



# JUST GETTING BY?

## INCOME DEPENDENCE ON MINIMUM WAGE JOBS

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**Dr. Bradley R. Schiller** has over four decades of experience teaching economics at American University, the University of California (Berkeley and Santa Cruz), the University of Maryland, and now at the University of Nevada. He has given guest lectures at more than 300 colleges from Fresno, California, to Istanbul, Turkey. Dr. Schiller's unique contribution to teaching is his ability to relate economic principles to current socioeconomic problems, institutions, and public policy decisions. He is the author of three of the best-selling textbooks for college economics.

Dr. Schiller derives this policy focus from his extensive experience as a Washington, D.C. consultant. He has been a consultant to most major federal agencies, many congressional committees, and political candidates. In addition, he has evaluated scores of government programs and helped design others. His studies on income mobility, discrimination, training programs, tax reform, pensions, welfare, and Social Security have appeared in both professional journals and popular media. Dr. Schiller is also a frequent commentator on economic policy for television, radio, and newspapers.

Dr. Schiller received his Ph.D. from Harvard in 1969. He earned a B.A. degree, with great distinction, from the University of California (Berkeley) in 1965.

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## Executive Summary

Increases in the minimum wage remain popular with legislators and the public in part due to misconceptions about who earns the minimum. The most popular and seemingly persuasive argument for minimum wage hikes is that adult minimum wage workers can't afford to maintain their families at those wage levels.

Census Bureau data confirm that approximately 40 percent of the beneficiaries of the most recent federal minimum wage increase in 2009 were teens or others living with a parent or relative. This means many minimum wage earners are young adults just getting started in their career, and they're at a time in their life when an entry wage best matches their skill set.

But what about adults who earn the minimum wage; do they fit the picture of the impoverished parent that's just scraping by? New research from Bradley R. Schiller—a professor emeritus at American University, and now a professor of economics at the University of Nevada-Reno—sheds light on this important question. Using data from the National Longitudinal Survey of Youth (NLSY), Schiller looks at the employment and family income of minimum wage workers between the ages of 33 and 50, in the years between 1998 and 2006 when the federal minimum wage was unchanged at \$5.15 an hour.

The evidence presented in this paper largely refutes the conventional wisdom about adult minimum wage workers: Schiller finds that in 94 percent of families with adults who work a job that pays at or below the minimum wage, the spouse works as well. In about 8 out of 10 of those families where children are present, the minimum wage job accounts for less than twenty percent of their household income. **In other words, the majority of adult minimum wage earners are providing a small supplement to the income of a higher-earning spouse.**

Other data in this study make this point explicitly. For instance, Schiller looked at adults with children who earned less than \$10,000 each year from their job. He found that:

- Nearly half of these low wage, low income workers had a spouse that earned more than \$40,000 a year;

- Another 16 percent had spouses earning between \$30,000 and \$40,000 a year;
- And 12 percent had spouses earning between \$20,000 and \$30,000 each year.

Though these figures change somewhat when looking at adults that aren't supporting children, they still depart from the conventional wisdom: Approximately 3 out of every 4 of these adults earn 30 percent or less of their total household income from a job that pays at or below the minimum wage.

Schiller's study shows that only a small minority of adults age 33 to 50 who earn at or below the minimum wage are the primary (or sole) breadwinner in their household. Previous research has shown that long-term minimum wage earners (while an enormously small portion of the population) often lack basic job skills needed to move up in the workforce. Paradoxically, raising the minimum wage in an attempt to help this small subset of minimum wage workers can actually harm them; decades of economic research show that artificially raising the cost to hire and train these employees makes it likely that management will hire a more-skilled employee to do their job (or replace that job with an automated, self-service alternative).

Fortunately, there are better policy options to help this small subset. Schiller finds that very few adults are "stuck" at minimum wage jobs; while approximately a quarter of the adults in the survey at one point earned at or below the minimum wage during the eight year period, roughly 95 percent of the adults survey also earned considerably more than the minimum at some point in that same period. This is consistent with earlier research that shows that a majority of minimum wage employees earn a raise within 1 to 12 months on the job. Public policies that promote employment and increase income (like the Earned Income Tax Credit) ensure that less-skilled employees are able to get the experience needed to earn that raise.

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### Introduction

The central goal of this study is to ascertain the extent to which minimum wage workers and their families depend on wages from minimum wage jobs for their livelihood. One of the recurring arguments for minimum wage hikes is the observation that the earnings from such jobs do not keep families out of poverty. That concern, however, is rooted in the assumption that (1) minimum wage workers have families to support, (2) other family members bring in no income, and (3) the minimum wage workers themselves have no other earnings or income. Demographic profiles of minimum wage workers have shown that relatively few minimum wage workers are in fact family heads. However, little direct evidence has been available on the second issue and none on the third. The intent of this study is to provide previously unavailable data on these unresolved issues. In the process we will quantify the extent of income dependence on minimum wage jobs.

Section I describes the National Longitudinal Survey of Youth (NLSY) data used for this inquiry. Section II profiles the demographic characteristics of the minimum wage workers in the NLSY data set, as well as the salient characteristics of their minimum wage jobs. Section III focuses on the extent of household income dependence on these same minimum wage jobs. Conclusions and implications are offered in the final section.

### I. The National Longitudinal Survey of Youth (NLSY)

The data used for this study are from the National Longitudinal Survey of Youth (NLSY). Begun in 1979, the NLSY has tracked a nationally representative sample of young men and women since 1979. The initial sample of 12,686 respondents

was aged 14 to 22 in 1979. Re-interviews were conducted annually until 1994 and have been conducted on a biannual basis ever since. As of 2006, the survey still included nearly 8,000 of the original respondents. Because the NLSY is used so extensively, there is abundant documentation of its characteristics and attrition biases.<sup>1</sup>

The overwhelming advantage of the NLSY is its longitudinal tracking of individual workers. By stringing together the responses in each survey, a 31-year history of individual workers can be constructed. These work histories are the core source for the present inquiry.

Another advantage of the NLSY for this study is the amount of detail collected on work experiences. The Current Population Survey (CPS) focuses exclusively on the current or most recent job at the time of interview. The NLSY collects detailed information, not only on the current job, but also for as many as four additional jobs held since the last interview. This allows us to identify the extent of multiple job holding, either concurrently or sequentially. This is a critical factor when trying to ascertain the extent of income dependence on any single job.

Because the pool of respondents varies slightly from one interview to another, our computations are not always based on the same individuals or the same jobs. We instead focus on the universe of reported jobs, aggregated over all relevant years (1998-2006) and the characteristics of respondents holding those jobs in the same years. As a result, the number of observations for either individuals or jobs varies a bit from table to table, depending on the data points examined.

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<sup>1</sup> For detailed information on attrition rates, see U.S. Bureau of Labor Statistics, "Retention and Reasons for Noninterview" at [www.bls.gov/nls/home.htm](http://www.bls.gov/nls/home.htm).

### A. Observed Jobs vs. Workers

In this study we focus exclusively on a portion of the respondents' work histories, namely the years 1998 to 2006. During this period the federal minimum wage was unchanged at \$5.15 an hour. The NLSY enables us to observe the entire employment history of the interviewed respondents over this 9-year observation period. During this period the typical respondent held multiple jobs. As a consequence the number of jobs observed is far larger than the number of respondents. Moreover, the characteristics of the respondents (e.g., age, education, family status) change over the course of the observation period. These considerations raise a fundamental question about the focus of the inquiry. Should the focus be on minimum wage jobs and the contemporaneous characteristics of the workers who held them? Or should the focus be on the characteristics of workers who have ever held minimum wage jobs and their longitudinal experiences? Because both perspectives shed light on the central concerns of this study, both approaches are pursued. Some

tables refer to the number of jobs ever held during the period 1998-2006; others focus on the number of workers.

## II. Characteristics of Minimum Wage Workers and Jobs

### A. Wage Experience

Our first foray into the NLSY was intended to identify those individuals who had any exposure to minimum wage jobs during the observation period (1998-2006), during which time the federal minimum wage was continuously at \$5.15 an hour. During those same years, the age range for the NLSY respondents was 33 to 50 years old. Table 1 summarizes the results of that inquiry.

The first row of Table 1 indicates that practically all of the NLSY respondents worked at some point during the observation period. Only 3.9 percent of the men and 7.4 percent of the women had no reported earnings in that nine year period.

**Table 1: Wage Experience, 1998-2006**

	Male	Female	Total
No reported earning (N=507)	3.9%	7.4%	5.7%
With reported earnings (N=8,403)			
Ever below MW	19.3%	27.2%	23.7%
Ever at MW	1.2%	3.4%	2.3%
Ever MW-\$6	13.9%	22.7%	18.3%
Ever at \$6-7	18.4%	27.8%	23.1%
Ever over \$7	96.5%	92.5%	94.5%
	(N=4,223)	(N=4,180)	(N=8,403)
	Male	Female	Total
Gender Composition			
Ever below MW	41.7%	58.3%	1,955
Ever at MW	26.0%	74.0%	192
Ever MW-\$6	38.2%	61.8%	1,536
Ever at \$6-7	40.1%	59.1%	1,938
Ever over \$7	51.3%	48.7%	7,943

NOTE: Table includes all 8,910 individuals who were interviewed at least once in the period 1998-2006.

Of the 8,403 respondents who did report earnings, only a handful (2.3%) claimed to have been paid at the minimum wage of \$5.15 an hour at some point during the years 1998-2006. A much larger percentage (23.7%) of these respondents actually reported working for wages below the federal threshold at some point.<sup>2</sup> In principle, these workers could have held jobs not covered by federal statutes or been working in jobs subject to the lower federal threshold for tipped employees (the cash minimum wage for tipped employees is \$2.13.)<sup>3</sup>

Another notable observation in Table 1 is the pervasiveness of higher-wage exposure. Roughly 95 percent of these workers held jobs paying over \$7 an hour at some point. **This suggests that very few of those workers who did hold at-or-below minimum wage (ABMW) jobs at some point ended up being “trapped” in minimum wage jobs for any significant amount of time.**<sup>4</sup>

The gender distributions displayed in Table 1 reveal that exposure to minimum- and below-minimum wage jobs was substantially greater among women (30.6%) than men (20.5%). As a result, 2 out of 3 ABMW workers in this age range (33-50) were women. Exposure to higher-wage jobs was much more evenly distributed.

## B. Job Characteristics

### (1) Industry Affiliation

The ABMW jobs identified in these surveys are spread across a spectrum of industries, as Table 2 documents. In this and further tables, the ABMW jobs are combined. These ABMW jobs are then contrasted with jobs paying wages higher than the federal minimum (HMW).

A perusal of Table 2 indicates that there are relatively few industries with remarkably high concentrations of ABMW jobs among adult workers. The most notable concentration is in Education, where the incidence of ABMW jobs is triple that of the HMW jobs. Farming and Management/Administration are

**Table 2: Industry Affiliation**

Industry	Wage Level	
	At or below MW	Above MW
Farming	4.2%	1.5%
Utilities	1.6%	.9%
Construction	4.0%	4.8%
Manufacturing	4.1%	14.6%
Wholesale Trade	1.6%	4.7%
Retail Trade	4.4%	6.6%
Transport/Warehouse	4.0%	5.7%
Info./Communications	7.8%	4.2%
Finance/Insurance	1.5%	3.2%
Real Estate	1.4%	3.6%
Prof./Science./Tech	4.3%	6.3%
Mgmt./Admin.	12.0%	4.9%
Education	15.4%	3.6%
Health Care	3.7%	1.0%
Social Services	6.2%	11.8%
Acts/Enter./Rec.	5.3%	4.0%
Accommod./Food	6.0%	2.9%
Public Admin	2.4%	4.0%
Other	2.6%	8.6%
	100.0%	100.0%
	N= 3,111	N=41,445
NOTE: Table includes all jobs held by NLSY respondents during the years 1998-2006 for which industry affiliation is known.		

<sup>2</sup> Bureau of Labor Statistics surveys reveal the same pattern, with 3-4 times as many people working below the minimum wage as at the minimum wage. See Characteristics of Minimum Wage Workers: 2004.

<sup>3</sup> For a discussion of below-minimum wage jobs, see Bradley Schiller, “Below Minimum wage Workers: Implications for Minimum Wage Models,” Quarterly Review of Economics and Finance, Summer 1994.

<sup>4</sup> The quick ascent of minimum wage workers up the pay scale was documented in Bradley Schiller, “Moving Up: The Training and Wage Gains of Minimum wage Youth,” Social Science Quarterly, September 1994.



also industry sectors wherein the incidence of ABMW jobs is at least double that of HMW jobs.

## (2) Occupation

We also examined the occupational affiliations of these ABMW workers. Occupational information was not collected at every NLSY interview. As a result, we focus on occupational status in only one interview year, 2000. In that year, we have identified the occupations of the 440 respondents holding an ABMW job in that year. As is evident, occupation affiliations are highly dispersed. However, there are some notable concentrations, as revealed in Table 3. Shown in descending order are occupational concentrations of at least 2 percent.

Waiters/waitresses and sales people rank high on the list, as would be expected, since much of their pay takes the form of tips and commissions. But these two occupations account for less than 1 of 8 ABMW workers. Child care workers, in and out of private households, are also significantly represented.

## (3) Employer Size

Although the NLSY has very imprecise data on employer size for multi-establishment firms<sup>5</sup>, it at least provides data on the size of the establishment at which the ABMW job is located. As Table 4 reveals, more than 4 out of 10 ABMW jobs were located at small establishments employing fewer than 10 workers. Only 1 out of 5 ABMW jobs were located in really large establishments of at least 100 workers.

Table 4 contrasts the employer-size distribution of ABMW workers with low wage (LW) workers earning \$5.16-\$6.99 per hour and higher-wage workers (HW) earning above \$7 an hour. Firm size and wages are correlated: large firms are the dominant locus of high wage jobs and small establishments become less prevalent as wage levels rise.

## (4) Hours

Another differentiating feature of ABMW jobs is the number of hours committed per week. As Table 5 shows, ABMW jobs

**Table 3: Occupation of ABMW Job (2000)**

Occupation	Number	Percent of ABMW Jobs
Managers and Administrators, n.e.c.	32	7.3%
Waiters and waitresses	28	6.4%
Salesmen and sales clerks	25	5.7%
Secretaries, n.e.c.	15	3.4%
Cooks	14	3.2%
Childcare workers, private households	13	3.0%
Nursing aides, orderlies, and attendants	12	2.7%
Childcare workers, except private household	12	2.7%
Janitors and Sextons	12	2.7%
Carpenters	9	2.1%
All other	268	60.9%
	N=440	100.0%

NOTE: Table refers to jobs held in only one year (2000), for which occupational information was available. Occupations accounting for at least 2 percent of ABMW jobs are shown.

<sup>5</sup> See Bradley Schiller, Small Business and Self-Employment as Mobility Mechanisms, Washington, D.C.: U.S. Small Business Administration, May 2010.

**Table 4: Establishment Size**

Number of Employees	Wage Level		
	At or Below Min Wage	Wage \$5.16-6.99	Wage Above \$7.00
<10	42.2%	39.4%	28.3%
11-25	15.8%	18.2%	15.0%
26-99	21.6%	20.7%	21.4%
100+	20.5%	21.7%	35.4%
	N=4,426	N=7,521	N=37,497

NOTE: Table includes all jobs held during 1998-2006 for which establishment size is known.

**Table 5: Hours Worked per Week**

Wage Level of Job	Percent of Jobs Worked Twenty Hours Per Week or Less	N
At or below minimum wage	24.9%	2,302
Low wage (\$5.16-6.99)	19.0%	3,209
High wage (\$7 or more)	9.8%	29,716
All jobs	11.6%	35,227

NOTE: Table includes all jobs held during 1998-2006 for which hours are known.

are far more likely (24.9%) to be part-time than are high wage jobs (9.8%).

#### (5) Job Duration

ABMW jobs also tend to be of much shorter duration than higher-wage jobs. The NLSY allows us to observe whether the current job was also held at the time of the previous interview two years earlier. Hence we can distinguish between jobs held for (a) less than two years and (b) two years or longer. For this purpose, we looked at jobs held at the time of the 2006 interview. What we observed is that the overwhelming percentage of jobs held at the time of the interview were held for less than 2 years.

Observations of 2004 job duration revealed the same pattern. Hence, even though ABMW jobs tend to be of short duration, their longevity is not significantly different from higher-wage jobs.

### C. Workers Characteristics

We already observed (Table 1) that women have a higher rate of exposure to ABMW jobs (30.6%) than do men (20.5%) in these middle years (ages 33-50). There are other demographic distinctions as well.

#### (1) Education

In theory, the more human capital a worker accumulates, the higher the expected wage rate will be. In other words, theory predicts a negative correlation between minimum wage exposure and educational attainment. This broad expectation is constrained by perva-

**Percentage of 2006 Jobs**

Held Less than 2 Years		
ABMW Jobs	70.9%	N = 477
LW Jobs	59.9%	N = 404
HW Jobs	74.3%	N = 7,532

**Table 6: Educational Attainment and Wage Experience (1998-2006)**

Educational Attainment (1998)	Ever in ABMW Job	Never in ABMW Job
High School	66.8%	67.5%
College	25.7%	27.4%
Graduate program	7.5%	5.1%
	100.0%	100.0%
	N=1,570	N=5,186

NOTE: Table includes all respondents for whom educational attainment in 1998 is known.

sive exposure to minimum wage employment at initial labor market entry. As work experience accumulates, however, one would expect the negative correlation to manifest itself more strongly. For the cohort we are following— in the age range of 33 to 50 years – the negative correlation should be particularly strong.

To test this expectation, we categorized the NLSY respondents into two groups, namely those who ever held an ABMW job during the observation period (1998-2006), and those who never did. For educational attainment, we took their level of school completion as of 1998. What we observe (Table 6) is that there is no significant difference between the educational attainments of workers who ever or never held ABMW jobs in this age range.

## (2) Family Status

Family status has more significant correlation with exposure to ABMW jobs. However, that correlation is more difficult to quantify, as family status changes during the nine year observa-

tion period, due to marriages, remarriages, divorces, the exodus of children from the household, and, to a lesser extent in this age cohort, new births. Table 7 summarizes the kind of changes that occurred between two points in time: 1998 (the beginning of our observation period) and 2006 (the end of the observation window). The rows of the table indicate the respondent's family status in 1998; the columns show family status in 2006. This transition matrix reveals an extraordinarily high rate of status change: **6 out of 10 respondents changed their family status between 1998 and 2006.**<sup>7</sup>

Changes in family status were particularly high among single parents. Of the 1,751 respondents who were single parents in 1998, only 23 percent were still single parents in 2006. Twenty-one percent of these 1998 single parents were married in 2006; the other 56 percent were still unmarried but no longer had children at home.

**Table 7: Changes in Family Status 1998-2006**

2006 Status					
	Married		Unmarried		
1998 Status	with Children	No Children	Single Parent	No Children	
Married with children	45.5	31.9	7.3	15.4	N=3,919
Married, no children	20.6	51.9	2.1	24.4	N= 616
Single parent	5.4	15.2	23.0	56.4	N=1,751
Unmarried, no children	5.1	13.4	2.1	79.4	N= 955

NOTE: This table contrasts family status in 1998 with respondent's family status in 2006.

**Table 8: Family Status and ABMW Exposure**

Wage Experience, 1998-2006					
A.	1998 Family Status	Ever ABMW	Never ABMW	All	
	Single parent	30.3%	69.2%	100.0%	N=1,862
	Unmarried, no children	25.0%	75.0%	100.0%	N=1,052
	Married without kids	21.5%	78.5%	100.0%	N=711
	Married with kids	23.1%	76.7%	100.0%	N=4,291
	All	25.0%	75.0%	100.0%	N=7,916
B.	2006 Family Status				
	Single parent	29.6%	70.4%	100.0%	N=709
	Unmarried, no children	30.8%	69.2%	100.0%	N=2,028
	Married without kids	24.9%	75.1%	100.0%	N=1,545
	Married with kids	21.5%	78.5%	100.0%	N=2,028
	All	26.6%	73.4%	100.0%	N=6,799

Similar but less pronounced transitions are evident for other family status categories. In the largest subgroup, the 1998 married with children category, less than half (45.5%) are still in that grouping in 2006. About one-third are still married in 2006, but without children at home. Another fourth are unmarried, either as single parents (7.3%) or without children at home (15.4%).

Table 8 reveals a significant correlation between family status and exposure to ABMW jobs. The top table focuses on family status in 1998. The columns of the table can be read as the probability of being exposed to ABMW employment, given one's family status in 1998. Thus, respondents who were married with children in 1998 had a 23.1 percent chance of engaging in ABMW employment over the next nine years. Respondents who were single parents in 1998 had an even higher probability (30.8%) of subsequent ABMW employment. Although this difference is substantial, the most noteworthy observation here is that 20 to 30 percent of observed households were exposed to ABMW employment, regardless of family status.

### (3) Race

Although earlier research has shown that minority groups are substantially more likely to be exposed to ABMW jobs, this pat-

tern is muted for the age span (33-50 years) we are tracking here. The exposure rates to ABMW jobs were 22 percent for whites, 25 percent for Hispanics and 27 percent for blacks.

## III. Income Dependence

The central question pursued in this study is the extent to which minimum wage workers and their households depend on the income earned from those minimum wage jobs. We pursue this question by looking at income available from other jobs or household members and determining to what extent the household is dependent on the minimum wage income.

### A. Multiple Job Holding

One potential source of income comes from secondary jobs. A worker holding an ABMW job may also hold additional jobs. In fact, evidence suggests the ABMW job may not even be the principal job during a given year. We know that the ABMW job was one of as many as five jobs held during the interview horizon; because the NLSY conducted only biannual interviews after 1994, we can only observe that the ABMW job was one of as many as 5 jobs held in a two-year period.

<sup>6</sup> This transition rate is a low estimate as it does not include transitions that end in 2006 in the same 1998 category.

## (1) Concurrent Multiple Job Holding

In three of the years in our observation period, the NLSY was more specific about the timing of multiple job holding. In those years (2002, 2004, 2006), the focus was on jobs held during the survey week, permitting us to identify concurrent multiple job holding, rather than just the number of jobs held over a two-year period. This matches the approach of the Current Population Survey (CPS) regarding the same question.

Table 9 shows that among the great mass of workers earning at least \$7 an hour, concurrent multiple job holding (6.3%) is consistent with CPS estimates (5-7%) for the entire labor force. Of the few adults holding ABMW jobs, approximately 1 out of 5 hold at least one other job concurrently with the ABMW job. This is consistent with evidence presented earlier (Table 6 and section c (5)) that ABMW jobs tend to entail fewer hours per week and shorter durations. Evidence presented later in this paper confirms that very few people are dependent on the income from an ABMW job.

## (2) Two-Year Job Experience

Another indicator of financial dependence on ABMW jobs is the number of different jobs held over longer periods. Table 9 focused on jobs held simultaneously in the NLSY survey week. But a worker might have multiple overlapping or sequential jobs during the year that augment earnings from the ABMW job held at the time of interview. As noted earlier, the NLSY interviews were conducted biennially after 1994. Hence, we can only ascertain how many different jobs were held over a two-year

period. These observations are summarized in Table 10. They reveal that ABMW workers are far more likely (57.4%) to hold multiple jobs in a short time period than are workers never exposed to those low wages (29.2%). This is consistent with prior research that has shown that ABMW jobs tend to be temporary.

## B. Other Household Income

As we have observed, a large percentage of the NLSY respondents who hold ABMW jobs are not married. Moreover, many of those unmarried workers gained additional income from pay supplements and other jobs. In any case, those workers are not relevant to the central question of how dependent families are on the earnings from ABMW jobs. To answer this question, we must focus on married ABMW workers. For this purpose, we examine marital status in the year of ABMW employment and any income generated by other household members.

### (1) Married with Children Present

We first look at those NLSY respondents who were married with children in the household. The first question addressed is whether the respondent's spouse also worked in the same year. Overwhelmingly, the answer is yes, as the following data confirm.

Although there is a slightly higher incidence of working spouses among ABMW workers (93.7%), the differences across wage levels are insignificant. Much more newsworthy is the pervasiveness of working spouses at all wage levels. This clearly establishes the proposition that **9 of 10 families of ABMW workers are not wholly dependent on the earnings from those ABMW jobs.**

**Table 9: Concurrent Multiple Job Holding**

Wage Level Of Current Job	Percent of Respondents with Additional Job(s)	N
ABMW: \$5.15 or less	18.5%	79
LW: \$5.16 – 6.99	19.5%	544
HW: \$7.00 or more	6.3%	11,844
All	5.9%	13,508

Note: Individuals are counted in all (1-3) years (2002, 2004, 2006) in which employment data on “current” job is available. There are no significant differences in multiple job holding across the three years. N=4,408 in 2002; 4,599 in 2004; 4,501 in 2006.



**Table 10: Two-Year Job Experience**

Wage Experience, 1998-2006		
Number of Jobs Held in Past Two Years	Ever Held ABMW job	Never Held ABMW job
1	42.6%	70.2%
2	35.4%	22.0%
3	14.0%	5.6%
4	5.4%	1.5%
5 or more	2.6%	0.7%
	100.0%	100.0%
	N=3,180	N=38,821

The NLSY collects information not only on the spouse's employment status, but also on his/her earnings. Tables 11.A and 11.B relate those spousal earnings to the earnings of the ABMW worker. The most striking observation in Table 11.A is the higher incidence of high-income spouses among ABMW workers: **Better than 4 out of 10 married with children ABMW workers have spouses earning over \$40,000 per year.** This dual-earner performance is substantially higher than among low income workers (24%) or high income workers (30%). Another 27.5 percent of the ABMW workers report spousal earnings of \$20,000 to \$40,000. These reports unequivocally support the hypothesis that earnings from ABMW jobs are rarely the economic mainstay of affected households: Only 1 out of 6 married with children ABMW workers has a spouse earning less than \$10,000 a year.

Table 11.B offers even more compelling evidence on the joint incomes of married ABMW workers. In this table, the annual earnings of ABMW workers are compared to those of their spouses. The rows of the table indicate the annual earnings of

the ABMW worker (from all jobs). These range from the under \$10,000 a year category to over \$40,000 a year. About half of these ABMW workers earned less than \$20,000 in a year.

	Wage Level	Spouse Worked	N
<b>ABMW:</b>	< \$5.15	93.7%	267
<b>LW:</b>	\$5.16 – 6.99	91.5%	318
<b>HW:</b>	\$7.00 or more	91.5%	3,825

The annual earnings of spouses are arrayed across the columns of Table 11.B. Of particular interest is the first row of this table. Residing on that row are those ABMW workers whose annual earnings were less than \$10,000. These are the workers who most directly depend on a single ABMW job for their own earnings. As is evident, however, most of these same workers

**Table 11.A: Spouse's Earnings in Married Families with Children Present**

Respondent's Wage Level	Earnings of Spouse (in thousands)						N
	0	\$1-10	\$10-20	\$20-30	\$30-40	\$40+	
ABMW: <\$5.15	6.3%	11.0%	12.2%	13.2%	14.3%	43.0%	621
LW: \$5.16-6.99	8.5%	14.9%	22.9%	17.9%	11.8%	24.0%	603
HW: \$7 or more	8.5%	11.5%	15.6%	18.8%	15.3%	30.3%	10,636

Note: Each Earnings range in this study includes the lower bound figure, but not the upper bound (e.g. \$10-20K includes \$10K, but not \$20K).

**Table 11.B: ABMW Respondent Earnings Compared to Spouse's Earnings (children present)**

Respondent's Earnings	Earnings of Spouse (in thousands)						
(in thousands)	0	\$1-10	\$10-20	\$20-30	\$30-40	\$40+	N
\$1-10	3.2%	11.9%	10.3%	11.9%	15.7%	47.0%	185
\$10-20	6.3%	9.4%	20.3%	16.4%	9.4%	38.3%	128
\$20-30	3.7%	9.8%	11.0%	15.9%	17.1%	42.7%	82
\$30-40	5.1%	10.3%	12.8%	9.0%	25.6%	37.2%	78
Over \$40	12.2%	12.2%	8.1%	12.8%	9.5%	45.3%	148
							621

NOTE: Tables 11. A and 11.B include workers who are married with children in the year of "current" wage assignment.

have spouses who bring in high incomes. Nearly half (47%) of the related spouses have earnings in excess of \$40,000 per year. Another 28 percent have earnings of \$20,000-\$40,000. Hence, **3 out of 4 of the lowest-earning, married ABMW workers are in families with incomes substantially above official poverty standards.** Most, in fact, are well within the range of middle-class standards.

At the other end of the income range, there are low-earning ABMW workers whose spouses also bring in little or no income. According to Table 11.B, 1 out of 7 spouses of the lowest-earning ABMW workers has earnings under \$10,000 as well. These are the families most dependent on low-wage jobs and at greatest risk of poverty (See Box 1 on page 13).

The NLSY also collected information on the incomes of other (non spouse) household members. However, the number of such income-contributing household members is too small for statistical analysis and would not materially affect the picture depicted in Tables 11.A and 11.B.

## (2) Married Without Children Present

Although ABMW workers who are married with children present are potentially the most vulnerable to income deprivation,

the subgroup of married workers without children present are also of interest. Given the age range of our sample (33-50), these are predominantly "empty nester" married couples, whose children no longer reside in the household. For this group we examine the same issues, i.e., the contribution of spouses to the family income. As before, we observe that working spouses are the norm at all wage levels.

Although working spouses in "no children" families are a bit less common than in "with children" families, they are still overwhelmingly the norm. This again supports the proposition that the families of ABMW workers are not wholly dependent on earnings from those jobs. Tables 12.A and 12.B reveal the importance of spousal earnings for married without children ABMW workers. The first row of Table 12.A reveals that 1 out of 2 of these ABMW workers had a spouse earning over \$20,000. Only 1 out of 4 had a spouse bringing in less than \$10,000. Although these data reveal less spousal income for "no children" ABMW workers than "with children" ABMW workers, the spousal contributions to family income are still very substantial.

## C. Household Dependence

All of the foregoing observations suggest that household dependence on earnings from ABMW jobs is relatively rare. Con-

## Table 12.A: Spouse's Earnings in Married Families without Children Present

Respondent's Wage Level	Earnings of Spouse (in thousands)						
	0	\$1-10	\$10-20	\$20-30	\$30-40	\$40+	N
ABMW <\$5.15	16.1%	11.6%	16.9%	16.1%	11.6%	27.7%	267
LW \$5.16-6.99	13.2%	11.9%	22.3%	18.6%	11.6%	22.3%	318
HW \$7 or more	13.1%	8.3%	14.8%	19.0%	15.7%	29.0%	3,825

current multiple job holding and spousal incomes all point to that conclusion. The last and most compelling piece of evidence is the percentage of total household income generated by the ABMW job. As it turns out, that percentage is extremely low in all household types.

	Wage Level	Spouse Worked	N
<b>ABMW:</b>	< \$5.15	83.9%	267
<b>LW:</b>	\$5.16 – 6.99	86.8%	318
<b>HW:</b>	\$7.00 or more	86.9%	3,825

Table 13 indicates just how little households depend on ABMW earnings. In **2 out of 3 ABMW households, earnings from the**

**ABMW job account for less than one-fifth of total household income.** In only 1 out of 10 households do earnings from an ABMW job account for more than 70 percent of total income.

The relative lack of dependence on ABMW earnings is even more striking in the subgroup of greatest policy interest – families with children present. **In more than 3 out of 4 ABMW families with children present, earnings from the ABMW job account for less than 20 percent of family income.** In only 1 out of 20 such families do ABMW earnings account for more than 70 percent of family income.

### (2) Single Parents

Computing the income dependence of single parents on the earnings from an ABMW job is more difficult. First of all, there is no spouse and rarely another adult in the household

## Table 12.B: ABMW Respondent Earnings Compared to Spouse's Earnings (No Children Present)

Respondent's Earnings (in thousands)	Earnings of Spouse (in thousands)						
	0	\$1-10	\$10-20	\$20-30	\$30-40	\$40+	N
\$1-10	17.8%	17.8%	16.7%	16.7%	8.9%	22.2%	90
\$10-20	11.8%	3.9%	25.4%	19.6%	5.9%	33.3%	51
\$20-30	20.0%	6.7%	17.8%	20.0%	15.6%	20.0%	45
\$30-40	18.1%	3.0%	12.1%	18.2%	18.2%	30.0%	33
Over \$40	12.5%	18.8%	10.4%	6.3%	14.6%	37.5%	78
							267

NOTE: Tables 12. A and 12. B include workers who are married but without children residing in the household in the given year of wage assignment.

**Table 13: Income Dependence**

Percent of Household Income from ABBW Job	Frequency Among All ABBW Households	Families with Children Present
<10%	53.0%	62.6%
10-20%	13.4%	14.9%
20-30%	7.2%	5.7%
30-50%	11.0%	9.6%
50-70%	5.0%	2.1%
70-90%	4.3%	2.9%
>90%	6.2%	2.1%
	100.0%	100.0%
	N= 1,450	N=612

NOTE: Table includes all households containing an ABBW worker in a given year, for which household income information is available.

## Box 1: Which workers have minimum wage “careers”?

The fact that a majority of minimum wage workers quickly move beyond the entry wage has been well-documented in a number of different studies. But there are a small number of adults who spend a longer period of time working an ABBW job. And as I demonstrate in tables 11.A and 11.B, a small number of adults aged 33 to 50 working ABBW jobs have little or no income supplementation from a spouse.

Earlier research from Carrington and Fallick in the *Monthly Labor Review* which used the same dataset as this study does provides a profile of workers who spend long periods of their careers working at the minimum wage. The authors find the following: “Rural high-school dropouts, particularly women and blacks, are likely to spend substantial fractions of their careers in minimum wage jobs.”

Past research suggests that raising the minimum wage in attempt to help these “career” minimum wage employees could have unintended consequences.<sup>1</sup> As a result of an increase in the cost to hire and train someone with low levels of education, literacy, or technical experience, fewer employment opportunities are available. Research suggests that public policies like the Earned Income Tax Credit can boost employment and wages for less-experienced and vulnerable workers.<sup>2</sup>

<sup>1</sup> The literature on the minimum wage and employment loss was reviewed in Neumark and Wascher (2007) in *Foundations and Trends in Microeconomics*.

<sup>2</sup> For instance, see Sabia (2008) in the *Journal of Policy Analysis and Management*.

with reported earnings. Second, the fluidity of both family status and employment complicates the calculation. As we have observed earlier (see section b (5) and table 7), single parents do not stay in single parenthood or ABMW jobs very long. As a result, there is little overlap between the two phenomena—and, as a result, little income dependence on ABMW jobs. One piece of data makes this point clearly: In 1998, half of all single parents had household incomes in excess of \$20,000. Even a full-time, year-round ABMW job would have generated less than half that amount.

## IV. Conclusions

The most noteworthy observation made in the study is that few families rely on earnings from ABMW jobs. Although 1 out of 4 workers in the age range 33-50 held at least one ABMW job during the observation period (1998-2006), very few of those workers or their families were solely dependent on those jobs for income support. Many of these ABMW workers themselves

augmented their wages with earnings from an additional job or—more significantly—with the earnings of a spouse. The end result was little family income dependence on the earnings from an ABMW job. In the critical subgroup of families with children present, only 1 in 20 families derived over 70 percent of household income from an ABMW job. In more than 3 out of 4 such families, earnings from the ABMW job accounted for less than one fifth of total family income.

These observations suggest that concern about the ability of minimum wage employment to provide income support for families is exaggerated. Few adult minimum wage workers have families to support. And those adult minimum wage workers who do have families get substantial income from spousal employment.



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