

The Role of Means-Tested Transfers as a Supplement to Earned Income: Trends Across Industries Over Time

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BACKGROUND

Wages in many industries are insufficient to lift individuals and families out of poverty. The shift toward increasing levels of low-wage employment along with changes in the eligibility for and requirements of receiving assistance from means-tested programs calls for a better understanding of how low-wage work and the social safety net interact.

RESEARCH QUESTIONS

- Do full-time workers in low-wage industries access the safety net to make ends meet more than their counterparts in other industries?
- Do differences exist across industries in the assistance programs workers access?

DATA AND SAMPLE

- Census Bureau 2008 Panel of the Survey of Income and Program Participation (SIPP)
 - 48-month period from January 2009 to December 2012
- Bureau of Labor Statistics National Industry-Specific Occupational Employment and Wage Statistics (OES) 2009-2012
- The research sample consist of full-time SIPP workers, defined as those aged 16 to 64 who reported working 35+ hours for all weeks in a given reference month from January 2009 to December 2012 (ppm=1,206,710). The sample was further restricted to those workers who could be matched by their industry code to the (OES).
 - SIPP respondents employed in multiple industries are classified into a primary industry based on monthly hours worked
- The match rate across data sources was 92.0 percent, although there were difference in match rates by industry, particularly Public Administration, which is not covered by the OES.

METHODS

- Identified low-wage industries using OES data on median hourly wages
- Matched OES data to SIPP data using cross-walked NAICS codes¹ to Census industry codes
- Logistic regression to predict monthly program participation over the period by industry classification, controlling for whether workers were in a low-wage job within that classification, as well as for other individual and family characteristics²

Note: This research is only intended to be representative of full-time workers in the industries included in this analysis.
¹ Based on 4 digit NAICS codes.
² Logistic models control for each individual's age, race, Hispanic origin, marital status, education, family size, poverty status, and low-wage industry status as well as year effects.
³ There is a significant, but low correlation across low-wage employment and individual poverty status (.137).
⁴ Demographic characteristics were measured in January 2009 for people who worked every month between 2009 and 2012 and were either always or never in a low-wage industry.
⁵ The retail trade industry serves as the reference group.

DEFINITIONS

Low-Wage Industries: Full-time (35+ weekly hours) workers in industries where the median hourly wage (BLS OES) provides an annual income below the federal poverty threshold for a family of four based on full-time (35+ hours a week), year-round work.³

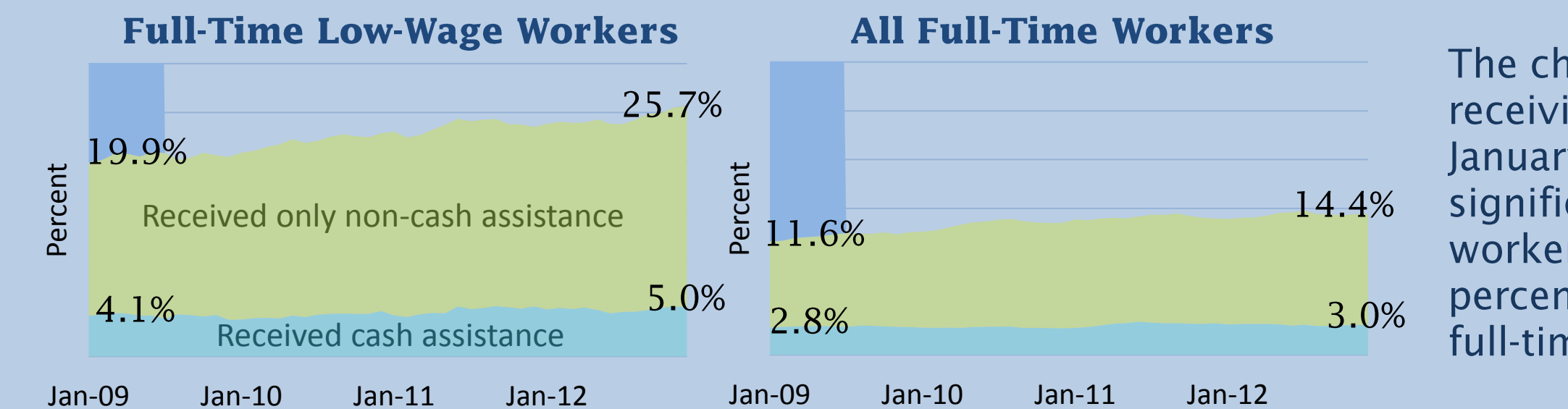
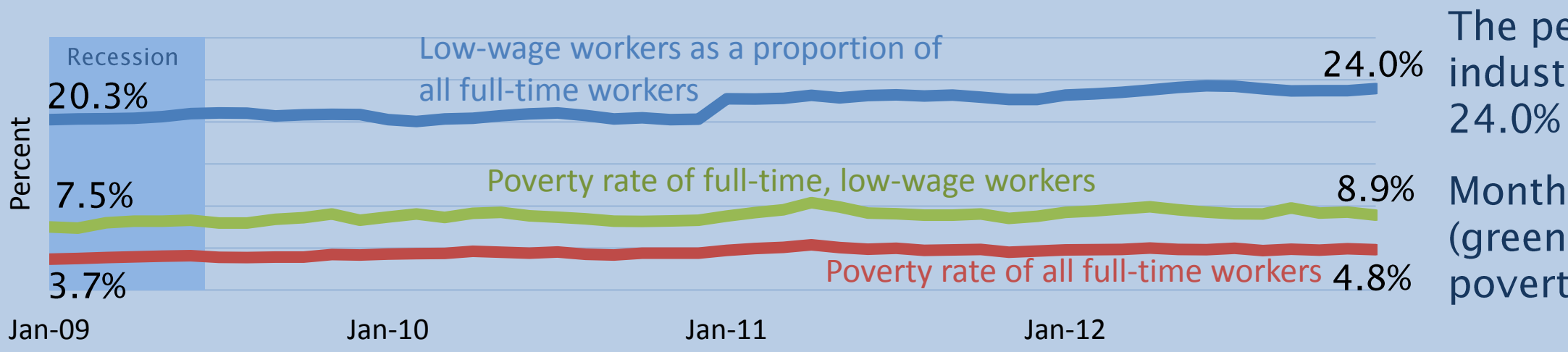
Low-Wage Hourly Threshold

Year	Hourly Threshold
2009	\$11.95
2010	\$12.15
2011	\$12.53
2012	\$12.79

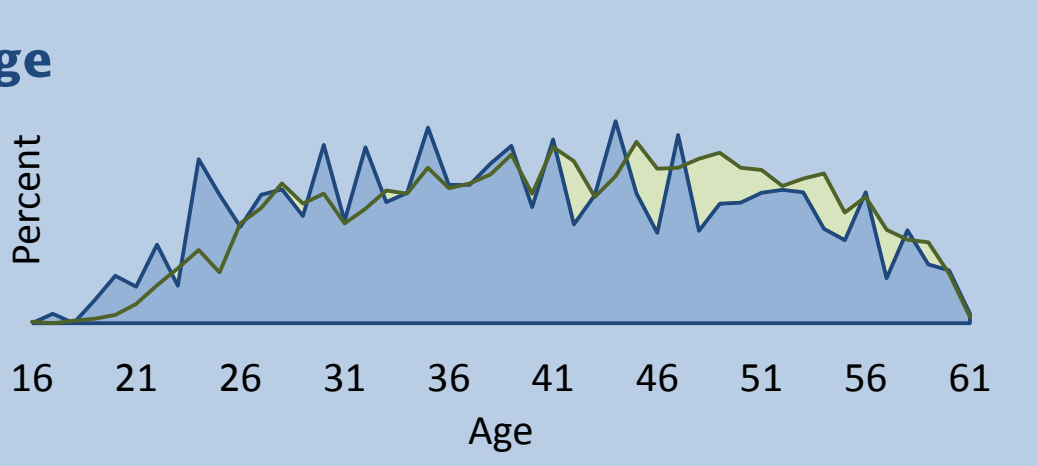
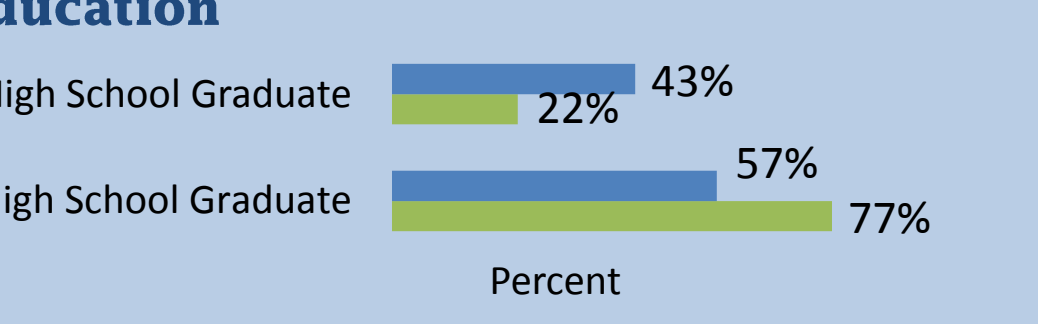
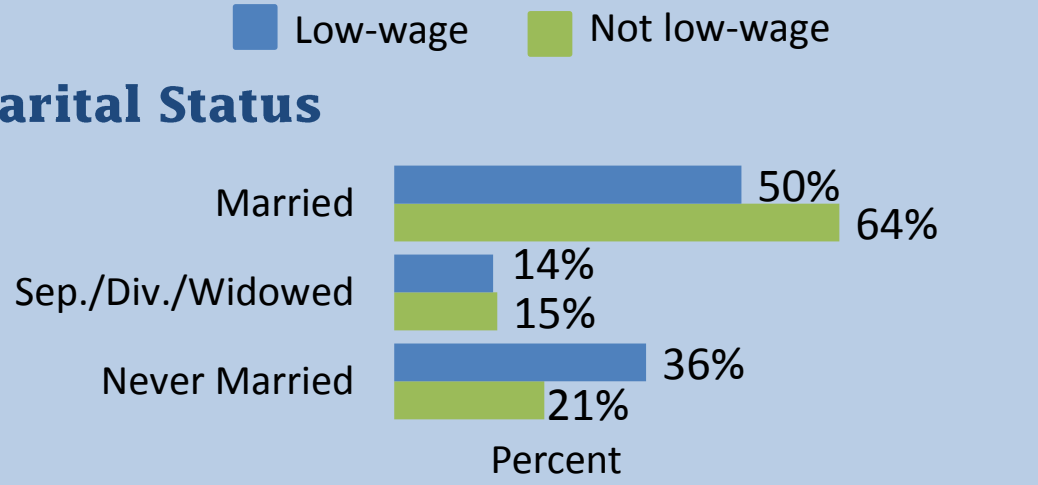
Program Receipt: Defined as the receipt of means-tested cash or non-cash transfers received by a worker's family in a given month.

Cash	Non-Cash
Federal/State Supplemental Security Income	Supplemental Nutrition Assistance Program
Veterans Compensation - Veterans' Pension	Women, Infants, and Children Program
Temporary Assistance for Needy Families	Medicaid coverage
General Assistance	Public/subsidized housing
Other welfare amount	Energy assistance
Cash food/clothing/other assistance	Free/reduced price school lunch/breakfast

MONTHLY DESCRIPTIVE STATISTICS



CHARACTERISTICS OF THE POPULATION⁴



The percent of workers employed full-time in low-wage industries (blue) increased from 20.3% in January 2009 to 24.0% in December 2012.

Monthly poverty rates for low-wage, full-time workers (green) are more than one and a half times higher than poverty rates for all full-time workers (red).

Retail Trade (blue) and Arts, Entertainment and Recreation (red) industries employed the majority of full-time workers in low-wage sectors from 2009 to 2012.

The Professional, Scientific and Management (purple) industry went from comprising 7.4% of full-time, low-wage workers in 2010 to 13.6% in 2011.

The change in the percent of full-time, low-wage workers receiving cash (blue) or non-cash (green) transfers from January 2009 to December 2012 was not statistically significant. However the percent of full-time, low-wage workers receiving non-cash transfers was higher than the percent receiving non-cash assistance among the overall full-time workforce in most months.

A lower proportion of full-time workers employed in low-wage industries were married compared to their counterparts (49.7% v. 63.8%).

A higher proportion of full-time workers employed in low-wage industries had never been married compared to those working in industries paying higher median wages (36.1% v. 21.5%).

More than 40 percent (42.8%) of full-time workers in low-wage industries had a high school diploma or less than a high school education compared to 22.5% of those in industries paying higher wages.

Younger full-time workers (ages 20 to 24) were more likely to be working in industries paying low-wages than in those paying higher wages (7.4% v. 3.9%).

DISCUSSION

There are significant demographic differences across workers engaged in full-time low- or non-low wage work, as well as some variation in the industry classifications that compose the low-wage workforce over the period of 2009 to 2012.

Individuals working full-time in low-wage industries were more likely to be in poverty than those working full-time in a non-low wage industry, and were more likely to receive non-cash assistance, both unconditionally and when controlling for individual and job characteristics.²

Even when controlling for these differences across workers based on their low-wage work and poverty status² there remains variation across industries in the likelihood that workers will be recipients of cash or non-cash assistance. Individuals working in educational services and health care were found to be more likely⁵ to receive both cash as well as non-cash assistance.

PROBABILITY OF PARTICIPATION: COMPARISON ACROSS INDUSTRIES

Full-time workers in low-wage industries were 1.6 times more likely to receive **non-cash** assistance from government programs than non-low wage, full-time workers when controlling for individual and job characteristics. However, there was no statistical difference across low-wage and non-low wage workers in the likelihood of receiving cash assistance in a given month over the period.

The results below compare the odds of receiving government transfers across industry classifications, controlling for whether a full-time worker worked in a low-wage industry within that classification.⁵ Full-time workers employed in agriculture were less likely to receive cash assistance than those employed in retail regardless of low-wage status, whereas those employed in education services and health care were more likely to receive cash assistance.

Full-time workers employed in construction, education and health services, and other services were significantly more likely to receive non-cash assistance from government programs than those working in retail trade.

