

# Work and low income

Susan Crompton

In recent years, concern about families with low incomes has been heightened by the severity of the last recession, the increasing number of children growing up in these families, and the public policy debate about the effectiveness of current social programs.

Many advocates suggest that employment is the antidote to low income. But most low income families have at least one family member in the workforce. In 1992, two-thirds of working-age low income families worked and their adult members together reported an average of 52 person-weeks of employment; unfortunately, well over half of those weeks were spent doing part-time work. In contrast, virtually all higher income working-age families had work, and they averaged 93 person-weeks of employment, most of it full-time. The issue of low income, then, revolves not simply around work and the wages received for that work, but around the amount of work done – the volume of work.

This article describes the volume of paid work done in 1992 by low income families headed by a person under 65.<sup>1</sup> As such, it provides only a partial analysis of a complex and multi-faceted problem; however, because volume of work is an aspect of low income not often examined, this study should contribute to an understanding of the difficulties faced by low income families.

## Half as much work for LICO families

In 1992, 14% of non-elderly Canadian families, or 892,000, had incomes that fell below the low income cut-offs (LICO). In 66% of these

---

*Susan Crompton is with the Labour and Household Surveys Analysis Division. She can be reached at (613) 951-0178.*

## Data source and definitions

Data in this study are from the 1993 Survey of Consumer Finances (SCF). The SCF, conducted each year in April or May as a supplement to the monthly Labour Force Survey, collects information about amounts and sources of income received in the previous calendar year, person-weeks worked, and work intensity (whether mostly full- or part-time).

The definition of family used in this article is an economic family, meaning two or more persons living in the same dwelling and related by blood, marriage (includes common law) or adoption. Three types of family are examined: husband-wife with children, female lone-parent with children, and married couple only. Although family types are usually further refined by the number of children (for example, husband-wife with two children), this study bases sub-groups of families on the number of potential workers (persons aged 15 and over). Of course, going to school, caring for children and other responsibilities can keep a person out of the workforce; however, comparing “potential” instead of “actual” resources can be more instructive, since not all families have the same potential for weeks of employment.

families, at least one adult had worked at some time during the year, compared with 98% of all non-LICO families. Low income families were less likely to include potential earners other than the parent(s): just 27% of LICO families, but 36% of non-LICO families, had non-parental adults (most often older children). Having fewer potential contributors to the family’s labour pool may have compounded the difficulty low income families had in obtaining employment (see *Data source and definitions*).

Those low income families who did work had less full-time work than

**Volume of work:** the total number of weeks during which family members had a job, whether paid or self-employed. Volume refers to the total person-weeks of work accumulated by all individuals in the family, regardless of the number of contributors.

**Full-time equivalent (FTE):** the total volume of paid work done by the family, whether full-time or part-time, converted to full-time person-weeks of work (see *Calculating total volume of work*)

**Adult, potential earner:** any member of the family aged 15 or over

**Low income cut-off (LICO):** Statistics Canada’s low income measure, which sets income limits below which a family usually spends at least 54.7% of its income on food, shelter and clothing. The actual dollar amount of the LICO differs according to the size of the family and the size of its area of residence. (For details, see *Income distributions by size in Canada*, Catalogue 13-207.)

**Full-time, part-time work:** paid employment in which the hours worked per week are mostly 30 hours or more (full-time) or less than 30 (part-time)

other families. Full-time employment accounted for only 45% of the person-weeks worked by LICO families; in other words, they had about 0.8 weeks of full-time for every 1 week of part-time work. Among non-LICO families, full-time jobs accounted for 71% of employment, a ratio of about 2.5 weeks of full-time to every 1 week of part-time work.

When all work done by these families is converted into full-time equivalent (FTE) person-weeks, the joint effect of few weeks of employment and many part-time jobs becomes clear (see *Calculating total volume of work*). In 1992, low in-

come families did less than half as much paid work as other families – 35 FTE person-weeks versus 77 FTE weeks (Table).

### Two-to-one volume of work ratio

At least one adult worked in 86% of two-parent families with incomes below the LICOs, while virtually all non-LICO two-parent families had at least one employed member. The low income families had as much full-time as part-time work: about 1 person-week of full-time to 1 week of part-time. However, they had about half the volume of work reported by other two-parent families: 43 FTE person-weeks compared with 82 FTE weeks for families with higher incomes (Chart).

Almost half of all female lone-parent families fell below the LICOs in 1992. Only 48% of them had any employed family members that year, while 97% of their non-LICO counterparts had at least one adult in the workforce. Furthermore, those low income families who did work reported less than 0.5 person-weeks of full-time employment to 1 week of part-time. Consequently, the LICO families had less than half as much work as their higher income counterparts: 22 FTE weeks versus 53 FTE weeks for other female lone-parent families.

Fewer than one-tenth of married couples had incomes below the LICOs in 1992. Only 61% of these low income couples had at least one partner working compared with 94% of higher income couples. As with other types of working LICO families, married couples had less full-time than part-time employment, logging less than 0.8 person-weeks of full-time to 1 week of part-time. Consequently, LICO couples had less than half as many full-time equivalent weeks on the job – 33 FTE person-weeks compared with 73 FTE weeks for couples with higher incomes.

### Calculating total volume of work

The volume of work for each family type is expressed as a full-time equivalent (FTE) person-week; that is, the standard unit of measure is a week in which the usual hours worked were mostly full-time (30 hours or more per week).

The FTE is not a precise indicator. Nevertheless, it is useful for comparing the volumes of work done by different types of family. The FTE volume of work is calculated as follows:

1. For each type of family (for example, female lone parents), the total number of person-weeks worked in 1992 by **all** family members aged 15 and over are separated into weeks of mostly full-time work and weeks of mostly part-time work.

2. The number of part-time weeks worked is then converted into the equivalent of full-time weeks. The average weekly hours worked in 1992 by part-timers (15.7 hours) was 37% of that worked by full-timers (42.1 hours), which is rounded up to 40% for the sake of simplicity. The full-time equivalency is then calculated by multiplying the number of part-time weeks by 0.4; thus, 20 weeks of mostly part-time work is equivalent to 8 weeks of full-time work.

3. Actual full-time weeks are added to the converted part-time weeks to obtain the total number of full-time equivalent (FTE) person-weeks.

4. **Average** FTE person-weeks worked per family are then calculated for each type of family.

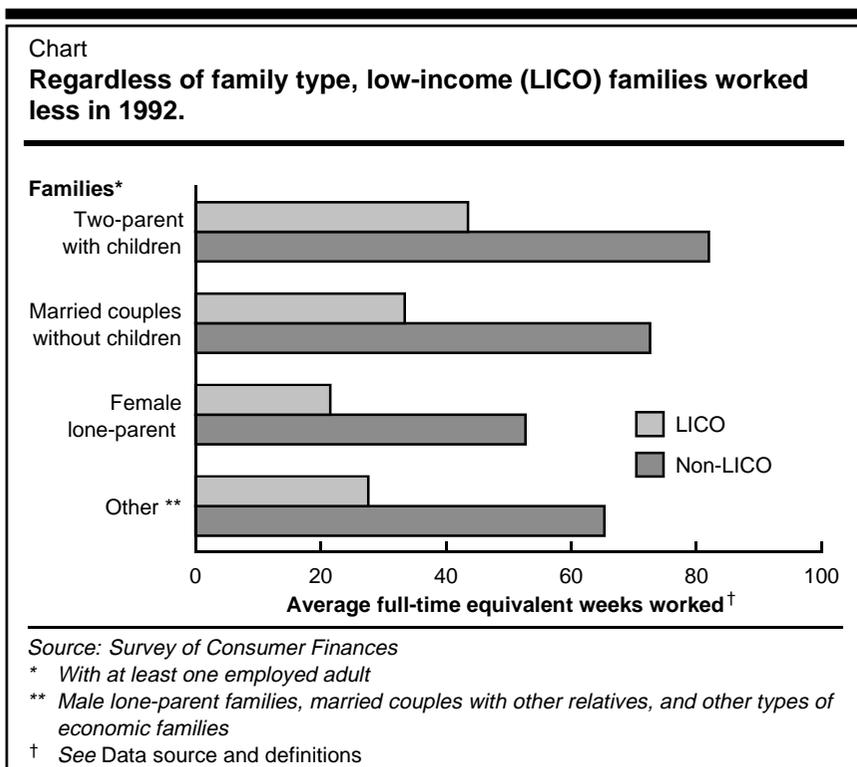
Table  
Full-time equivalent (FTE)\* work for families with at least one employed adult, 1992

	Number of families with employment			Average number of FTE weeks per family		
	Total	LICO	Non-LICO	Total	LICO	Non-LICO
	'000					
<b>All families with employment</b>	<b>5,891</b>	<b>586</b>	<b>5,305</b>	<b>73</b>	<b>35</b>	<b>77</b>
Married couples only	1,425	81	1,344	70	33	73
Two-parent families with children	3,647	306	3,341	79	43	82
Two adults	1,924	196	1,728	68	39	71
Three adults	976	53	922	82	46	84
Four or more adults	748	57	691	103	57	107
Female lone-parent families	476	157	319	42	22	53
One adult	216	88	128	34	21	42
Two or more adults	260	69	191	50	22	60
All other families**	343	42	301	61	28	65

Source: Survey of Consumer Finances

\* Total volume of paid work done by the family, whether full- or part-time, converted to full-time person-weeks of work

\*\* Includes male lone-parent families, married couples with other relatives and all other types of economic family



**More potential earners add little**

Just under half (47%) of families with children – two-parent and female lone-parent – included one or more potential earners in addition to the parent(s). In most cases, these “extra earners” were children aged 15 or over.

Among low income families, the likelihood that at least one family member had been employed during the year rose with the number of adults in the home. However, the effect of more potential earners on the volume of work was much less than

that in higher income families. For female lone-parent families, in particular, the impact was negligible, adding 1 FTE person-week, compared with 18 FTE weeks for their non-LICO counterparts (Table).

**Summary**

Only two-thirds of low income families reported some employment in 1992, compared with virtually all families with higher incomes. Among low income families who did work, most could not stitch together the equivalent of one full year of full-time work (49 to 52 weeks of full-

time employment); two-parent families came closest, with an average of 43 person-weeks of full-time work. In contrast, almost all higher income families had over a full year’s work, and recorded over twice the volume of work of low income families. Even the presence of other potential earners in a low income home (that is, a working-age family member other than a parent) did not contribute as much to the family’s total volume of work as additional adults in families that were not economically disadvantaged.

**Update**

Data for 1993, available just before press time, tell the same story as the 1992 data. Almost two-thirds (65%) of LICO families had at least one employed member at some time during the year; however, over half (53%) of the employment was part-time. Consequently, low-income families had less than half the volume of work obtained by higher income families, at only 34 FTE person-weeks compared with 77 FTE weeks. The average FTE person-weeks worked by the three different types of family in 1993 were virtually the same as the year before.



**Note**

1 Given the extremely low rate of labour force participation among elderly families, earnings from employment are not usually an important determinant of income.