

**REPORT OF THE
SECRETARY OF ECONOMIC DEVELOPMENT**

The Working Poor in Virginia

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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THE WORKING POOR IN VIRGINIA

**A Report in Response to
Senate Joint Resolution 194
of the 1989 General Assembly**

**Prepared on Behalf of the
Secretary of Economic Development
By the
Economic Information Services Division
Virginia Employment Commission**

October 1989

INTRODUCTION

Authority

This report was conducted in response to Senate Joint Resolution 194 (copy attached in Appendix 1) which requested the Secretary of Economic Development to "...study the use of contingent workers and its effect on equal employment and wages and benefits." The responsibility for carrying out the study was subsequently assigned to the Virginia Employment Commission by the Secretary of Economic Development.

Intent

Virginia Employment Commission officials and staff met with the sponsor of Senate Joint Resolution 194 in an attempt to specify completely the intent and objective of the Resolution. As a result of this meeting, it was determined that the intent of the sponsor of the Resolution, Senator Yvonne Miller of Norfolk, was to develop an information base and a profile of the working poor in Virginia. For the purposes of the report and at the suggestion of Senator Miller, the working poor are defined as those persons whose primary sources of income are wages from working at one or more part-time jobs and who do not receive employee benefits or receive only partial employee benefits, with special reference to health insurance benefits.

Objective

Due to data limitations, the report information base and profile are provided only on a statewide basis and deal with only the availability, not the adequacy, of health care benefits for the working poor. The objective of the report is to develop an information base and a general profile of the magnitude of the population of the working poor and the extent to which they receive employee benefits, and especially, health care coverage.

Methodology and Data Sources

This report provides an analysis and profile of the working poor in Virginia based on two primary data sources: 1) data on employment status of workers available from the most recent Current Population Survey conducted by the Bureau of the Census; and, 2) data and assumptions regarding employee benefits and health insurance coverage of part-time workers from recent national studies.

A number of studies and reports available at the national level provide estimates of the number of part-time and contingent workers, estimates of the extent of employee benefits and health care coverage received by these workers, analyses of issues and trends regarding employee work status, and the receipt of employee benefits. This information is used to provide an overview and background for the analysis of the working poor in Virginia.

Studies are also currently available or underway at the state level which deal with the availability and adequacy of health care for the poor and working poor in Virginia. Information from these studies is used to supplement the analysis of Virginia's working poor. Information was also provided by public housing authorities in Newport News, Norfolk, and Richmond on the economic and demographic characteristics of their tenants.

NATIONAL INFORMATION ON THE WORKING POOR

Background

Since the definition of the working poor includes as a major element their part-time work status, the following background information focuses on estimates of the number and status of part-time workers in the United States and Virginia.

Part-Time Workers

Estimates of the number of part-time workers, their reasons for part-time work status and their demographic characteristics for the United States and for individual states are contained in a report issued annually by the U. S. Department of Labor (Geographic Profile of Employment and Unemployment) based upon data gathered in the Current Population Survey by the U. S. Census Bureau. In the latest report, which contains data for the year 1988, the estimated number of part-time workers in Virginia was 497,000 of which 388,000 or 78 percent were working part-time voluntarily and 109,000 or 22 percent were working part-time for economic reasons. The proportion of voluntary part-time workers in the United States was slightly below the Virginia level in 1988 at 76 percent. Thus, more than three-quarters of the persons who work part-time in both the United States and Virginia do so on a voluntary basis. (See Table 1 on page 7.)

In looking at the demographic characteristics for those workers in Virginia who work part-time for economic reasons in 1988 and might be considered as a part of the working poor group (109,000 total), an estimated 66,000 or 61 percent were women and 43,000 or 39 percent were men; 75,000 or 69 percent were white and 34,000 or 31 percent were black; while 12,000 or 11 percent were persons 16-19 years old of both sexes. Although the great majority of the involuntary part-time workers in Virginia in 1988 were white, blacks still made up a disproportionate number of this group when compared to the working age populations of blacks and whites. For instance, blacks made up only 19 percent of the working age population (16 to 64 of both sexes) in 1988, but 31 percent of the involuntary part-time workers; while whites made up 79 percent of the working age population and only 69 percent of involuntary part-time workers.

Health Insurance Coverage

A major issue in analyzing the economic condition of the working poor is the lack of or inadequacy of health insurance coverage for part-time workers. Although data on health care coverage for part-time workers is very scarce or non-existent at the state level, estimates are available at the federal level which provide some insight into this issue. In a recent journal article

("How Human Resource Systems Adjust to the Shift Toward Contingent Workers" by Richard S. Belous, Monthly Labor Review, March, 1989), estimates of the extent of health insurance coverage for full-time and part-time workers based on 1985 Current Population Survey data which includes coverage from all sources (public and private) indicated that 31 percent of persons working part-time for economic reasons were without any health insurance coverage and 18 percent of voluntary part-time workers were without any health insurance coverage, while only eight percent of full-time workers were without such coverage.

A study by the U. S. General Accounting Office (GAO) dealing with health insurance coverage of the working uninsured (Health Insurance: An Overview of the Working Uninsured) and based on 1986 Current Population Survey data provides additional broad insights into the insurance coverage of part-time workers and the working poor group. The study provides a profile of those persons of working age (18 to 64 years of age) most likely to be without health insurance coverage. The working age uninsured are characterized as: (1) Young (19-24 years of age); (2) Non-white; (3) Single; (4) Poorly Educated; (5) In Low-Income Jobs; and, (6) working on a part-time or part-year basis. In addition, the GAO study found that the majority of the working age uninsured had ties to the workforce with 72 percent being employed at sometime during the year and only 28 percent unemployed or not in the workforce. Of the uninsured who were employed, 28 percent worked full-time (defined as at least 35 hours per week and 50 weeks per year) while 44 percent worked part-time (less than 35 hours per week), part-year (less than 50 weeks per year), or both.

VIRGINIA INFORMATION ON WORKING POOR

Since the working poor are not members of any standard or categorically defined group and do not necessarily participate in any particular public assistance programs, data on the working poor are very scarce. As a result, for the purposes of this study, data on proxy groups which might include the working poor were developed.

The primary such group found in Virginia were the part-time workers who were participants in the Non-Public Assistance Food Stamp Program. Included in this program were persons who received earned income, worked part-time, and were generally not eligible for financial assistance through the Aid to Dependent Children (ADC) or Supplemental Security Income (SSI) programs but who might be eligible for health care benefits under the Medicaid Program. The persons in the Food Stamp Program were matched by social security number with Medicaid data to determine the proportion who were receiving health benefits under Medicaid and who had health insurance from private sources. Although the numbers of persons involved in these programs were relatively small and the results of the analysis did not provide any strong conclusions, the data did provide some insight into the magnitude of the working poor involved in these public assistance programs.

Briefly, the data showed 2,805 persons, exclusive of dependents, who were involved in the Non-Public Assistance Food Stamp Program on a statewide basis, were working part-time. Approximately 70 percent or 1,963 were receiving health insurance benefits under Medicaid. Six percent or 121 of this number also had health insurance from private sources. Data on participation in these programs were available on a county-city basis but the numbers were so small that any analysis below the state level was considered meaningless.

To gain additional insight about the working poor in Virginia, the public housing authorities in three metropolitan areas--Newport News, Norfolk, and Richmond--were contacted and asked to provide demographic and economic information on their tenants. The public housing officials were very cooperative and provided extensive socio-economic data on tenants. However, the data provided very little insight on the working poor since the overwhelming majority of public housing tenants were not in the workforce and received most of their income from public assistance programs.

Conversations with public housing officials did, however, reveal important anecdotal information regarding the importance of employer-provided health insurance to breaking the public assistance dependency cycle. It was the view of public housing officials that many public assistance recipients did not seek or accept employment because they could not afford to give-up the health insurance benefits available under public assistance. Since health insurance is generally not provided in the types of jobs available to them,

the cost of purchasing it privately is prohibitive, and going without health insurance is just too risky and potentially costly, most public housing tenants are reluctant to take jobs which do not provide health benefits equal to those available under public assistance programs.

In addition, a survey by the State Corporation Commission was reviewed. The Commission conducted a household survey dealing with health insurance coverage and health care utilization in Virginia in the Fall of 1986. The survey showed a strong correlation between part-time work status and a lack of comprehensive health care coverage for the adults in the household.

SUMMARY AND CONCLUSION

The original intent of this report was to develop a Virginia-specific profile of the working poor for the state and certain selected regions of the state using client data from the files of state human resource agencies. Upon further investigation, it was found that while a tremendous amount of socio-economic client data was available from state agency files, the data was geared to specific program purposes and needs and did not lend itself in content or format to the analytical requirements of this report. Essentially, the state agency social services client data is quite program-specific and tied to concepts and definitions inherent to the individual programs and is difficult to apply to general or non-conforming concepts and definitions such as the working poor, as used in this report.

Because the Virginia-specific data on the working poor is so limited, it was decided to base the profile of the working poor in Virginia on the data available from the latest Current Population Survey regarding part-time workers in the State and to utilize the findings from recent national studies regarding the health insurance coverage of part-time workers.

In 1988, there were an estimated 109,000 persons in Virginia working part-time for economic reasons or involuntarily. A study based on national data cited earlier in this report (Belous - page 3) found that approximately 31 percent of persons working part-time for economic reasons were without any health insurance coverage. Applying this percentage to the number of involuntary part-time workers in Virginia yields a figure of roughly 34,000 persons without health care coverage who might be considered the working poor under the definition used in this report.

Based on the anecdotal data generated from discussions with public housing officials and corroborated by the findings of the household survey conducted by the State Corporation Commission, it is apparent that there is a strong correlation between part-time employment status and lack of health care coverage. It further points up the key role that the availability of health care coverage plays in the work status of persons involved in public assistance programs.

A final consideration based on the data presented in this report is that a very small proportion of the estimated number of working poor (34,000 total) participates in the Food Stamp Program (2,800) or receives health care coverage through the Medicaid Program (less than 2,000).

Table 1

PART-TIME EMPLOYMENT IN VIRGINIA, 1988

Civilian employed persons by part-time status, sex, age, race, and Hispanic origin,
1988 annual averages (in thousands)

Population group	Part-time for economic reasons		% of total part-time for ec. reason	Voluntary part-time*	% of total vol. part-time	Total
	Level	% of Total				
TOTAL						
Virginia	109	100%	22%	388	78%	497
United States	5,207	100%	24%	16,318	76%	21,525
MEN						
Virginia	43	39%	25%	130	75%	173
United States	2,474	48%	33%	5,021	67%	7,495
WOMEN						
Virginia	66	61%	20%	258	80%	324
United States	2,734	53%	19%	11,295	81%	14,029
BOTH SEXES, 16 TO 19 YEARS						
Virginia	12	11%	11%	101	89%	113
United States	694	13%	16%	3,676	84%	4,370
WHITE						
Virginia	75	69%	19%	320	81%	395
United States	4,228	81%	22%	14,651	78%	18,879
BLACK						
Virginia	33	30%	36%	58	64%	91
United States	820	16%	41%	1,201	59%	2,021
HISPANIC ORIGIN						
Virginia	0	0%		0		0
United States	619	12%	45%	757	55%	1,376

* Employed persons with a job but not at work are distributed according to whether they usually work full- or part time.

Source: Geographic Profile of Employment and Unemployment, 1988
U.S. Department of Labor
Bureau of Labor Statistics
May 1989
Bulletin 2327

APPENDIX 1

SENATE JOINT RESOLUTION NO. 194

Requesting the Secretary of Economic Development to study the use of contingent workers and its effect on equal employment and wages and benefits.

Agreed to by the Senate, February 21, 1989

Agreed to by the House of Delegates, February 17, 1989

WHEREAS, during this decade the contingent work force, composed of part-time, temporary and contract workers, has grown nearly twice as fast as the total labor force; and

WHEREAS, women and minorities compose the majority of the contingent work force; and

WHEREAS, most contingent workers do not receive the benefits and wages that full-time employees receive; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Secretary of Economic Development is requested to examine the use of part-time, temporary and contract workers in the Commonwealth by businesses and nonprofit organizations and the impact of this contingent work force on equal opportunity and wages and benefits. The Secretary shall request that all appropriate public agencies and private entities participate in the study.

The Secretary shall complete his work in time to submit his findings and recommendations to the Governor and the 1990 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

A True Copy, Tests:



Clerk of the Senate

