

Research-in-Brief



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LOW-WAGE WORK, HEALTH BENEFITS, AND FAMILY WELL-BEING

Departing from the outmoded view that only male breadwinners need earn a wage adequate to support a family, a study by IWPR examines the adequacy of wages and benefits of all adult workers for family support:

- o Hourly wage levels were defined in relation to the poverty line for a family of four in 1984, which was \$10,600 annually or an hourly wage of \$5.30 earned full-time for the entire year. A family of four was chosen because this income level would allow a worker to support two children and the childcare and household production services of a "housewife" or a "housewife substitute." An "adequate" wage was defined as \$5.31-\$10.59 per hour, amounting to 100-200 percent of the poverty line, if earned full-time, full year. "Less-than-adequate", or "low", wages are \$5.30 per hour or less; a "higher wage" was defined as \$10.60 per hour and above. (In 1988 dollars the poverty level for a family of four is \$11,611 annually or \$5.80 per hour).
- o The study included all adult individuals who had worked at least seven months in the survey year (April 1984 - March 1985); their average hourly earnings during that period were "less than adequate", "adequate", or "higher". Teenagers living at home were excluded.

The principal findings regarding wage levels and family status are as follows:

- o More than 30 percent of workers (28 million) earn a less-than-adequate, or low, wage; almost 45 percent an adequate wage; and fewer than 25 percent a higher wage (defined as over 200 percent of the poverty line for a family of four). Among unionized workers, only 13 percent earn low wages.
- o About half of the individual workers in each wage category live in households with children.
- o Approximately 14.5 million workers with children do not earn enough to support a family of four at or above the poverty level. Of these workers, 7.3 million are the sole earners in the household.
- o Almost 30 percent of single earners in married-couple families with children and 50 percent of single parents earn less-than-adequate wages.
- o Among low-wage workers, black women and Hispanic men are the most likely to be solely responsible for their families' support.
- o Forty percent of children in households with only one employed low-wage parent live in poverty. The proportion is the same as for children without a working parent.

*The Institute for Women's Policy Research is an independent nonprofit research institute dedicated to conducting and disseminating research that informs public policy debates affecting women. This fact sheet is based on the IWPR report *Who Needs a Family Wage? The Implications of Low-Wage Work for Family Well-Being*, by Roberta M. Spalter-Roth, Heidi I. Hartmann and Linda M. Andrews.*

Health insurance provided by an employer or through a union is frequently not available to workers with less-than-adequate wages:

- o Only 35 percent of workers earning less-than-adequate-wages report having employer-provided health insurance coverage. For comparison, such coverage is available to 75 percent of those with adequate wages (100-200 percent of the poverty line) and to 89 percent of those with a higher wage, as reported by the workers.
- o Low-wage workers who have children are *less* likely to report having health coverage than those without children.

Employer-provided health benefits vary substantially among industries and by union status for workers earning less-than-adequate wages:

- o Sixty percent of low-wage workers in public administration or manufacturing report coverage by employer-provided health benefits. At the other extreme, only twenty-six percent of low-wage workers in business and repair services and personal services have this benefit; retail trade and agriculture are at about the 30 percent level.
- o The variation among industries is particularly important in view of concern about industrial restructuring of the economy, with the growth in lower-paying, private, service sector jobs.
- o At each wage level, workers covered by union contracts are more likely to be covered by employer-provided health benefits. The largest impact of unionization occurs for low-wage workers.

Paid work and welfare are not mutually exclusive:

- o Government income-support programs supplement the low wages provided by private industry in some instances.
- o About 38 percent of single low-wage parents were in families receiving some welfare benefits, as were 18 percent of low-wage single earners in two-parent families.
- o In total, however, only seven percent of low-wage workers received any form of assistance from government income-support programs.

Possible public policy strategies to decrease the risk of family poverty are marriage policies, earnings and benefits policies, and income support policies:

- o Marriage is an inadequate policy solution, inasmuch as it assumes the economic dependence of women on higher-earning partners but does not increase the wages of low-wage men or women.
- o Encouraging unionization is one of the most potentially successful strategies for raising the wages of low-income men and women, especially members of minority groups.
- o Measures to improve workers' productivity in the service sector would probably have a positive impact on wages.
- o Expansion of health benefits, e.g. through a pool financed by public and private funding to serve those without employer-provided health coverage, would be desirable.
- o In the absence of public policies to increase wages, work and welfare should be viewed as complementary activities. A negative income tax or increased earned income tax credit would be beneficial.
- o Given the greater risks of poverty for women, Social Security should be reformed to share benefits between husbands and wives and to eliminate the existing penalty to working wives.

About this study: The research for this study is based on data from the U.S. Bureau of the Census' Survey of Income and Program Participation. The research was conducted for the Displaced Homemakers' Network, under contract from the U.S. Department of Labor, and for the Committee on Women's Employment and Related Social Issues of the National Research Council/National Academy of Sciences. All views expressed here are the authors' and do not reflect the views or policies of the Department of Labor or the National Academy of Sciences.