Definitions and Prevalence

Poor and working in America.

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Contrary to commonly held assumptions, to be poor in America does not mean to be unemployed. The Bureau of Labor Statistics (2007) reported that, in 2005, 37 million people (12.6% of the US population) lived below the Federal Poverty Level (FPL). Of these, 7.7 million were classified as "working poor," an increase of .7 percent from 2000. The Bureau of Labor Statistics defines "working poor" as having spent a majority of the past year in the labor force, but still living below the FPL.

Significantly, nearly 60% of working poor persons were employed full-time. Working poor persons tended to have completed fewer years of schooling than working non-poor persons. In addition, African American and Hispanic persons were among the ranks of the working poor at a rate approximately twice that of White persons (10.5% vs. 4.7%). In addition, women were among the working poor at a higher rate than men (6.1% vs. 4.8%).

Working poor families.

The Bureau of Labor Statistics reported as well on families with children, and the picture is even more disturbing. In 2005, for families with at least one working parent, about 3.6 million (9.5% of all working families with children) were among the ranks of the working poor. Single-parent families were significantly more likely than two-parent families to be among the working poor, particularly families headed by a single mother. Two parent families were among the working poor at a rate of 5.5%, with single fathers and single mothers at 12.4% and 22.6%, respectively.

It is important to note that the above figures are widely considered underestimates of the gravity of the situation for working poor families in our country. Numerous researchers and economists have noted that simply earning more than the FPL does not protect vulnerable families from experiencing the impact of poverty in their day to day lives (for example, Boushey, Brocht, Gundersen, & Bernstein, 2001; Brooks, 2007; Pearce, 2007). The Urban Institute (2008) has asserted that, even with incomes up to 200% of the FPL, families are often are unable to meet basic needs, and have no safety net that could sustain them in the event of job loss or health crisis. The Economic Policy Institute (2002) computed “Basic Needs Budgets” for families, and found that, depending on geographical area, families needed between 175% and 330% of the FPL to subsist in a way that ensures their safety and health (the budget included food, housing, transportation, healthcare, taxes, child-care, and other basic living expenses, such as telephone, clothing, and school supplies for children).

Using 200% FPL as a more realistic indicator of poverty, researchers at the Annie E. Casey Foundation estimated that, rather than the 3.6 million (9.5%)
cited by the Bureau of Labor Statistics, above, as many as 9.2 million (27.4%) of working families in the United States are among the working poor (Waldron, Roberts, & Reamer, 2004). About half of working poor families are headed by married parents, 40% by single mothers, and 10% by single fathers. Dissatisfaction with the FPL has spawned the Living Wage Movement (Brooks, 2007), a rapidly growing grassroots effort focused on states and municipalities, and advocating for legislation which ensures hourly wage rates that close the gap between the Federal Minimum Wage and a more realistic self-sufficiency wage.

**North Carolina**

In addition to nation-wide statistics described above, the Annie E. Casey has compiled state-level statistics on working poor families. These statistics indicate that, in 2003, North Carolina ranked 38th among the states in percentage of working families below 200% of the FPL, with about one-third (32.4%) of families, and 45% of children, fitting this description. Consistent with national trends described above, minority North Carolina families are among the working poor at about twice the rate of White families (49% and 24%, respectively). It is noteworthy that North Carolina ranked 42nd among the states in the percentage of minority working families among the working poor.

**Strengths and Challenges**

**The overall impact of poverty on adults and children.**

The literature on the effects of poverty is abundant, suggesting that poverty in a family is not only a risk factor in itself, but that it can also worsen the impact of other challenges and difficulties. Working poor adults experience a complex and wide-ranging set of challenges (Siegel & Abbott, 2007). These include:

- Housing and food insecurity, or homelessness
- Child care problems (availability and/or quality)
- Transportation problems (geographical distance from workplace, availability of public or private transportation)
- Low levels of educational attainment, limited English skills
- Lack of job skills, especially those that could lead to advancement
- Substance abuse, mental health, and domestic violence challenges
- Complex family needs (larger families, younger children, presence of a disabled relative who needs care)

In addition, working poor persons often experience challenging workplace conditions, including stressful relations with coworkers, inability to advance, unsafe or unpleasant conditions, and discrimination.

Similarly, poverty has been shown to profoundly affect children. Vandivere, O’Hare, Atienza, and Rivers (2007), reporting data from over 102,000 families, found that, compared to children who were not living in poverty, poor children were more likely to:

- Live in single parent families;
- Live with parents with mental health concerns;
- Live in households without phone, transportation, and other basic needs;
- Live in unsafe neighborhoods with inadequate or lower-quality resources;
- Be disconnected from their communities, not participating in activities, teams, or clubs;
- Be in poor health, including obesity and other activity-limiting conditions; and
- Experience emotional, behavioral, and learning challenges (depression, anxiety, social challenges, learning disabilities or developmental delays).

In addition, children living in poverty have been found to be less likely to receive supports that might help them to address these challenges (Iversen & Armstrong, 2007; Newman & Chinn, 2003; Sobolewski & Amato, 2005). Gyamfi (2004) found that poor children with serious emotional or behavioral issues received fewer services overall, and a smaller range of services, than did non-poor children. Families in poverty are often forced to live in neighborhoods lacking in resources such as adequate schools, recreational facilities, and health care services (Sobolewski & Amato, 2005). Perhaps because of such resource poverty, combined with financial hardship, health and mental health problems, work stressors and conflicts, and the stringent demands of compliance with TANF regulations, parents may have considerable difficulties in meeting their children’s educational needs.

These same factors may increase children’s vulnerability to abuse and neglect. Poor children face continuing risk factors, including family and community violence, neglect, substance abuse, and health problems (Drake & Pandey, 1996). While child abuse and neglect cut across all socioeconomic levels, it is more likely to occur in poor families experiencing multiple and complex stressors (Berger, 2005; Sedlak & Broadhurst, 1996). The significant overlap between TANF and child welfare populations has been documented (Courtney, Dworsky, Piliavin, & Zinn, 2005; Romero, Chavkin, & Wise, 2000), suggesting the need for robust collaboration between service systems.
Resilience, strengths, and supports.
Even with the considerable challenges and disadvantages that working poor families encounter, there are protective forces and factors that work in their favor, supporting positive family relationships and sustained employment, and promoting resilient adaptation for children. Orthner, Jones, and Williamson (2004) found, in their study of 370 low-income North Carolina families, that relationship assets such as family cohesion, communication, and problem solving predict positive outcomes even in the context of poverty. Similarly, research suggests that close and positive relationships with friends and family can provide a protective buffer for poor children (Attree, 2004). Randolph, Fraser, and Orthner (2004) found that active involvement in school-based extracurricular activities could reduce the likelihood of dropping out of high school for children in low-income families. Finally, Gennetian and Miller (2002) found that targeted supports aimed at reducing poverty for working poor families yielded academic and behavioral improvements in children.

It is important to note that, despite resource limitations and challenges, working poor families do manage to carve out “family time” during the course of the day -- during meals, while watching TV, or at playtime (Tubbs, Roy, & Burton, 2005). For this to happen, major schedule adjustments may need to occur, such as keeping children awake later or changing parents’ sleeping patterns to allow for both work and parent-child interactions. The Annie E. Casey Foundation data on the impact of poverty, described above, reflects similar findings. For example, there was no difference between children in poverty and higher-income children in the rates of religious service attendance, or in perceptions of children about the closeness of their relationships with their parents (for both, in the high 80% range). In addition, they found that low-income families eat meals together regularly at a higher rate than did higher-income families.

Families have also identified factors that support sustained employment. In her in-depth qualitative study of 20 women who successfully exited public assistance and obtained living wage employment, Gray (2005) found that formal and informal supports, specifically in the areas of housing, childcare, transportation, and emergency assistance, were seen as essential to a successful transition to self-sufficiency. In addition, the women stated that various employment-preparation supports (for example, tuition reimbursement and initial employment expenses) were critical to positive outcomes.

Contextual Factors: The Impact of Welfare Reform
It is impossible to discuss the circumstances, experiences, and needs of working poor families in the United States without addressing the issues of welfare reform. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 set in motion a sweeping set of policy and practice changes aimed at increasing the economic self-sufficiency of our nation’s families. The legislation incorporates a range of benefits, incentives, and supports for families to successfully exit welfare. It also imposes time limits, work requirements, and sanctions on families to hasten their transition. While it is indisputable that welfare caseloads have decreased considerably and many individuals have moved from welfare to work, the impact of welfare reform on sustained self-sufficiency has not been as positive as was hoped. Complicating matters, the relative economic prosperity of the late 90’s has been replaced by a depressed economy more recently, introducing further complexity to the issue. As noted by one researcher, “a decade later, the entire debate has shifted to the conundrum of the persistence of poverty despite work” (Pearce, 2007, p. 1).

Exiting welfare.
Despite finding employment, families’ average earnings frequently leave them with inadequate income to address their basic needs. This is especially true for one-parent families. For example, in their review of income-related census data for single parents, Jones-DeWeever, Peterson, & Song (2003) found that fully 78% of those exiting TANF did so only to enter low-skill, low-wage jobs with little or no advancement potential. Women tended to be in even lower-skill jobs than men, and earned significantly less. In addition, single mothers who were of ethnic minorities tended to remain in such positions longer than did White single mothers.

In his study of the early years of welfare reform, Cheng (2002) found that, of parents who transitioned into the workforce, fully 56% found themselves in employment situations that rendered them “working poor.” Further, the mean income of the working poor families was considerably lower (by 33%) than that of families who remained TANF recipients. In a more recent study (2006), Cheng found that restrictions and sanctions, combined with few opportunities for education and skill training, increased the likelihood that a family would join the ranks of the working poor once they had entered the workforce.

Arguably, one of the most significant challenges facing working poor families is that of health care.

Annotated Bibliography
For more information on these and other references on this topic, please visit the Annotated Bibliography section of the FamilyTrends website (www.familytrends.org). This section summarizes the research literature and other helpful sources for a particular FamilyTrends Brief. Journals for Social Work, Psychology, Marriage and Family, Public Policy and other similar disciplines are referenced. This list will be updated periodically in order to capture the most recent literature.
The energetic reduction in the welfare rolls has meant that many families enter the workforce without critical resources. Boushey (2002) found that fully 47% of families leaving welfare experienced one or more “critical hardship” (p. 1), including hunger, homelessness, health crises with inadequate care, and problems with childcare.

Some have suggested that exiting welfare can actually worsen a family’s income and life circumstances, because of the loss of benefits and lack of accessible or affordable alternatives (Basta, 2007; Guendelman & Pearl, 2001; Iverson & Armstrong, 2007; Romich, Simmellink, & Holt, 2007). Meyers and Lee (2003), in their study of families who exited TANF in New York City, found that they were much less likely to receive food or housing assistance, and were less likely to have health insurance than were families still receiving TANF benefits. Anderson and Gryzlak (2002) found that families were often unaware that some supplemental supports could, under certain conditions, continue to be available to them.

Arguably, one of the most significant challenges facing working poor families is that of health care. Clemans-Cope, Kenney, Pantell, & Perry (2007) observed that, even though they were employed, fully 60% of families living below 100% FPL, and 40% of those between 100% and 200% FPL, had access to employer-sponsored health insurance (ESI). They noted, further, that only about 60% of low-income workers who do have access to ESI actually accept it, because the deductibles and co-pays are so often prohibitively costly. Some have suggested that working poor families (even those who work full-time) have access to fewer resources than do nonworking poor families, who likely have greater access to Medicaid and other subsidized coverage (Guendelman & Pearl, 2001; Guendelman, Wyn, & Tsai, 2002; Guendelman, Angulo, & Oman, 2005). In “child-only” cases, children whose parents lose their TANF benefits because of sanctions, receive less regular and adequate healthcare, even though they are still receiving Medicaid.

Hofferth (1995), reporting data from the National Child Care Survey 1990 and A Profile of Child Care Settings, stated that working poor families experience disadvantages in both access to and quality of child care. Overall, working poor families received less in the way of subsidized care than did non-working poor families, and were more likely to turn to informal care settings that ranged markedly in quality. This is particularly important as children in poverty are at already increased risk for a wide range of problems and challenges, and as high quality childcare programs have been shown to enhance cognitive and behavioral outcomes for poor young children with working parent(s) (Lee, 2005).

Research suggests that the TANF benefit of subsidized childcare is a critical support, particularly for single parents. Brooks (2002) found that TANF families not receiving childcare subsidies spent twice as much money on childcare as did their subsidized counterparts, and that the care was less stable and less likely to be provided by a licensed center. In addition, parents receiving subsidies were more likely to be employed and less likely to be very poor than those who were non-subsidized. Similarly, Danziger, Ananat, & Browning (2002) found that having childcare subsidies during the transition from welfare to work predicted longer employment duration and greater earnings for families. In their research on obstacles to self-sufficiency for welfare families, Press, Johnson-Dias, and Fagan (2005) estimated that childcare could reduce the likelihood of full-time employment by as much as 18%.

**“Disconnected” workers.**

Some researchers (Blank, 2007; Loprest & Zedlewski, 2006; Schleiter, Statham, & Reinders, 2005) have identified a small group of working poor single mothers with the most complex and severe barriers to work. Blank has described these as “disconnected” workers. They are no longer eligible for TANF because they have reached their 5-year time limit or have been sanctioned for not maintaining full time employment. They tend to be younger mothers with larger families, are often supporting other disabled family members, have less education, more learning disabilities, and frequent mental health, substance abuse, and/or domestic violence issues. They may have criminal records, which significantly affect their housing and employment prospects. They struggle to maintain employment, and have been unable to transition to self-sufficiency, but their disabilities are not severe enough to qualify for SSI. The researchers have suggested that this group of working poor families is at particular risk, and represent 20-25% of those who exit welfare.

**Implications for Policy and Practice**

Addressing the needs of working poor families with multiple barriers to employment has not been a simple or straightforward task. It has been challenging to develop interventions that truly support sustained self-sufficiency. Such interventions would need to address not only individual barriers, but workplace issues, labor practices, and social service barriers as well.
Increasingly, the importance of such support has become glaringly apparent in both private and public sectors, since such a significant proportion of working families have remained in poverty. Diana Pearce has noted that, “awareness that people’s troubles are at least complicated, if not caused by structural failings of the economy and polity, rather than individual failings, should both inform direct treatment, and broaden the arenas in which social workers act on behalf of and with clients … the transformation of the poverty discussion to a focus on working poverty reinforces the importance of the social and economic context for understanding and treating clients” (p. 3).

A number of researchers, program innovators, and experts in the field have developed and tested such interventions, and have identified a set of working guidelines and principles for effective strategies. These are described below.

Affordable health insurance for both parents and children.
It has been argued that addressing the significant gap in insurance coverage for working Americans would benefit workers, their children, and their employers. Clemans-Cope et al. (2007) summarized research findings related to health coverage (and its absence), and observed that, consistently, adequate health insurance was associated with improved health and mental health status for parents and children, as well as reduced absenteeism and greater productivity in the workplace. Recommendations regarding health coverage have included a wide range of strategies, including expanded eligibility criteria for public benefits, creation of small business and low-income purchasing pools, insurance premium subsidies for low-income persons, and provision of employer incentives or tax credits (see, for example, Perry & Blumberg, 2008).

Workplace supports that are typical of higher-skill, higher-earning jobs extending to the jobs in which many working poor families are employed.
These include, in addition to health insurance, the availability of paid sick and vacation time, family leave, and flexibility in schedules, ongoing childcare supports, creative supports for families’ transportation needs, and support for continuing education and skill development. As discussed above, one of the challenges for families exiting TANF is that they lose the very supports that have aided them in returning to the workforce, leaving them at risk for illness, absenteeism, and tenuous employment. It has been argued that investing in such supports actually increases employee retention and productivity (Strawn & Martinson, 2002). As with health coverage, recommended strategies range from government subsidies to individuals to employer incentives.

Ongoing education about financial issues contributing to self-sufficiency.
Such education should address the availability of benefits after exiting TANF, as well as the Earned Income Tax Credit, asset building, predatory lending, working with banks and other financial institutions, and other topics of importance. Pilot efforts in this arena have shown promising results (Anderson, Zhan, & Scott, 2007).

Effective preparation for employment and training/career advancement strategies.
Such activities must be tailored to the needs of the individual as well as the current labor market. Such preparation may well include treatment for mental health and/or substance abuse disorders, as well as training in problem solving, stress management, workplace relationships, and other skills that can affect employment tenure and advancement. Ideally, such training will be developed and delivered with an explicit focus on the needs of local employers (Beimers & Fischer, 2007; Martinson, Winston, & Kellam, 2007), and consist of active collaboration among business sectors, nonprofit or foundation sectors, universities, community colleges, and public/social services.

Targeted supports for disconnected workers.
Addressing the needs of parents who experience multiple and complex needs continues to be a pressing and challenging concern. In their review of current research in this area, Loprest and Martinson (2008) suggested that, to date, the outcomes of interventions targeting this group of vulnerable families (including intensive treatment, employment coaching, and life skills education) have been equivocal at best. While employment may increase, the majority of participants remain in low-income positions, and employment tenure remains tenuous.

Loprest and Martinson recommended a series of promising program directions based on their review of current research. These include:

- Interventions combining mental health and/or substance abuse treatment with subsidized/supported employment;
- Intensive case management providing for coordination of services and continuous monitoring and support;
- Removal of the disincentives to work, so that increased employment tenure does not lead to the immediate loss of public benefits.

These intervention strategies would require federal involvement and support in order to modify current TANF regulations to accommodate their implementation, and to collaborate in the development of appropriate funding streams. For example, in her discussion of the vulnerabilities and needs of disconnected workers, Blank (2007) recommended a “Temporary and Partial Waiver Program” for disconnected workers, designed specifically to create a safety net for these most vulnerable women. Such a waiver would provide flexibility in the time limits, work requirements, and sanctions imposed within TANF, in order to support the greatest possible self-sufficiency, while recognizing and accommodating the longer process often required for women with such complex and entrenched problems.

A multi-faceted and collaborative process.
In terms of the process of service delivery, there is considerable consistency in the literature that the more streamlined, centrally located, and multi-disciplinary the services, the more accessible they will be to families, and thus, the more effective. Bryner and Martin (2005), in their review of welfare-to-work interventions, suggested that the optimal service model combines “human capital development” (education, training, skill development) with “labor force attachment strategies” (job development and placement). One such collaboration, for example, joined academic, business, human resource, educational, and financial institutions in an effort to advocate for and support low-income employees (Hoffmire, 2007).

Experts call for genuine collaboration among private and
public sectors, including social services, employers, unions, community colleges, health professionals, educators, and the like. Finally, the use of intensive case management, continuing for as long as needed, is recommended as a critical resource for vulnerable working poor families navigating the path to self-sufficiency.

References


**About the Jordan Institute**

Created in 1996, the Jordan Institute for Families is the research, training, and technical assistance arm of the School of Social Work at The University of North Carolina at Chapel Hill. The Jordan Institute is a nonprofit, nonpartisan organization that develops knowledge and promotes practices and policies that build supportive families and stable communities.

Cutting across traditional disciplinary lines, the Jordan Institute is a conduit partnering scholars and researchers from complementary fields. This interdisciplinary approach leads to rich and relevant research and training and ensures that the Jordan Institute makes substantive and systemic contributions to policy and practice.

The Jordan Institute addresses family issues across the lifespan that threaten to undermine some families—such as poverty, abuse, mental illness, school failure, and substance abuse—as well as challenges that confront most families—such as providing for aging family members and caring for young children.

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