

## The working poor in 2001

*About 6.8 million workers in 3.7 million families lived below the poverty level in 2001, an increase for the first time since 1992–93; working youth continue to experience high incidence of poverty*

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Poverty statistics are used to gauge the economic well-being of the Nation. The number and characteristics of people who experience economic hardship because of very low income levels is a function of very complex socioeconomic, family, and individual issues.<sup>1</sup>

A number of people who are in poverty also participate significantly in the labor force. In 2001, 32.9 million people of all ages, or 11.7 percent of the population, lived at or below the official poverty level.<sup>2</sup> Most of them were children, or adults who had not participated in the labor force during the year. However, about 6.8 million were 16 years and older and were in the labor force for 27 weeks or more during the year. These persons, also referred to as the working poor, represented 4.9 percent of all persons 16 years and older who were in the labor force for 27 weeks or more—an increase of 319,000 (0.2 percentage point) from the previous year.

This article defines the working poor<sup>3</sup> as individuals who spend at least 27 weeks in the labor force (that is, working or looking for work), but whose incomes fell below the official poverty level. The income thresholds used to determine persons' poverty status differ, depending on whether the individuals are family members or are living alone or with nonrelatives. For family members, the poverty threshold is determined by their families' total income; for persons not living in families, their personal income is used as the determinant. This article presents data on the

relationships between labor force activity and poverty in 2001 for individual workers, including those who were family<sup>4</sup> members and those who did not live with their families. A variety of economic, demographic, educational, occupational, and family characteristics of the working poor are explored. Also, three major labor market problems that can impede a worker's ability to earn an income above the poverty threshold<sup>5</sup> are examined. In the final section, the trend in working poor since 1987 is discussed. For the most part, the data used in this article were collected in the 2002 Annual Social and Economic Supplement to the Current Population Survey (CPS).<sup>6</sup>

### Overall characteristics

In 2001, the proportion of those who were in the labor force for 27 weeks or more who were classified as working poor continued to be higher for women than for men—5.5 versus 4.4 percent—even though the proportion of working men living in poverty edged up by 0.3 percentage point over the year, while that for women was unchanged. However, the rates for both groups remain well below their decade-high levels in 1993 of 7.3 percent for women and 6.2 percent for men. (See table 1.)

Young workers are more vulnerable to poverty than those in other age groups, partly because their earnings are lower and they are more likely to be unemployed than older workers.

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**Table 1. Persons in the labor force for 27 weeks and more: poverty status by age, sex, race, and Hispanic origin, 2001**

[Numbers in thousands]

Age and sex	Total	White	Black	Hispanic origin	Below poverty level				Rate <sup>1</sup>			
					Total	White	Black	Hispanic origin	Total	White	Black	Hispanic origin
Total, 16 years and older .....	138,143	114,874	15,657	16,463	6,802	4,906	1,503	1,659	4.9	4.3	9.6	10.1
16-19 years .....	4,848	4,136	519	710	506	362	121	102	10.4	8.8	23.3	14.3
20-24 years .....	13,011	10,667	1,543	2,350	1,292	934	282	254	9.9	8.8	17.1	10.8
25-34 years .....	31,307	25,314	3,966	5,349	1,988	1,432	474	607	6.3	5.7	11.9	11.3
35-44 years .....	36,368	29,874	4,399	4,229	1,581	1,134	336	441	4.3	3.8	7.6	10.4
45-54 years .....	32,128	27,034	3,363	2,530	922	660	190	173	2.9	2.4	5.6	6.8
55-64 years .....	16,008	13,902	1,386	1,081	443	339	78	70	2.8	2.4	5.6	6.5
65 years and older .....	4,473	3,948	377	215	70	45	23	12	1.6	1.1	6.2	5.6
Men, 16 years and older .....	74,316	62,899	7,295	9,787	3,275	2,562	520	992	4.4	4.1	7.1	10.1
16-19 years .....	2,483	2,119	261	405	232	170	53	59	9.4	8.0	20.2	14.5
20-24 years .....	6,854	5,708	761	1,451	545	417	85	153	7.9	7.3	11.1	10.6
25-34 years .....	17,248	14,286	1,843	3,350	953	775	137	377	5.5	5.4	7.4	11.3
35-44 years .....	19,611	16,490	2,010	2,501	782	616	119	275	4.0	3.7	5.9	11.0
45-54 years .....	16,949	14,471	1,572	1,348	501	384	77	81	3.0	2.7	4.9	6.0
55-64 years .....	8,599	7,545	651	602	231	179	41	39	2.7	2.4	6.3	6.5
65 years and older .....	2,572	2,279	196	129	32	21	9	8	1.2	0.9	4.5	5.9
Women, 16 years and older ..	63,827	51,976	8,363	6,677	3,526	2,344	983	667	5.5	4.5	11.8	10.0
16-19 years .....	2,365	2,017	258	305	274	192	68	43	11.6	9.5	26.5	14.0
20-24 years .....	6,157	4,958	886	898	747	517	197	101	12.1	10.4	22.3	11.3
25-34 years .....	14,059	11,028	2,122	1,999	1,035	657	337	230	7.4	6.0	15.9	11.5
35-44 years .....	16,757	13,384	2,389	1,728	799	518	216	166	4.8	3.9	9.1	9.6
45-54 years .....	15,179	12,562	1,790	1,182	421	276	112	91	2.8	2.2	6.3	7.7
55-64 years .....	7,409	6,357	736	479	212	160	37	31	2.9	2.5	5.0	6.5
65 years and older .....	1,900	1,669	181	85	38	24	14	4	2.0	1.4	7.9	5.2

<sup>1</sup> Number below the poverty level as a percent of the total in the labor force for 27 weeks or more.

Among the youth who were in the labor force for 27 weeks or more in 2001, 10.4 percent of 16- to 19-year-olds and 9.9 percent of 20- to 24-year-olds were in poverty. These rates were more than double the rate for workers aged 35 to 44 (4.3 percent), and more than triple the rate for workers 45 to 54 years of age (2.9 percent).

Minority teenage workers, in particular, are more likely to be in poverty. Among teenagers who were in the labor force for 27 weeks or more, 23.3 percent of blacks and 14.3 percent of Hispanics were in poverty, compared with 8.8 percent of whites. Overall, Hispanic and black workers were disproportionately represented among the working poor, as they continued to experience poverty at rates that were more than twice that of whites (10.1 and 9.6 percent versus 4.3 percent, respectively).

*Education.* The incidence of living in poverty greatly diminishes as workers achieve higher levels of education. People with higher levels of education have better access to higher paying jobs, such as managerial and professional specialty occupations, than those with lower levels of education. In 2001, only 1.5 percent of college graduates were counted among the working poor, compared with 5.8 percent of high school graduates (no college), and 13.1 percent of high school

dropouts. At all major educational levels except college graduates, women were more likely than men to be among the working poor. At all major educational levels, blacks were more likely to be among the working poor than were whites. (See table 2.)

Among whites, the differences in the working poor rate by education between men and women were relatively small. For example, the working poor rate for white men without a high school diploma was 11.1 percent, compared with 13.6 percent for the women. Among white college graduates, women were a little less likely than men to be among the working poor—1.2 percent and 1.6 percent, respectively. Among blacks, however, the situation was different; black women were considerably more likely than their male counterparts to be among the working poor. About 25 percent of black women without a high school diploma were among the working poor, compared with 15.4 percent of men; 2.6 percent of black women college graduates were among the working poor, compared with 1.9 percent of men. The gender difference in the working poor rates among blacks by education may partly reflect the fact that 4 of 10 black families are maintained by women.

*Occupation.* Workers in occupations characterized by relatively low earnings—such as service occupations and farm

**Table 2. Persons in the labor force for 27 weeks or more: poverty status by educational attainment, race, and sex, 2001**

Educational attainment and race	Rate <sup>1</sup> total	Men	Women
Total, 16 years and older .....	4.9	4.4	5.5
Less than a high school diploma .....	13.1	11.6	15.4
Less than 1 year of high school .....	15.5	15.4	15.9
1-3 years of high school .....	12.6	10.5	15.7
4 years of high school, no diploma .....	8.8	6.5	12.6
High school graduates, no college .....	5.8	4.9	7.0
Some college, no degree .....	4.4	3.6	5.2
Associate degree .....	2.6	2.0	3.2
College graduates .....	1.5	1.6	1.5
White, 16 years and older .....	4.3	4.1	4.5
Less than a high school diploma .....	12.0	11.1	13.6
Less than 1 year of high school .....	16.1	15.8	16.7
1-3 years of high school .....	10.7	9.3	12.9
4 years of high school, no diploma .....	7.2	5.8	9.9
High school graduates, no college .....	4.7	4.3	5.3
Some college, no degree .....	3.9	3.4	4.5
Associate degree .....	2.2	1.8	2.7
College graduates .....	1.4	1.6	1.2
Black, 16 years and older .....	9.6	7.1	11.8
Less than a high school diploma .....	20.0	15.4	25.0
Less than 1 year of high school .....	17.9	16.2	20.4
1-3 years of high school .....	21.7	17.1	26.3
4 years of high school, no diploma .....	14.5	7.2	23.3
High school graduates, no college .....	12.3	8.7	15.8
Some college, no degree .....	6.6	4.4	8.5
Associate degree .....	5.3	2.7	7.0
College graduates .....	2.3	1.9	2.6

<sup>1</sup> Number below the poverty level as a percent of the total in the labor force for 27 weeks or more.

occupations—had a relatively high likelihood of being among the working poor.<sup>7</sup> During 2001, farm workers and service employees were more likely to be classified as working poor than were workers in other occupations. In fact, the 2 million working poor in service occupations accounted for 31.3 percent of all those classified as the working poor. Within the category of service workers, 20.4 percent of private household workers (that is, housekeepers, childcare workers, and cooks), were among the working poor. About 11.6 percent of service workers such as bartenders, waiters and waitresses, dental assistants, janitors, and hairdressers (excluding private households or protective services occupations) were classified as working poor. In contrast, persons employed in managerial and professional specialty occupations, occupations with typically high earnings, were least likely to be classified as working poor (1.4 percent). (See table 3.)

**Table 3. Poverty status of persons in the labor force for 27 weeks or more who worked during the year by occupation of longest job held, race, and sex, 2001**

Occupation and race	Rate <sup>1</sup> total	Men	Women	White	Black
Total, 16 years and older <sup>2</sup> .....	4.7	4.1	5.3	4.1	8.8
Managerial and professional specialty .....	1.4	1.3	1.6	1.3	3.2
Executive, administrative, and managerial .....	1.3	1.3	1.4	1.2	3.2
Professional specialty .....	1.6	1.4	1.7	1.4	3.2
Technical, sales, and administrative support .....	4.2	3.2	4.7	3.5	8.7
Technicians and related support .....	1.6	1.6	1.5	1.5	<sup>3</sup>
Sales occupations .....	5.9	3.6	8.3	4.8	16.0
Administrative support, including clerical .....	3.3	3.1	3.4	2.8	5.9
Service occupations .....	10.8	8.2	12.6	9.5	15.9
Private household .....	20.4	<sup>3</sup>	20.3	18.3	28.0
Protective service .....	3.0	2.2	6.1	1.9	6.3
Service, except private household and protective .....	11.6	10.2	12.4	10.3	17.3
Precision production, craft, and repair .....	4.3	4.2	5.0	4.2	6.2
Operators, fabricators, and laborers .....	5.7	5.2	7.3	5.3	7.2
Machine operators, assemblers, and inspectors .....	4.7	4.1	5.7	4.4	5.9
Transportation and material moving occupations .....	4.4	4.0	8.1	4.1	4.7
Handlers, equipment cleaners, helpers, and laborers .....	8.3	7.8	10.4	7.6	11.7
Farming, forestry, and fishing .....	14.3	14.4	14.0	14.4	17.8

<sup>1</sup> Number below the poverty level as a percent of the total in the labor force for 27 weeks or more who worked during the year.

<sup>2</sup> Includes a small number of persons whose last job was in the Armed Forces.

<sup>3</sup> Data not shown where base is less than 80,000.

## Family characteristics

Nearly 3.7 million families with at least one member in the labor force for 27 weeks or more (5.9 percent of all such families) lived below the poverty level in 2001, up from 5.6 percent in the previous year. Married-couple families with one member in the labor force for 27 weeks or more had a lower incidence of poverty than did either families maintained by women or families maintained by men (no spouse present). This was true regardless of which member of the married-couple family was in the labor force. (See table 4.)

The poverty threshold for families reflects both the total family income and the number of family members. The more

workers a family has, the higher its income is likely to be and therefore the less likely the family is to be living below the poverty line. For example, only 0.8 percent of families with three or more members in the labor force for 27 weeks or more and 1.7 percent of families with two such labor force participants were among the working poor in 2001. In contrast, 12.2 percent of families with only one member in the labor force for 27 weeks or more were in poverty.

The larger the family, however, the higher the level of income needed to keep the family out of poverty. In addition, the presence of children can reduce the ability of one or both of the parents to participate fully in the labor force. Thus, working families with children, regardless of type of family,

**Table 4. Primary families: Poverty status, presence of related children, and work experience of family members in the labor force for 27 weeks or more, 2001**

[Numbers in thousands]

Characteristic	Total families	Below poverty level	Rate <sup>1</sup>
<b>Total primary families</b> .....	62,251	3,697	5.9
With related children under age 18 .....	35,542	3,125	8.8
Without children .....	26,708	573	2.1
With one member in the labor force .....	25,626	3,121	12.2
With two or more members in the labor force .....	36,625	576	1.6
With two members .....	30,712	532	1.7
With three or more members .....	5,913	44	.8
<b>Married-couple families</b> .....	47,851	1,632	3.4
With related children under age 18 .....	26,159	1,303	5.0
Without children .....	21,692	329	1.5
With one member in the labor force .....	15,550	1,231	7.9
Husband .....	11,691	944	8.1
Wife .....	3,224	246	7.6
Relative .....	635	41	6.5
With two or more members in the labor force .....	32,301	400	1.2
With two members .....	27,301	374	1.4
With three or more members .....	5,000	26	.5
<b>Families maintained by women</b> .....	10,507	1,725	16.4
With related children under age 18 .....	7,297	1,557	21.3
Without children .....	3,210	168	5.2
With one member in the labor force .....	7,657	1,591	20.8
Householder .....	6,367	1,400	22.0
Relative .....	1,290	191	14.8
With two or more members in the labor force .....	2,850	134	4.7
<b>Families maintained by men</b> .....	3,893	341	8.8
With related children under age 18 .....	2,086	265	12.7
Without children .....	1,807	76	4.2
With one member in the labor force .....	2,419	299	12.3
Householder .....	1,972	240	12.2
Relative .....	447	59	13.1
With two or more members in the labor force .....	1,474	42	2.9

1 Number below the poverty level as a percent of the total in the labor force for 27 weeks or more.

NOTE: Data relate to primary families with at least one member in the labor force for 27 weeks or more

had higher poverty rates than families without children. The difference was greatest among families maintained by women. Among these families, 21.3 percent of those with children were poor in 2001, compared with 5.2 percent of those without children.

Working wives are less likely than working husbands to be poor, primarily because working wives are more likely to be in families with a second earner, usually a husband. In 2001, 1.7 percent of married women who were in the labor force for 27 weeks or more were in poverty, compared with 3.1 percent of married men. In comparison, 17 percent of women who maintained families and who were in the labor force for 27 weeks or more were in poverty, as shown below:

*Working poor rate*

Husbands .....	3.1
Wives .....	1.7
Maintaining families	
Women, no spouse present .....	17.0
Men, no spouse present .....	8.3
Unrelated individuals .....	8.1
Living alone .....	5.3
Living with others .....	11.4

*Unrelated individuals.* Of the 29.4 million unrelated individuals who were in the labor force for 27 weeks or more in 2001, 8.1 percent lived below the poverty level. This was up from 7.6 percent in 2000.

The living situations of unrelated individuals are characterized in one of two ways: some live by themselves, while others share housing with unrelated persons. Unrelated indi-

viduals with low incomes often live with others in order to share expenses and pool resources. But, because poverty status for unrelated individuals is determined by their personal income and not by their household income, the poverty measure for these unrelated individuals living with nonrelatives may overstate their actual economic hardship. Conversely, many of those who live alone do so because they have sufficient incomes to support themselves. Persons living with unrelated individuals and who were labor force participants for more than 27 weeks in 2001 were more than twice as likely as those living alone to be poor (11.4 percent and 5.3 percent, respectively). The proportion living in poverty increased for both of these groups over the year. Teenagers who were in the labor force for 27 weeks or more and were living on their own or with others not related to them were more vulnerable to being poor than other unrelated individuals. In 2001, 39.5 percent of such teenagers lived below the poverty level, up from 36.7 percent in 2000.

## Labor market problems

People who usually work full time are far less likely to live in poverty than are others. Yet, there remains a sizable group of full-time workers who live below the poverty threshold. Among those who participated in the labor force for more than half of the year and who usually worked in full-time wage and salary jobs, 3.5 million (or 3.2 percent) were classified as working poor in 2001. This proportion was virtually unchanged from a year earlier, after trending downward from 1994 to 2000. (See table 5.)

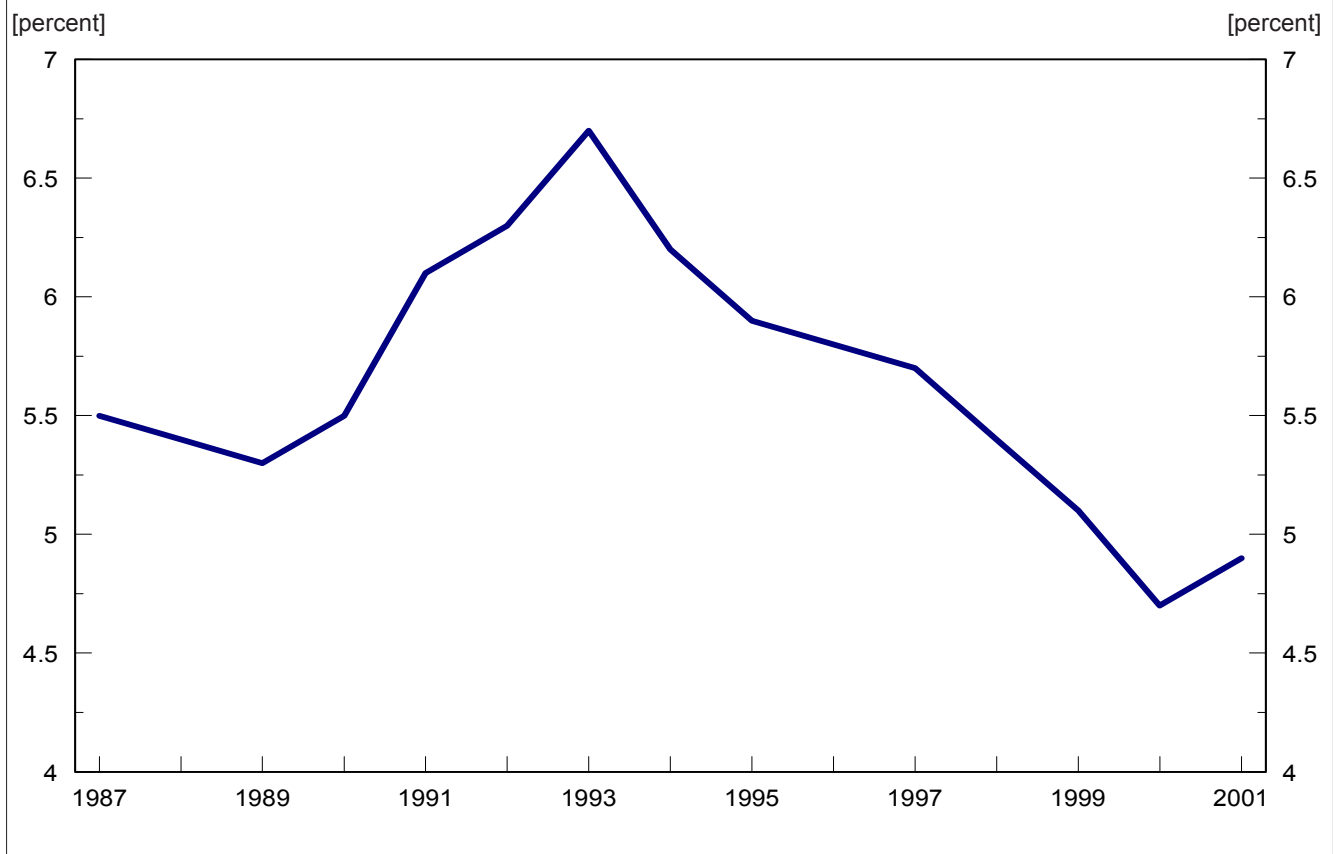
**Table 5. Persons in the labor force for 27 weeks or more: Poverty status and labor market problems of full-time wage and salary workers, 2001**

[Numbers in thousands]

Poverty status and labor market problems	Total	At or above poverty level	Below poverty level		
			Number	Percent	Rate <sup>1</sup>
Total, full-time wage and salary workers .....	109,117	105,630	3,487	100.0	3.2
No unemployment, involuntary part-time employment, or low earnings <sup>2</sup> .....	88,769	88,176	593	17.0	0.7
Unemployment only .....	6,762	6,399	363	10.4	5.4
Involuntary part-time employment only .....	2,658	2,598	60	1.7	2.2
Low earnings only .....	7,128	5,601	1,526	43.8	21.4
Unemployment and involuntary part-time employment ....	1,172	1,079	93	2.7	7.9
Unemployment and low earnings .....	1,459	959	500	14.3	34.3
Involuntary part-time employment and low earnings .....	726	557	169	4.8	23.2
Unemployment, involuntary part-time employment, and low earnings .....	444	261	184	5.3	41.3

<sup>1</sup> Number below the poverty level as a percent of the total in the labor force for 27 weeks or more.

<sup>2</sup> The low earnings threshold in 2001 was \$260.66 per week.  
NOTE: Data refer to persons 16 years and older.

**Chart 1. Poverty rates of persons in the labor force for 27 weeks or more, 1987–2001**

There are three major labor market problems that can impede such workers' ability to earn an income above the poverty threshold: Low earnings, periods of unemployment, and involuntary part-time employment.<sup>8</sup>

In 2001, about 83 percent of the working poor who usually worked full time experienced at least one of these major labor market problems. Low earnings continued to be the most common condition encountered, with 68.2 percent facing low earnings, either alone or in conjunction with other labor market problems. About 32.7 percent of the working poor experienced unemployment either alone or in conjunction with other problems. Only 5.3 percent experienced all three problems—low earnings, unemployment, and involuntary part-time employment.

Some 593,000, or 17 percent, of the working poor did not experience any of the three primary labor market problems in 2001. Their classification as working poor may be explained by other factors, including short-term employment, some weeks of voluntary part-time work, or a family structure that increases the risk of poverty.

### Trend

In 2001, the working poor represented 4.9 percent of all persons who were in the labor force for 27 weeks or more. This was an increase of 0.2 percentage point from the previous year. The rise in the percent of those classified as working poor in 2001 was the first year-to-year increase since 1992-93 and reflected the 2001 recession. Poverty rates of persons who were in the labor force for 27 weeks or more hovered between 5.3 percent and 5.5 percent from 1987 to 1990, and rose from 5.7 and 6.7 percent between 1991 and 1997. From 1998 to 2001, the rates were relatively lower, ranging from 4.7 percent to 5.4 percent. (See chart 1.)

IN SUMMARY, about 6.8 million workers in 3.7 million families lived below the poverty level in 2001. The number and the proportion of those classified as working poor increased over the year for the first time since 1992-93. Still, the proportion in the labor force remains well below the series high in 1993. Working youth in general and minority teens in particular continue to experience high incidence of poverty. The likelihood

of being among the working poor is also higher among families maintained by women (no spouse present), the least edu-

cated, and those employed as farm workers and in service occupations. □

## Notes

<sup>1</sup> More detailed information on the working poor in 2001 was discussed in Bureau of Labor Statistics Report 968, June 2003. This article summarizes the findings of that report.

<sup>2</sup> *Poverty in the United States: 2001, Current Population Reports, Series P60-219*, (U.S. Bureau of the Census, September 2002), p.1.

<sup>3</sup> In 1989, BLS researchers Philip Rones and Bruce Klein developed BLS measure of the working poor by linking individuals' labor market efforts to the poverty status of their families. Rones and Klein defined the "working poor" as persons who devoted more than half of the year to working or looking for work and who lived in families with incomes below the official poverty level.

<sup>4</sup> A family is defined as a group of two or more persons residing together who are related by birth, marriage, or adoption. Persons in related subfamilies—married couples or parent-child groups sharing the living quarters of another family member—are included as members of that family and are not distinct family units. The count of families used in this report does not include unrelated subfamilies, such as lodgers, guests, or resident employees living in a household but not related to the householder (the person in whose name the housing unit is owned or rented). Families are classified either as married-couple families or as those maintained by men or women without spouses present. Family status is determined at the time of the March interview, and thus may be different from that of the previous year.

<sup>5</sup> Poverty statistics presented in this report are based on definitions developed by the Social Security Administration in 1964 and revised by Federal interagency committees in 1969 and 1981. These definitions originally were based on the Department of Agriculture's Economy Food Plan and reflected the different consumption requirements of families, based on factors such as family size and the number of children less than 18 years of age. The actual poverty thresholds vary in accordance with the makeup of the family. In 2001, the average pov-

erty threshold for a family of four was \$18,104; for a family of nine or more persons, the threshold was \$36,286; and for an unrelated individual aged 65 or older, it was \$8,494. Poverty thresholds are updated each year to reflect changes in the Consumer Price Index for All Urban Consumers (CPI-U). The thresholds do not vary geographically.

<sup>6</sup> The primary source of data in this report is the *2002 Annual Social and Economic Supplement to the Current Population Survey* (CPS). The CPS is a monthly survey of 60,000 households conducted by the U.S. Census Bureau for the Bureau of Labor Statistics to collect demographic, social, and economic information about persons 16 years of age and older.

<sup>7</sup> Occupation refers to the occupation in which a person worked the most weeks during the calendar year.

<sup>8</sup> *The low earnings level*, as first developed in 1987, represented the average of the real value of the minimum wage between 1967 and 1987 for a 40-hour workweek. The base year of 1967 was chosen because that was the first year in which minimum-wage legislation covered essentially the same broad group of workers who currently are covered. The low earnings level has subsequently been adjusted each year using the CPI-U, so that the measure maintains the same real value that it held in 1987. In 2001, the low earnings threshold was \$260.66 per week. For a more complete definition, see Bruce W. Klein and Philip L. Rones, "A profile of the working poor," *Monthly Labor Review*, October 1989, pp. 3-13. *Involuntary part-time* workers are persons who, in at least 1 week of the year, worked fewer than 35 hours because of slack work or business conditions, or because they could not find full-time work. The number of weeks of involuntary part-time work is accumulated over the year. *Unemployed persons* are those who looked for work while not employed or those who were on layoff from a job and expecting recall. The number of weeks unemployed is accumulated over the entire year.