

Poverty Fact Sheet:

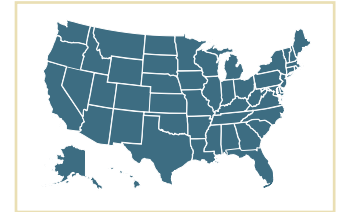
Unstable Jobs, Unstable Lives: Low-Wage Work in the United States

no. 16, 2018–2019, prepared by Anna Walther

INTRODUCTION

Working hard is seen as fundamental to securing a stable life and achieving the American Dream. However, many Americans struggle to make ends meet despite their hard work. This fact sheet explores the instability associated with low-wage jobs, which often have unreliable and untraditional hours. Volatile work schedules are tied to unpredictable monthly incomes, difficulty meeting life obligations, and adverse health outcomes. Workers earning low wages are eligible for several safety net programs designed to help them make ends meet, but the unsteady nature of many low-wage jobs can complicate eligibility for these programs.

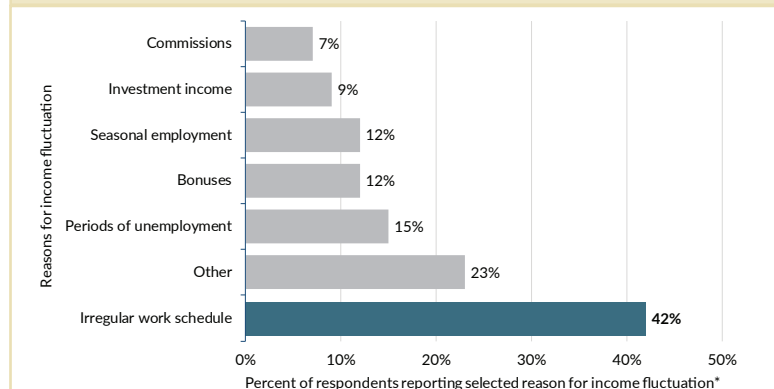
UNITED STATES



VOLATILE SCHEDULES ARE COMMON FOR LOW-WAGE WORKERS

Regular full-time schedules have become rare for low-wage workers, particularly those in the low-skill service economy.¹ Workers with a stated preference for full-time work often balance multiple jobs, are working seasonally, or are working irregular hours due to flexible or on-call scheduling. This irregularity is especially pronounced for seasonal/temporary workers, and workers participating in alternative arrangements such as work in temporary help agencies, on-call work, contract work, and independent contracting or freelance work.² Many employers also expect workers to be on-call and available on short notice, making it difficult for individuals to secure enough hours to both cover their living expenses and effectively balance work, parenting, and non-work areas of their lives.³ According to the Federal Reserve's *Survey of Household Economics and Decisionmaking*, those who report significant variations in income cite irregular work schedules as the largest driver of income fluctuations in their household, as shown in Figure 1.

Figure 1: Irregular work schedules are a main source of earnings fluctuations.

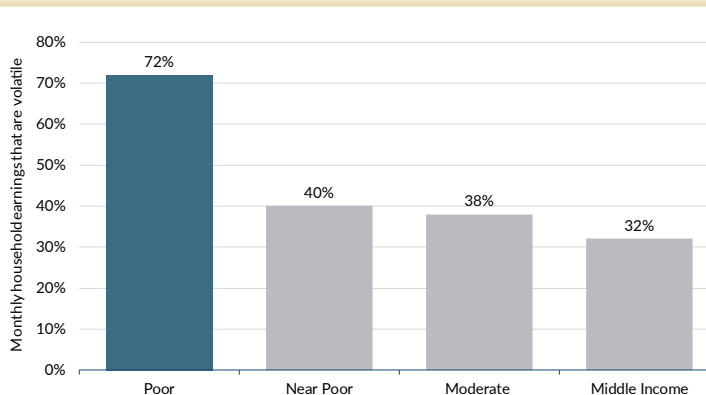


Source: Federal Reserve, Survey of Household Economics and Decisionmaking, 2013.

*Respondents in the SHED survey who said either that their income "varies quite a bit from one month to the next" or is "roughly the same in most months, but some unusually high or low months during the year" were asked why their income changes from month to month.

EARNINGS VOLATILITY IS HIGHEST AMONG LOW-WAGE WORKERS

Figure 2: A large percentage of low-income households' earnings are volatile.



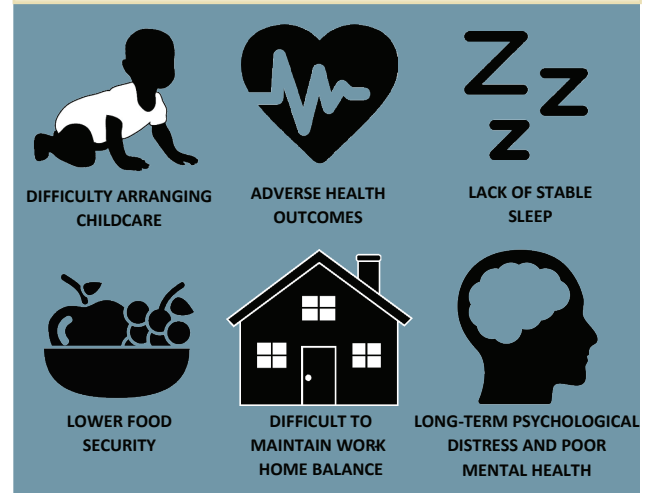
Source: SHED, 2013.

When workers are unable to secure the hours they need, their paychecks suffer as a result. Low-income workers are at the greatest risk for volatile hours, which translates into unsteady income.⁴ A recent study tracking 235 low- and moderate-income households over the course of a year found that overall earnings become more volatile the closer a worker is to the poverty threshold.⁵ As shown in Figure 2, workers who make incomes below the poverty line report that over 70 percent of their monthly income changes unpredictably.⁶ For many workers, financial stability is just as important, if not more important, than increased earnings: 92 percent of study participants indicated that they would choose financial stability over moving up the income ladder, and a majority would give up up to one-fifth of their income in exchange for a stable schedule.⁷

EARNINGS INSTABILITY CAN AFFECT WORKERS' OVERALL WELL-BEING

Fluctuating earnings exacerbate many of the challenges low-wage workers face. An unstable source of income makes it more difficult to pay bills on time, arrange childcare, pay for necessities like groceries and gas, and set aside money for savings.⁸ In addition to causing these negative financial outcomes, work instability also leads to negative health outcomes. A lack of stable income impairs quality of sleep, access to nutritious food, and overall mental health and social well-being.⁹ A study of the consequences of work-schedule instability for worker health and well-being found that employers' scheduling practices such as short notice of work schedules, irregular work schedules and hours, cancelled shifts, and on-call shifts can lead to psychological distress, lower sleep quality, and unhappiness in workers.¹⁰ Schedule unpredictability also interferes with a worker's ability to plan nonwork activities such as scheduling doctor's appointments, socializing with friends, and eating meals with friends or family.¹¹ These effects are pronounced among parents, especially single parents, as schedule unpredictability can make it difficult to arrange reliable childcare and to participate in family routines that experts say are integral to healthy child development, such as monitoring homework and establishing bedtime routines.¹²

Figure 3: Noneconomic impacts of unstable work affect many areas of workers' lives.



IRREGULAR WORK SCHEDULES CAN COMPLICATE ELIGIBILITY FOR SAFETY NET PROGRAMS

Table 1. Some eligibility requirements in safety net programs can penalize workers who nonvoluntarily receive irregular or insufficient work hours.

Program	Work requirements
Supplemental Nutrition Assistance Program (SNAP)	Able-bodied adults without dependents are required to work/participate in a work program for at least 80 hours per month in order to receive SNAP benefits for more than 3 months in a 36-month period. ¹³
Medicaid	State governments can determine and impose work requirements. As of October 2018, Wisconsin, Indiana, Arkansas, and New Hampshire have had plans for Medicaid work requirements approved. ¹⁴
Temporary Assistance for Needy Families (TANF)	All states must engage at least half of all TANF cash assistance families with two work-eligible individuals in work or work-related activities for a minimum number of hours each month. ¹⁵
Earned Income Tax Credit (EITC)	In 2017, workers earning less than \$10,000 for one child or \$14,000 for two or more children could not claim the maximum EITC benefit amount. ¹⁶
Child Care and Development Fund (CCDF)	Twenty-six states/territories require parents to work between 15 and 30 hours per week to be eligible for childcare subsidies. ¹⁷

Many poverty-wage workers rely on government programs to bridge the gap between their income and their expenses. Although these programs can provide much-needed support, some have provisions requiring a minimum number of hours of work or work-based activities for workers to remain eligible. Workers who fall below these limits due to nonvoluntary irregular hours risk losing eligibility when they most need the extra support. These requirements, briefly summarized in Table 1, can jeopardize or eliminate workers' benefits if they're already struggling to receive a regular and sufficient number of hours. On the other hand, short-term increases in hours and earnings can lead to benefit reductions or even make workers ineligible for certain benefits. When workers' earnings drop again, they may have to reapply for those benefits, which can be time consuming and burdensome for both the worker and the agency responsible for administering the benefit.¹⁸

CONCLUSION

Most Americans see work as the best way for an individual to escape poverty. Many jobs, however, now come with few guaranteed hours, fluctuating wages, and instability that impair quality of life. In addition, the U.S. social safety net has become more work-based in recent years and the addition of work requirements to programs like SNAP and Medicaid may make it more so. Work requirements may worsen earnings instability for low-wage workers by penalizing dips in worked hours rather than supporting workers when they are unable to secure the hours they need. Policy solutions that address work instability, and not just mandate labor force participation, are critically important to ensuring that workers are able to support themselves and their families through work. Some corporations including The Gap, Abercrombie and Fitch, and Victoria's Secret, have voluntarily phased out on-call scheduling practices, signaling that there may be growing recognition that providing employees with predictable, consistent schedules can be good for business as well as workers.¹⁹

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ENDNOTES

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