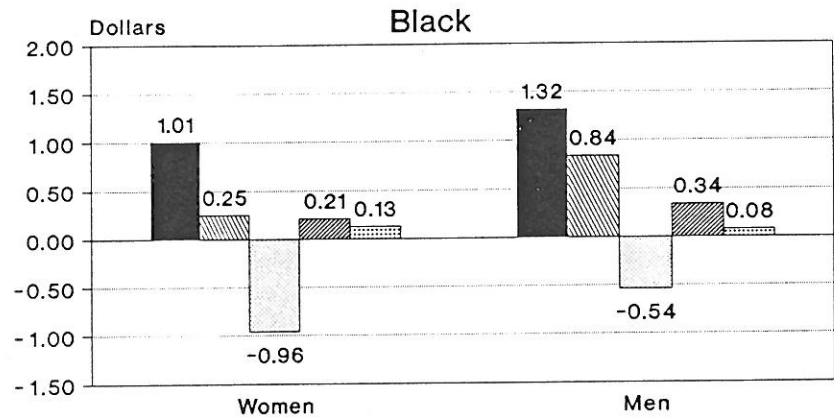
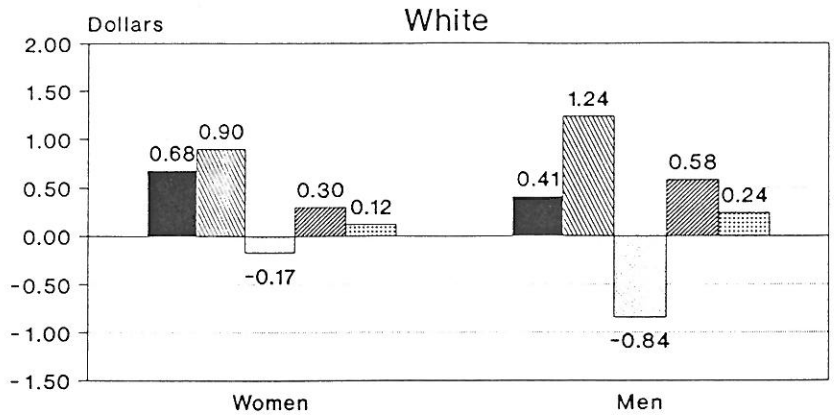
**5. Human capital factors contribute to higher earnings for workers of all gender and race/ethnicity groups. However, the returns to human capital factors are less for minority and female workers than for white males. Union membership benefits all groups, but provides the highest returns for black and Hispanic women and men.**

Women and minority men are at risk of being low-wage workers, regardless of human capital and job characteristics. But certain factors appear to be more important in determining wages for some race/sex groups. These are summarized below.

Union membership or coverage by union contract is strongly related to higher wages regardless of gender or minority status.

- For white men, wages increase with age more than for any other group. Education, work experience, and being married are also important factors. Their pay tends to be higher than that of other groups regardless of occupation or industry. White men benefit more than other workers from employment in large firms. Although union membership is significant, the returns are smaller than for any other group.
- Labor union coverage is extremely important for black men in earning higher wages, but they benefit less than white men from education and work experience. Working in agricultural/mining and service industries, decreases their wages.
- Hispanic men see little wage impact from education and very high impact from unionization. Job training is a significant means of earning higher wages. They experience lower wages in the retail, service, agricultural/mining, wholesale, and construction, rather than manufacturing industries.
- Education is the strongest influence on Asian American men's wages. Those who are neither highly educated nor in professional and managerial occupations are greatly handicapped in earning higher wages.
- White women's wages do not increase as much from education, age, and experience as do white men's, but they do benefit from job training, labor union coverage, working in a large firm, and increasing the hours they work. They benefit from working in transportation, communications, and public utilities relative to other industries. Wages decrease slightly if they have children.
- Black women's wages increase less than those of white men as a result of education, experience, or working in large firms.

**Union coverage provides largest increase to hourly wages for most workers.**



Union Coverage    
  Large Firm  
 1 Year Education    
  1 Year Experience  
 Small Firm

Asian Americans are not reported due to small sample size.

Unionization is a major factor in increasing their wages. Job training has little effect on their wages. Like white women, they earn substantially more in the transportation, communications, and public utilities industries. Working in a small firm or in service occupations decreases their wages. Being a parent has no significant effect on wages.

- Hispanic women, like black women, experience only small wage increases from age, education, and experience; union membership is a major plus. Their wages are significantly lower in retail, agricultural/mining, service, and wholesale industries than in manufacturing. Job training has no significant effect on wages. Being a parent has a negative effect on wages.
- Asian American women experience greater wage gains from experience and education than do other women. In this way, they are similar to Asian American men, although their earnings are not as high.

In summary, **human capital variables--education, work experience, and job training--can increase wages, but white men and Asian American men and women benefit most from these factors.** Longer work experience is least effective in improving the wages of black men and Hispanic women. Service occupations and industries are especially tied to low-wage work for all groups. Only Hispanic men and white women benefit significantly from job training. White black men and white and Hispanic women benefit significantly from working in larger firms. **Women (especially black and Hispanic women) are more likely than men to be low-wage workers, regardless of their human capital and regardless of the jobs and industries in which they work.**

Union membership increases wages significantly for all groups. Most union members are semi-skilled or skilled workers in higher-wage industries --factors that help them avoid low-wage jobs. However, workers--especially women and men of color--covered by a union contract are less likely to earn low wages than similar workers, in the same occupation or industry with the same level of education and work experience, who are not covered by a union contract.

## **6. Increasingly, Low-Wage Work Is Not Just Temporary or Part-Time.**

Frequently low-wage work and low-wage workers are considered primarily as part-time or temporary. Low-wage jobs are considered choices made by younger or post-retirement workers, or women with family

responsibilities; alternatively, workers may choose part-time work because the full-time employment they would prefer is not available.

It is clear that temporary, short-term, and part-time jobs have been increasing. In 1984, 22 percent of U.S. workers were working in part-time or temporary jobs, up from 14 percent in 1954. These workers had hourly wages that were only 58 percent of the wages paid full-time workers.

This study found that many low-wage workers work full-time, full-year. There is surprisingly little variation in hours per week, or weeks per year worked, by gender, race, ethnicity, or family or marital status.

The study examined the length of time an individual was employed as a low-wage worker and found that these spells of low-wage employment were fairly short in duration, less than two years. The short length indicates the transitory character of the low-wage jobs held by these workers. Because of this, the shortness of low-wage jobs likely reflects the structure of the jobs, rather than the characteristics or choices of the individuals who hold them. Many of these workers probably hold more than one part-time job simultaneously, or move from one temporary job to another, more frequently than their higher-paid counterparts. The relatively high hours and weeks worked indicate that **it is not preference for part-time or temporary work that has caused many of these workers to take low-wage jobs.**

#### **7. The impact of the low-wage experience on income and employment status is affected by what preceded and followed it.**

Because the average spell of low-wage employment is less than two years, it is important to know what goes before, and what comes after, the experience of low-wage employment. Conclusions about the impact of low-wage work depend upon what type of low-wage experience the individual has had. The following five types of low-wage work spells differentiate the extent to which the spells are minimal or pivotal in their impact, and whether they represent a setback or a stepping stone to better economic and employment status.

**RECOUP** spells are preceded and followed by medium/high wage employment, generally full-year. Recoup spells act as a back-up or substitute employment for the usual, higher-waged employment experienced by these individuals, allowing them to recoup their original, more privileged, positions in the labor market.

**LADDER** spells provide workers with upward mobility. In the year before

the spell, they are employed at most only part-year at low wages, or not employed at all. After the spell, they are employed, working full-year or earning medium/high wages, or both. These spells fit the classic description of low-wage work as a transition to better wages and jobs.

**STALL** spells are experienced by individuals who are employed before, during, and after the spell, but whose employment and/or earnings status after the spell of low-wage work is not significantly better or worse than before. Though by definition they work full-year during the spell, they are employed only part of the year both before and after the spell.

**CHUTE** spells are the opposite of Ladder spells: The worker experiences downward mobility. Before the spell, the worker is employed (full- or part-year, low or medium/high wages), but is not employed after the spell and/or is out of the labor force, on welfare, etc.

**DEFEAT** spells are those in which the individual is employed neither before nor after the spell. The low-wage job improves the worker's economic and employment status, but only temporarily during the spell. Individuals experiencing Defeat spells include youth who become students after the spell, retirees who return to retirement, and those on welfare who return to welfare.

Most individuals ended their low-wage spells better off. About 30 percent of the spells were Recoup spells and another 30 percent were Ladder spells. However, most Recoup and Ladder workers are only briefly low-wage workers. They are generally higher-wage workers who are temporarily employed in low-wage jobs. Not all those who experience low-wage employment are low-wage workers in the long-term sense.

Longer-term low-wage workers are more likely to be those experiencing Stall, Chute, or Defeat spells. Many low-wage workers are not employed continuously, or even most of the time. Especially for those who experience Defeat spells, it is typical for low-wage workers to have substantial periods of being between jobs, underemployed, unemployed, and out of the labor force.

This study casts doubt on the view that low-wage employment is generally a stepping stone to better-paid jobs, providing a ladder-type experience for newly entering or reentering workers. Less than one-third of low-wage spells have fit this description.

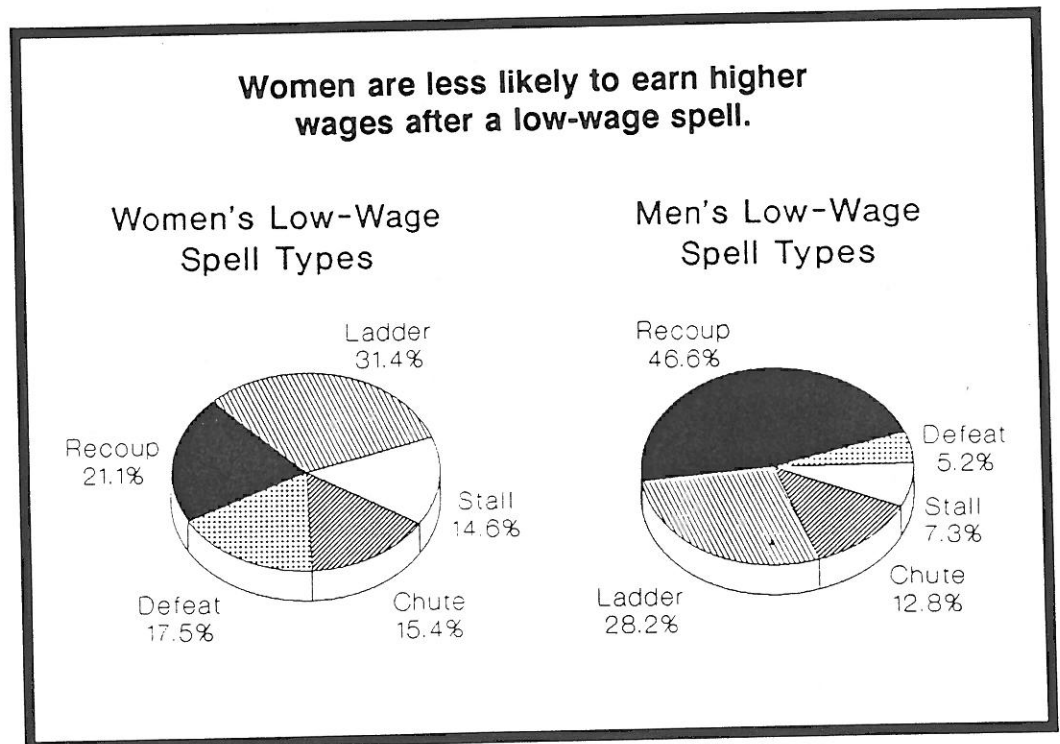
**8. The low-wage experience varies greatly by gender, as well as by marital status and race.**

The likelihood of having a particular kind of low-wage experience, or spell, varies greatly by race and gender, with women and people of color disproportionately experiencing "unsuccessful" spells of low-wage employment (Stall, Chute, and Defeat spells).

Almost half of the low-wage spells experienced by men and two-thirds of those experienced by married fathers are Recoup spells. On the other hand, only one out of six spells experienced by married mothers, and only one out of five experienced by single mothers, can be considered Recoup spells. In part because so many women have entered the labor force over the last decade, women slightly exceed men in the extent to which they experience Ladder spells.

In contrast, women are more likely than men to experience Chute spells of downward mobility, in part because many women who leave the labor force to care for children or elders are not leaving safeguarded jobs to which they can return. Likewise, women are more likely than men to find that their entry or reentry into the labor force is an unsuccessful attempt to use low-wage employment as a bridge to better-wage jobs, and they end up no better off than before--unemployed or underemployed. Altogether, nearly half the spells experienced by women--including single women--are Stalls or Defeats.

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Blacks have a lower proportion of Recoup and Ladder spells, and a higher proportion of Stall, Chute, and Defeat spells than their white counterparts. Blacks, however, have somewhat fewer differences by gender in the types of low-wage spells they experience than do whites. Black married fathers are less likely than white fathers to experience Recoup spells, but black married mothers are slightly more likely than their white counterparts to experience Recoup spells.

Finally, the meanings of these different types of spells are quite different by marital/family status. For those experiencing Defeat spells, the economic impact of returning to a non-employed status might be quite different for married mothers in dual-earner couples with a high-earning male than for women and men who are the sole support of their households.

**9. Low-wage employment is increasingly a major source of family income.**

Although low-wage work supplements family income for many workers, it is a major source of family support for a significant minority of the low-wage work force and for the majority of black men and women and Hispanic men. Low-wage work has become the source of a larger share of family income over the last decade, particularly for some groups.

The increasing labor force participation of mothers has made them the source of an increasing proportion of family income. The greatest increases in the contribution to family income from low-wage work occurred among single women and single parents; both groups are likely to have only one earner in the household. Also, both groups depended less on non-employment income in 1984 than in 1975.

**10. The growth in low-wage employment has generally not lifted families out of poverty.**

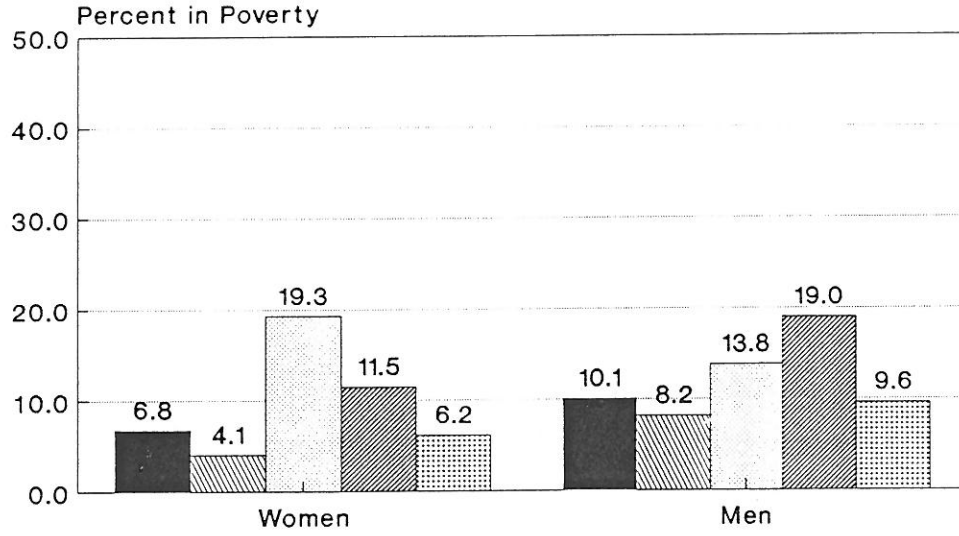
While low-wage employment is important to families' economic well-being (and increasingly so for some groups such as single parents), many low-wage workers' families still experience poverty or are at risk of becoming poor. Low-wage work had become less effective in lifting families out of poverty by 1984 than in 1975. The risk of poverty varies by the type of low-wage employment spell and by gender, race, and marital/family status.

Over the last decade, although low-wage workers have increased their hours and weeks worked, and most groups of low-wage workers have increased the proportion of family income that comes from their wages, those whose low-wage work provides the only or primary source of income

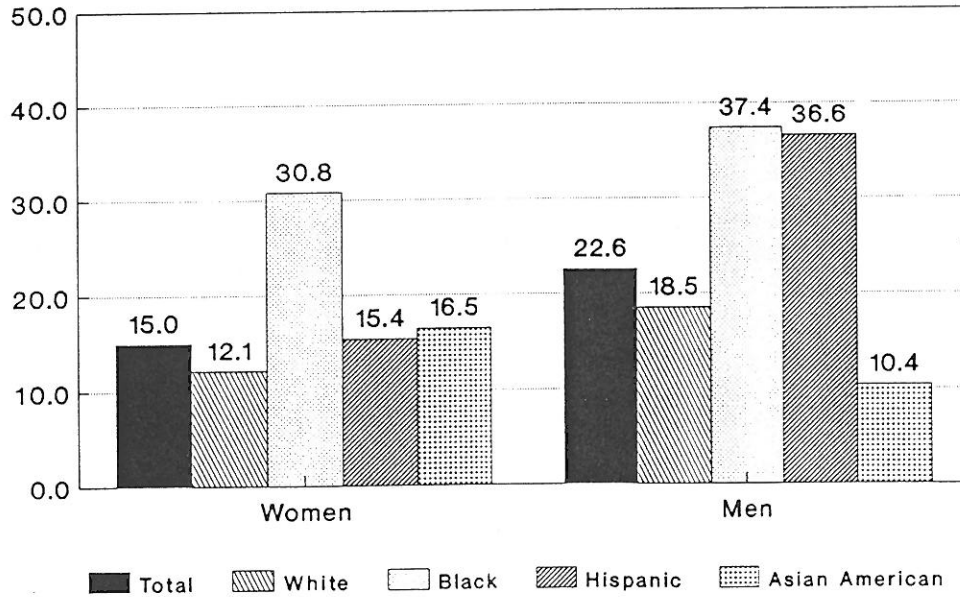
Many low-wage workers' families still experience poverty or are at risk of becoming poor.



**7% of female and 10% of male low-wage workers live in poverty and...**



**another 15% of female and 23% of male low-wage workers depend on their wages to stay above poverty.**



for their households experienced an increase in the incidence of poverty. About half of this increased poverty is due to the fact that the median wage of the low-wage worker has not kept up with inflation.

The type of low-wage spell a worker experiences influences whether or not the worker's family experiences poverty. For example, less than three percent of those who experienced Recoup spells experienced poverty, but more than one-quarter of those who experience Defeat spells experience poverty.

Approximately 18 percent of all low-wage workers (about four million workers) brought their families above the poverty line as a result of their earnings alone. Eight percent of all low-wage workers (about 1.8 million workers) were unable to bring their families out of poverty despite their earnings, as compared to only three percent of all workers. The families of these two groups of workers are either already poor or at risk of becoming poor if the worker should lose her or his job. (The remaining three-fourths of low-wage workers live in families that would have been above the poverty line even without the earnings of the low-wage worker.) At least half of the families of black and Hispanic men and black women who are full-year low-wage workers are in poverty or at risk of becoming poor.

**11. Families of displaced homemakers<sup>3</sup> are especially at risk of poverty, despite these women's earnings.**

Displaced homemakers' families are more than twice as likely to be poor as are the families of other low-wage working women, and more than five times as likely to be poor as the families of all working women in their age category; these high rates of poverty are due to the homemakers' having primary responsibility for their families' economic well-being, their lack of education and training for higher paid jobs, and their employment in low-wage jobs.

Approximately 8.1 million displaced homemakers are in the labor force for more than 500 hours in the year. About two-thirds of them worked as low-wage workers at some time during the year and more than one-third are full-year low-wage workers. Displaced homemakers are more likely than other working women to be solely responsible for their families' economic well-being. The families of almost six out of ten working displaced homemakers are either in poverty despite the homemaker's wages or at risk of poverty without them. Displaced homemakers work more hours than do other low-wage women workers. They are less likely to have a high school or college education and less likely to have had job training. They are more likely to work in feminized service occupations and

Displaced  
homemakers'  
families are  
more than twice  
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of other  
low-wage  
working women.

industries.

**12. The U.S. welfare system shifted from income support programs toward means-tested programs between 1974-1985, despite federal changes in eligibility.**

The U.S. welfare system can be characterized as a two-tiered system. The primary tier was designed for a predominately male, full-time, full-year work force with "acceptable" reasons for not being employed, and includes social insurance programs such as unemployment insurance, disability, workers' compensation, and social security. The secondary tier was designed to supplement inadequate social security payments received by the elderly and disabled, to help impoverished mothers and children with little or no income support from absent male breadwinners, and to provide support for non-striking workers and families (mostly single parents) with insufficient incomes. That tier has means-tested programs such as Supplemental Security Income (SSI); Aid to Families with Dependent Children (AFDC); Women, Infants, and Children Supplemental Food Program (WIC), and food stamps.

About one out of every ten workers employed at low-wage jobs for most of the year receives some form of income support.

Throughout the 1970s, the gap in benefits between the two tiers grew a great deal. The very different treatment of those doing paid work versus those receiving means-tested benefits was accelerated by the 1981-1984 federal budget cuts in means-tested welfare expenditures. **By 1984, more low-wage workers were receiving means-tested transfer payments, and fewer were receiving unemployment and workers compensation, than was true in 1974.**

Food stamp receipt increased among low-wage single parents, although not among low-wage male workers who are not parents, single or married. At the same time, non-means tested income support decreased, particularly between 1980 and 1984. Thus by 1984 fewer low-wage workers overall received unemployment compensation and workers' compensation than in 1975. As with the means-tested programs, changes in the early 1980s restricted eligibility, particularly for long-term unemployed workers.

There may be a relationship between these two trends. Some of those low-wage workers who would have received support through unemployment compensation during periods of unemployment in the 1970s, but were either ineligible or had exhausted their benefits in the 1980s, may have turned to AFDC and food stamps. These alternatives are not equal in their consequences: While unemployment compensation is pegged at least at one-half of wages, average state AFDC benefits for those with no other income in the mid-1980s are roughly half the poverty line. Thus the

decline in public benefits for unemployed low-wage workers has contributed to the rise in poverty in this group--poverty that is both welfare poverty and working poverty.

About one out of every ten workers employed at low-wage jobs for most of the year receives some form of income support (including means-tested programs such as AFDC, WIC, food stamps, Medicaid, SSI and non-means tested Social Security). Among those workers whose families were still in poverty despite their earnings, four out of ten received some form of income support.

There were, however, great variations by gender and race/ethnicity. Among women, Hispanic women were the least likely and black women the most likely to receive these benefits. This probably reflects the fact that the majority of black single parents are low-wage workers and the possibility that Hispanic women fall through the cracks of welfare programs because of problems with citizenship status. Among men, Hispanic men were the least likely and black men were the most likely to receive benefits.

In summary, substantial numbers of low-wage workers combined some form of welfare assistance and low-wage employment, at least within the same year if not concurrently. Despite the very low income thresholds used to determine eligibility, these workers' earnings were so low that many still qualified. Thus income support programs were not so much an alternative to low-wage employment, as a supplement to the low wages paid to the working poor.

**Income support programs were not so much an alternative to low-wage employment, as a supplement to the low wages paid to the working poor.**

### **13. Low-wage employment and welfare are not mutually exclusive.**

Most welfare recipients are assumed to have little or no recent work experience. In fact, many welfare recipients work at low-wage jobs and receive income supports (or cash equivalent aid, such as Food Stamps) that subsidize their low wages. This study's analysis of the five types of low-wage employment spells leads to this conclusion: **Low-wage work and welfare are not mutually exclusive activities; one-third of those "leaving" welfare for low-wage employment are already employed, another third have recent work experience, and a substantial number of those in a spell of low-wage employment continue to receive welfare.** The assumption that welfare recipients are strangers to the world of work is not true for the majority of those entering low-wage employment.

It is also true that beginning a spell of low-wage employment does not preclude continued receipt of welfare: 42 percent of those "leaving" welfare for low-wage employment actually continue to receive welfare (or received it during the same year). Finally, of those who finished a spell of

low-wage employment and began receiving welfare, 45 percent continued to be employed (by definition, however, only part-year.) In all cases, a smaller proportion of blacks than whites combined welfare and employment during the same year.

**14. For many on welfare, low-wage jobs do not build to higher-wage employment.**

Although work experience is considered a path to higher-wage employment and a bridge to economic self-sufficiency, this does not appear to be the case for women welfare recipients who work in low-wage employment. In fact, for many of those receiving welfare who enter low-wage employment, a spell of low-wage employment does not result in achievement of either higher wage employment or economic self-sufficiency.

**Only a small minority of welfare recipients were able to use low-wage employment as a bridge to higher wages.**

Less than one-third of women welfare recipients' spells of low-wage employment were Recoup or Ladder spells; this is about half the rate for all persons experiencing spells of low-wage employment. About one-fourth of welfare recipients had Stall spells, in which they did not return to welfare, but also did not achieve higher wages and/or full-time employment. Only one-sixth were Chute spells, in which the person moved from employment to welfare alone, or welfare with part-year employment. Finally, almost one-third experienced Defeat spells, roughly double the rate in the population as a whole. Their low-wage employment experience was followed by a return to a not-employed status, including welfare.

In sum, only a small minority of welfare recipients were able to use low-wage employment as a bridge to higher wages, and even among those, most were working only part of the year at higher wages. Only 12 percent of those who received welfare before experiencing a spell of low-wage employment were working full-year at medium or high wages after the spell. Clearly, a spell of low-wage employment does not automatically allow people to leave welfare or achieve higher wages.

## SUMMARY AND POLICY IMPLICATIONS

This study examined the risks of being a longer-term low-wage worker especially among women and people of color, the relation between low-wage work and family poverty, and the strategies that could move workers into higher-paid jobs (including the efficacy of low-wage work as a transition from welfare to higher-paid work). Key findings are summarized below.

- Low-wage employment has definitely grown. From 1975 through 1984, both the number and proportion of adults working at low wages increased.
- Increasingly, it is women (especially mothers) and people of color who hold the low-wage jobs. The proportion of women in the labor force increased 10 percent (10.4 million women) over the decade. Sixty percent (6.1 million) of that increase was in low-wage employment.
- Economic responsibility for children is increasing among low-wage workers. More than four out of ten adult low-wage workers live in households with children.
- Race and gender discrimination must be included in efforts to explain inequalities in the distribution of low-wage work. Women of color are four times more likely, white women three times more likely, and men of color 1.6 times more likely than white men to be low-wage workers, when controlling for factors such as human capital, industrial structure, and demographics. Women and minority workers' wages are less likely than white men's to be determined by human capital or by the structure of industries or jobs, and women are more likely than men to be low-wage workers, regardless of their human capital and regardless of the jobs and industries in which they work. Union membership benefits all groups, but provides the highest returns for black and Hispanic women and men.
- Increasingly, low-wage work is not just temporary or part-time. Many low-wage workers work full-time, full-year; at the same time, these jobs are of shorter duration than higher-wage workers, and much of much low-wage employment is quite transitory.

- The low-wage experience is influenced by what preceded and followed it. In most spells of low-wage work, the workers ended up better off than they were during and/or before the spell, although that positive outcome was less likely for longer spells of low-wage work.
- The low-wage experience varies greatly by workers' marital status and especially by gender and race. Single men experience a higher proportion of Ladder spells than any other group. Half the low-wage spells of women are Stall, Chute, or Defeat spells. Blacks have a lower proportion of Recoup and Ladder spells, and a higher proportion of Stall, Chute, and Defeat spells than their white counterparts.
- Low-wage employment is increasingly a major source of family income. The greatest increases in the contribution to family income from low-wage work occurred among single women and single parents; both groups depended less on non-employment income in 1984 than in 1975.
- The growth in low-wage work has generally not lifted families out of poverty. About half of this increased poverty is due to the fact that the median wage of the low-wage worker has not kept up with inflation.
- Families of displaced homemakers are especially at risk of poverty, despite these women's earnings. Despite the fact that displaced homemakers work more hours than do other low-wage women workers, their families are more than twice as likely to be poor.
- Income support programs shifted toward means-tested programs from 1974-1985. Low-wage workers increasingly received means-tested transfer payments and decreasingly received unemployment and workers compensation by the end of the decade.
- Low-wage employment and welfare are not mutually exclusive. Income support programs appear to supplement the low wages paid to the working poor.
- For many on welfare, low-wage jobs do not build to high-wage employment. Only a small minority of welfare recipients were able to use low-wage employment as a bridge to better-waged employment.

These findings raise a series of questions for policy makers in many fields, including education, job training, and welfare, as well as for employers:

- Given the heterogeneity of the low-wage work force, how do we target resources to those who need them the most, adults with responsibility for supporting themselves or their children?
- Since many of those on welfare have worked, or are even working concurrently, what kinds of welfare-to-work programs are needed to make transitions to higher-waged and more stable employment more than the remote possibility it is now?
- Since women and people of color receive lower wages for the same investment in human capital (education, job training, and work experience) than do white men, what kinds of policies would raise the returns for these groups?
- Even when they have similar education and experience profiles to those of white men, women and people of color have a higher risk of becoming low-wage workers and are less likely to achieve a transition to better employment. What policies could change these odds?
- Regardless of the characteristics of the workers, much low-wage employment is transitory and often less than full-time. What can be done to better cushion workers between spells of employment, and to make low-wage employment more secure and stable?
- With mothers contributing an increasing portion of family income, and the number of single parents rising, the increased risk of low-wage work that mothers face is a growing economic problem for all families. What are the implications for family and medical leave, for day care and other support services, and for the well-being of children and their families?
- Given the positive impact of unionization in increasing wages and decreasing the risk of low-wage work, should public policy further encourage unionization and collective bargaining with employers?



1. Unless otherwise stated, low-wage workers are defined as those who worked at least seven months a year, earning an hourly wage of \$5.80 or less, in 1988 dollars.
2. More than one out of five children were living in households with incomes below the poverty line in 1986.
3. Displaced homemakers are women age 35 and over who are separated, divorced, or widowed