

The Working Poor in Canada

*By François Weldon
Social Development Canada*

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Overview of the Presentation

- Working Poor Definition
 - Distinction between low paid workers and the working poor

- Working Poor Profile in Canada in 2001
 - Number and main characteristics of the working poor
 - Main determinants of low income among workers

- Dynamics of Low Income Among Workers Between 1996 and 2001
 - Labour market trajectories of the working poor
 - Family income trajectories of the working poor
 - Circumstances that allow workers to leave a low-income situation

- Key Messages

Working Poor Definition

➤ *An individual who works the equivalent of full-time for at least half of the year but whose family income is below a low-income threshold.*

Low Paid Workers and The Working Poor Are Not Synonymous

- Most low paid workers do not have low family income.
- In 2001, there were 1,400,000 low paid workers* living in Canada. A majority (76%) did not have a low family income, either because of the income earned by other family members and/or because of their family composition.

*As per the CPRN definition, low paid workers are individuals who work full time/ full year but who earn \$20,000 or less per year.

In 2001, 1.5 million Canadians Lived in a Low-Income Family Including at Least One Worker

- In 2001 in Canada, there were **653,000** working poor. However, when we include their dependants we find that **1.5 million Canadians** lived in a family headed by a working poor, of which about one third were children under 18 and more than one-quarter were children under 13.
- In 2001, these 1.5 million individuals made over 50% of all low income Canadians.

	Number	% of All Persons With Low Incomes
Working Poor (WP)	653,000	37.6%
Canadians living in a low-income family that included at least one worker	1,500,000	52.2%
Children aged under 18 living in a low-income family that included at least one worker	531,260	59.7%
Children aged 12 and under living in a low-income family that included at least one worker	400,000	59.7%
Children aged 6 and under living in a low-income family that included at least one worker	175,000	58.3%

*The Working Poor Worked
on Average as Much as Other Workers, but they
Earned About 65% of their Wages*

	Working Poor in 2001	Other Workers 2001
Average number of hours of paid work in 2001	2,090 hours/year	2,052 hours/year
% who worked 1,500 hours or more in 2001	75.7%	88.3%
Average hourly wages of paid workers in 2001	\$12.30/hour	\$19.20/hour

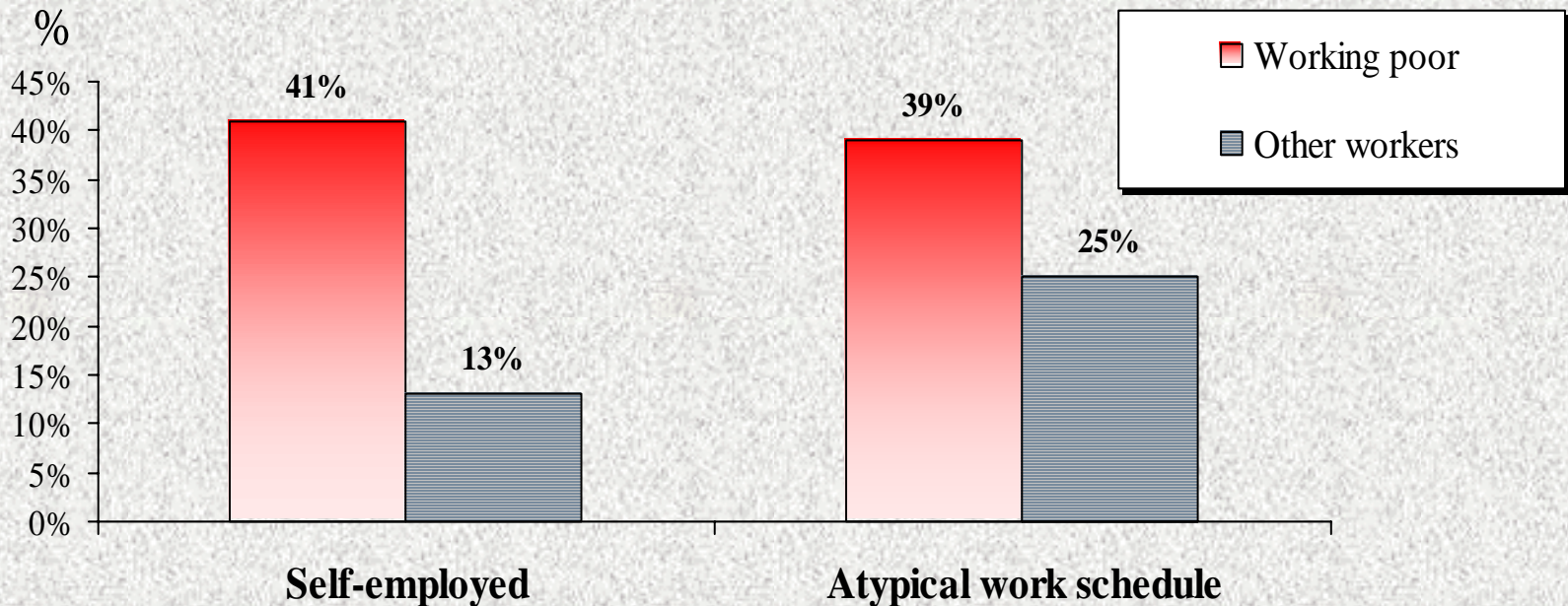
The Working Poor Were a Lot Less Likely than Other Workers to Have Access to a Safety Net

Employment-Related Benefits	Persons Living in a Working Poor Family in 2001	Persons Living in a Family That Included at Least One Worker but No Working Poor in 2001
% who had access to a dental care plan	25.6%	74.6%
% who had access to a health insurance plan	26.6%	74.6%

Employment-Related Benefits	Working Poor in 2001	Other Workers In 2001
% who had access to life and disability insurance	17.9%	61.5%
% who were union members	10.8%	30.3%
% whose employer provided a pension plan	15.1%	48.7%

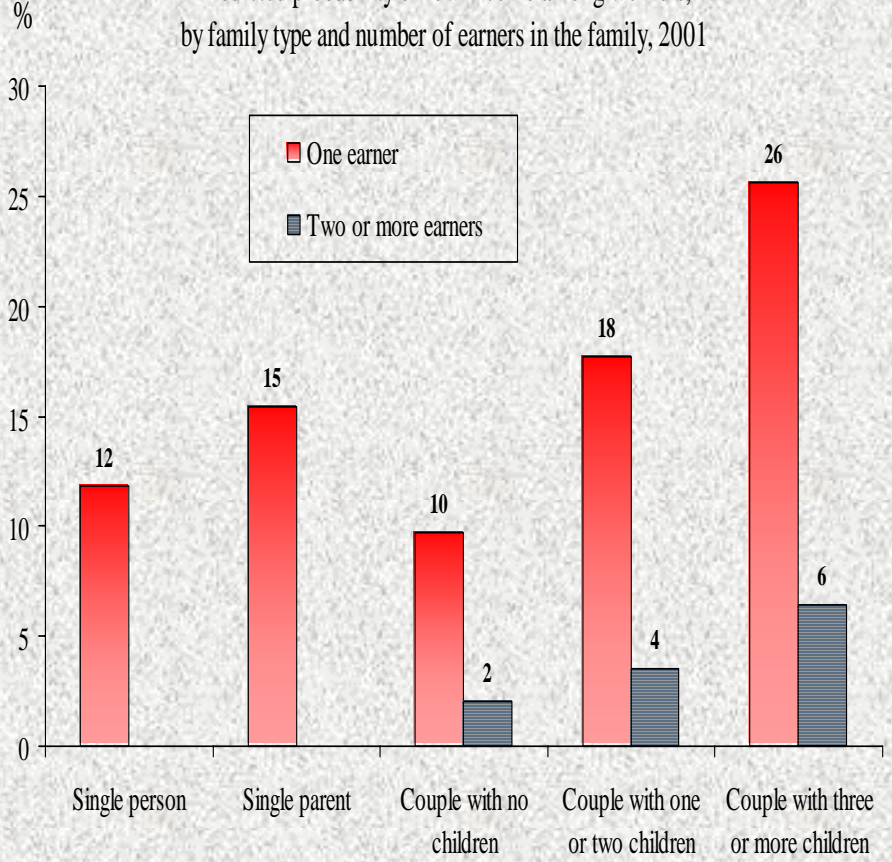
They Were Also More Likely to Be Self-Employed or to Have an Atypical Work Schedule

Proportion of workers experiencing at least one period of self-employment and proportion of paid workers with an atypical work schedule (not regular daytime schedule) in 2001, by family type and income situation



In Addition to Low Wages, Family Characteristics Are Key Determinants of Low Income Among Workers

Predicted probability of low income among workers, by family type and number of earners in the family, 2001



Family Characteristics

(difference between predicted probability and probability associated with a couple with no children and two earners)

Being part of a couple with only one earner and three or more children	24%
Being part of a couple with only one earner and one or two children	16%
Being a single parent	13%
Being unattached	10%
Being part of a couple with no children and only one earner	8%
Being part of a couple with more than one earner and three or more children	4%
Being part of a couple with more than one earner and one or two children	2%

Other Characteristics Increase the Risk of Low Income Among Workers

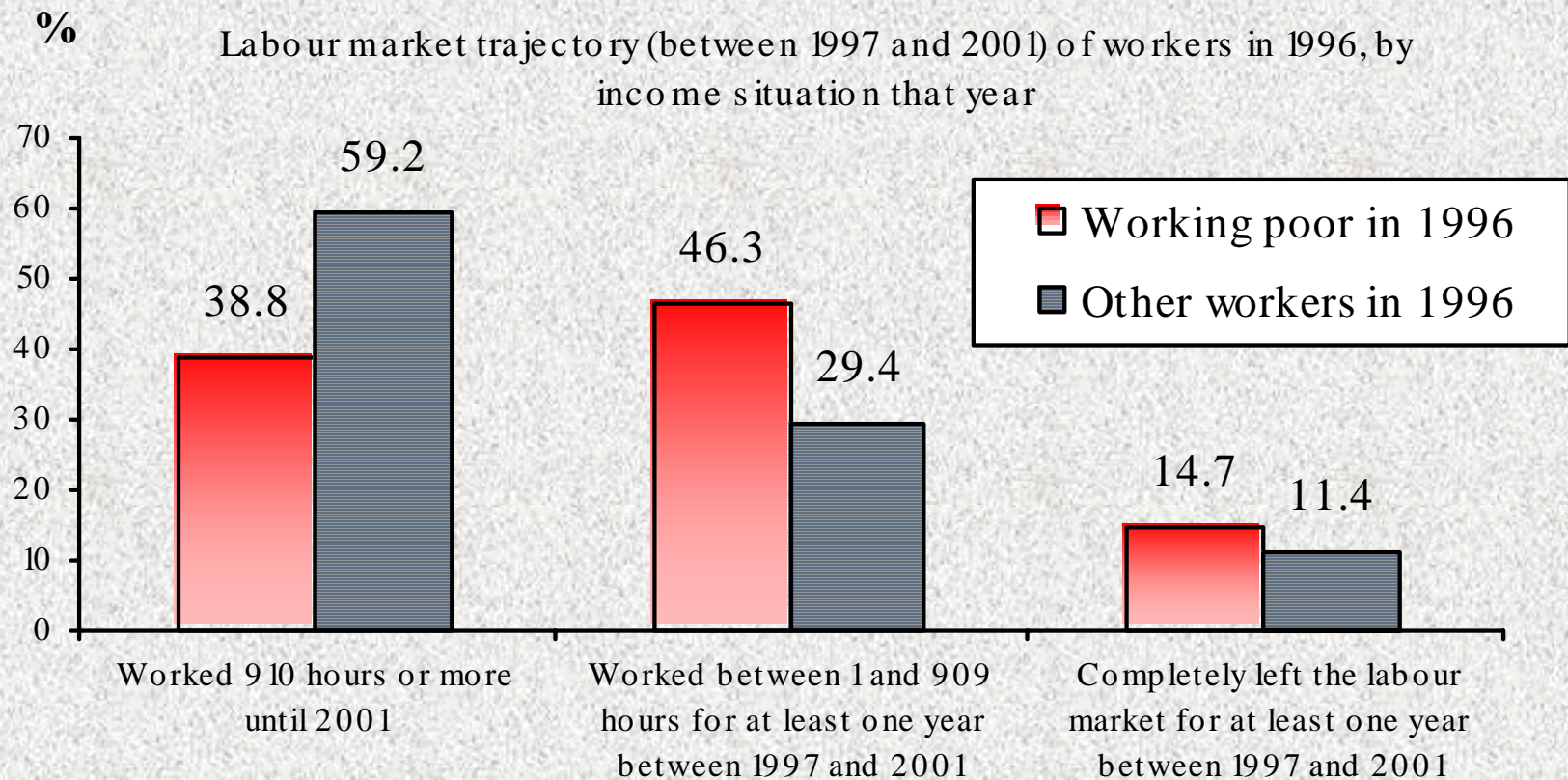
Characteristics that Are Not Family Related	
(difference between predicted probability of low income and the category for which this probability is the lowest)	
Being a self-employed worker	8.3%
Being a recent immigrant or an aboriginal person living off-reserve	4.7%
Not working full time/full year	4.5%
Working for a small business	3.8%
Being young (aged between 18 and 24)	3.6%
Living in a region with a high poverty rate	3.5%
Having less than a high school diploma	3.3%
Working in the sales and services sector	3.1%
Having work limitations	2.7%
Having little experience on the labour market	1.8%
Having more than one job during the year	1.5%

A Significant Proportion of Canadians Experienced at Least One Spell of Working Poverty Between 1996-2001

Among all persons aged 18 to 59 who were not full-time students in 1996:

- **1 out of 10** was a working poor for at least one year between 1996 and 2001.
- This proportion is higher than the proportion of working poor observed in a given year. For example, in 1996 approximately 4% of individuals were working poor.

Very Few Individuals Who Were Working Poor in 1996 Subsequently Left the Labour Market



Labour Market Attachment is an Important Factor in Escaping Low-Income

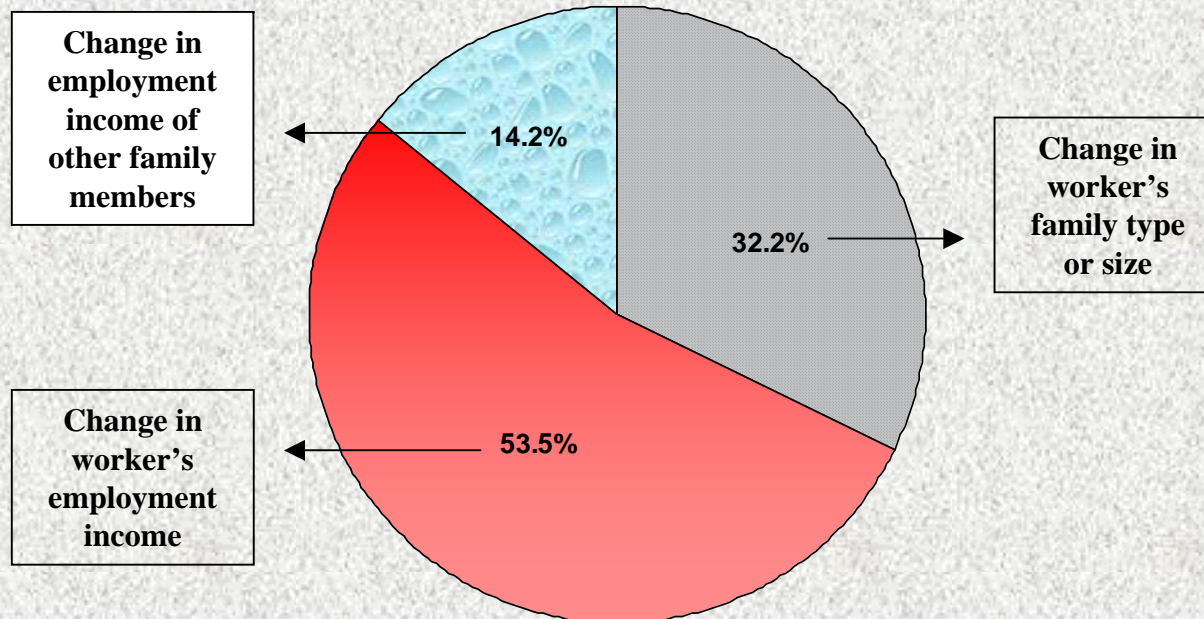
	Worked 910 hours or more in 1996	Worked between 1-909 hours in 1996	Did not work in 1996
% of low-income individuals in 1996 who left low-income at least once between 1997 and 2001	85.3%	85.4%	57.1%
Rate of persistent poverty between 1996 and 2001 among individuals who had a low income in 1996	39.3%	38.4%	73.6%

However, for Many Working Poor, Exit was Difficult and Often Temporary

- Over the six-year period (1996-2001), individuals who were working poor in 1996 spent on average three years below the low-income threshold, and nearly 40% spent four years or more in a low-income situation.
- Even after exiting low income the former working poor had family incomes that were on average 40% lower than those of other Canadians (\$35,000 versus \$57,000).
- As well, among the working poor who left a low-income situation in 1997, more than one-third (36%) returned to a low-income situation in the short term (between 1998 and 2001).

Nearly Half of the Working Poor Who Left Poverty Did so Because of Their Family Situation, not Because of Their Progression in The Labour Market

Main reasons for first instance of leaving a low-income situation between 1997 and 2001 by individuals who were working poor in 1996



Key Messages

- Most low paid workers do not have a low family income.
- In 2001, over 50% of low income Canadians lived in a family which included at least one worker.
- Between 1996 and 2001, one Canadian out of ten experienced at least one year of working poverty.
- The working poor demonstrate a strong labour market attachment but have poorer quality jobs than other workers.
- In addition to low wages, family characteristics are key determinants of low income among workers.
- For most working poor, financial vulnerability is more than a transient situation.
- Without government transfers, the number of working poor would have been significantly higher.

Thank You

For additional information:

Myriam Fortin

Social Development Canada

myriam.fortin@sdsc.gc.ca

Dominique Fleury

Social Development Canada

dominique.fleury@sdsc.gc.ca