

# Differences in the Availability of Employer-Provided Fringe Benefits Among the Working Poor, Near-Poor and Non-Poor

Joan C. Koonce<sup>1</sup> and Teresa A. Mauldin<sup>2</sup>

*This paper compared the availability of employer-sponsored benefits among the working non-poor, near-poor and poor. The percentage of workers who indicated that each of the 11 benefits was available through their employer was higher for the working non-poor than the other two income groups. In addition, the mean number of fringe benefits available was higher for the working non-poor than the working near-poor and working poor. However, there were no systematic differences in the characteristics of the working non-poor, near-poor and poor who lacked access to fringe benefits through their employer.*

**Key words:** *Employer-provided benefits, Working poor*

## Introduction

A person's employment decision should not be based solely on the amount of wages or salary offered by the employer, but on the availability of fringe benefits as well. Fringe benefits are "compensation for employment that does not take on the form of wages, salaries, commissions, or other cash payments" (Garman & Fogue, 2000, p. 20). Some examples of these benefits include medical insurance, life insurance, retirement plans and paid sick days, holidays and vacations. Fringe benefits are just as valuable to employees as their wages and/or salary. Although these benefits are not in the form of income, their availability allows employees to save money or prevents employees from losing income or having to pay high out-of-pocket costs for benefits and services. Some of these benefits provide a tax-shelter (retirement plans) for employees while others allow other tax benefits such as deductions (medical insurance premiums) to employees on their income tax returns. Further, many of the benefits reduce out-of-pocket costs and/or prevent a loss of income while out of work because of an accident or illness (medical insurance and paid sick leave) or out of work for other reasons (paid vacation and holidays). Other benefits such as flexible work hours allow working mothers and fathers to balance work and family while others provide economic security (retirement plans and life insurance) at some point in the employee's or family's life.

It is important for financial counselors and planners not to overlook the importance of clients' fringe benefits when helping clients' develop budgets or developing an overall financial plan. Knowing what fringe benefits clients have available through their employers will help

financial counselors determine the expense categories necessary to include in clients' budgets. For example, if a client does not have dental insurance, then more money may need to be allocated to dental expenses. Purchasing dental insurance may be an option for the client, and if so, the premium for this insurance would need to be included in the client's budget. Financial planners need to be aware of the benefits available to their clients, so they can determine whether or not their clients need additional benefits, and if so, how much. For example, by knowing how much life insurance a client has through his or her employer, a financial planner can determine how much additional insurance is necessary. The financial planner can also determine if clients are wasting money paying for duplicate benefits. This can happen oftentimes when both the client and his or her spouse are purchasing health insurance through a group plan at work or when a client has group health insurance at work and purchases additional individual health insurance from a private insurance company.

For clients who are not aware of the advantages of obtaining fringe benefits through their employers, both financial counselors and planners can play an important role. Both counselors and planners need to understand the importance of inquiring about their clients' fringe benefits. Because of the level of clients' understanding of the fringe benefits offered to them, many may not mention these benefits to the counselor or planner. However, it is the responsibility of the counselor and planner to obtain this necessary information. If clients are not taking advantage of the benefits offered by their employers, financial counselors and planners need to suggest that their clients carefully consider the benefits

<sup>1</sup>. Joan C. Koonce, Associate Professor, Department of Housing and Consumer Economics, University of Georgia, Dawson Hall, Athens, GA 30602-3622. Phone: 706-542-4865. Fax: 706-542-4397. E-mail: jkoonce@fcs.uga.edu

<sup>2</sup>. Teresa A. Mauldin, Associate Professor, Department of Housing and Consumer Economics, University of Georgia, Dawson Hall, Athens, GA 30602-3622. Phone: 706-542-4854. Fax: 706-542-4397. E-mail: tmauldin@fcs.uga.edu

they are offered. Many employers offer cafeteria plans which allow employees a choice among different benefits to meet their needs or the needs of their families.

Employer-provided fringe benefits are important to workers of all income levels. However, the availability of these benefits is especially important to low-income workers and their families since they are less likely than their higher-income counterparts to be able to afford many of these benefits outside of their employment. For example, although purchasing low-cost, individual health insurance policies may be an option for low-income workers, the coverage received under these type policies is usually not good. Health insurance is generally cheaper and coverage is broader in group versus individual policies. To purchase the type of broad coverage offered through group health insurance plans in the private insurance market would be too expensive for most low-income workers. Thus, financial counselors that work with low-income clients should pay careful attention to their access to and use of employer-sponsored benefits.

If low-income workers are less likely than higher-income workers to have employer-sponsored fringe benefits, then managing their already limited financial resources becomes even more difficult as they have more expenses to plan for in their budget. Therefore, the examination of the availability of fringe benefits to low-income workers is warranted. This research examines the availability of 11 employer-provided benefits (medical insurance, life insurance, dental insurance, maternity/paternity leave, retirement plans, profit sharing plans, training and/or educational opportunities, company provided or subsidized childcare, flexible work schedules, paid sick leave, and paid vacation) among the working non-poor, near-poor and poor in 1993. It also examines residence, human capital investments, and personal and family characteristic variables in each income group to determine if the availability of fringe benefits differ based on these variables.

### **The Working Poor in the United States**

Guyer and Mann (1999) noted that in 1997 there were 15.8 million employed parents with incomes below 200% of the federal poverty level. These working poor or near-poor individuals are heavily concentrated in a few low-paying jobs. According to the U.S. Department of Labor (1999a), in 1997 persons working in service occupations had one of the highest poverty rates (12.1%). The poverty rate for sales workers,

although not one of the highest poverty rates among various occupations, was 6.5%. Jobs in these industries may not require a high school diploma, and rarely pay a wage sufficient to move families out of poverty. Moreover, few provide employer-sponsored fringe benefits that help support the family (U.S. Department of Labor, 1999a). Using data from the Census Bureau's Survey of Income and Program Participation (SIPP), McBride (1997) found that 31.2% of the working poor without health insurance coverage worked in service occupations compared to 11.8% of the working non-poor with health insurance coverage.

Other poverty patterns, all from the U.S. Department of Labor, 1999a, follow. In 1997 the poverty rate for working females was higher than working males (6.7 and 4.9%, respectively). More African American (11.5%) and Hispanic (12.5%) workers lived in poverty than Caucasian workers (4.9%). Teenage workers and workers age 20 to 24 years old had higher poverty rates than workers 25 years old and older. Workers with less than a high school education had higher poverty rates (15.8%) than those workers who had graduated from high school (6.5%). Workers who had obtained degrees from two- or four-year colleges had the lowest poverty rates (3.1 and 1.5, respectively). Working poor families headed by married couples with at least one member of the family employed had lower poverty rates than single male or female-head of household families (U.S. Department of Labor, 1999a).

### **Literature Review**

Very little research has been conducted examining the availability of employer-provided fringe benefits for the working poor. Most of the information on the working poor is descriptive in nature, focusing on the number of working poor without a particular benefit such as health insurance or retirement. This study aims to fill this gap by examining the availability of a variety of employer-provided benefits.

About half of the low-income families in the U.S. that were on welfare prior to welfare reform have not found employment (Parrott, 1998). Several authors (Arloc, Amey, Duffield, Ebb & Weinstein, 1998; Beaulieu, 1999; Parrott, 1998; Rural Policy Research Institute, 1999) noted the following information about former welfare recipients who went from welfare-to-work. Among those families that found a job, the wages are so low that they cannot escape poverty. In addition, many of these jobs are not upwardly mobile. Moreover, very few of these families were able to get jobs that provided fringe benefits such as paid sick

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leave, paid vacation, health insurance and retirement (Arloc, Amey, Duffield, Ebb & Weinstein, 1998; Beaulieu, 1999; Parrott, 1998; Rural Policy Research Institute, 1999).

According to Guyer and Mann (1999), in 1997 there were a large number (over 5 million) of working families without health insurance coverage. More than one-third (34.5%) of working poor families who had incomes below 200% of the poverty level were without health insurance. This same figure was almost half (46%) for those working poor families who had incomes below 100% of the poverty level. In addition, working poor families were twice as likely as non-working poor families to be without health insurance. Twenty-three percent of unemployed poor families did not have health insurance compared to 46% of working poor families (Guyer & Mann, 1999). Using a random sample of 14,000 households from the 1977 National Medical Care Expenditure Survey (NMCES), Berk and Wilensky (1987) found that 22% of working poor families did not have any type of health insurance coverage during the year compared to 16.6% of the non-working poor. Also, children in working poor families were more likely (16%) than children in non-working poor families (9%) to be without health insurance (Berk & Wilensky, 1987).

The number of working poor families without health insurance is likely to increase because more low-income people are entering the labor force at the same time that employer-sponsored health insurance coverage is decreasing (Guyer & Mann, 1999). According to Koonce, Mauldin, Rupured and Pazarro (2000), one primary reason working poor families do not have health insurance is because it was not offered as a fringe benefit by employers. O'Brien and Feder (1998, 1999) also indicated that lack of employer-sponsored health insurance coverage is the primary reason working poor families do not have health insurance, not failure to participate in such coverage. In 1996, regardless of the cost of health insurance coverage, 76% of poor workers with access to coverage participated (O'Brien & Feder, 1998).

Seccombe and Amey (1995), using a subsample of 7,734 working adults from the 1987 National Medical Expenditure Survey (NMES), found that almost half (48.4%) of working poor families (incomes less than 100% of the poverty level) were without medical insurance compared 32.8% of working near-poor families (incomes between 100 and 200% of the poverty level) and only 9.1% of working non-poor

families (incomes greater than 200% of the poverty level). Among those families who did have medical insurance, there were differences across income groups with respect to the source of medical insurance coverage. Only 28.2% of the working poor families had employer-provided medical insurance in the respondent's name, while this same percentage was 49.8% and 75.4% for the working near-poor and working non-poor families, respectively (Seccombe & Amey, 1995).

Working poor employees without employer-sponsored health insurance generally do not have access to other health insurance coverage. For example, they do not have employer-sponsored coverage through a spouse or other family member (O'Brien & Feder, 1998). Seccombe and Amey (1995) found that a higher percentage (9.6%) of the working non-poor families than the working poor and working near-poor families (6.7 and 4.7%, respectively) had employer-provided medical insurance in someone else's name. Working poor families were more likely than the other two income groups to have public medical insurance. However, the percentage of working poor families receiving public medical insurance was low (10.2%). There were no statistically significant differences in the families across income groups with regard to the purchase of private medical insurance or coverage through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), a program for persons who served in the military (Seccombe & Amey, 1995).

Seccombe and Amey (1995) also found a relationship between demographic and employment characteristics of the working poor and employer-provided medical insurance. They found that being female, under age 35, unmarried, black or other minority, a nonmetropolitan resident, having a family member with medical insurance through work, and having a high school degree or less were associated with not having employer-provided medical insurance. Further, persons who worked part-time, were not union members, did not work for employers with multiple work sites, worked for companies with less than 100 employees, earned less than \$7.50 an hour, and had worked less than one year on the job were less likely to have employer-provided medical insurance. Also, persons working in construction/repair, finance, insurance, or public administration were more likely than persons working in personal service, entertainment, and recreation to have employer-provided medical insurance (Seccombe &

With respect to demographic and employment characteristics of the working poor and employer-sponsored health insurance, other researchers found similar results as Seccombe and Amey (1995). Using data from the 1997 March supplement to the Current Population Survey that surveyed 62,500 households, Hall, Collins and Glied (1999) found that poor workers, especially minority, were less likely than non-poor workers to have employer-sponsored health insurance. Further, poor workers, especially minority, who were less educated, younger, and lived in inner cities and rural areas were less likely than their counterparts to have employer-sponsored health insurance. O'Brien and Feder (1999) also noted that access to employer-sponsored health insurance decreased more for low-wage, less educated, young, and minority workers. McBride (1997) found that poor workers without medical insurance were more likely than non-poor workers to live in the South than other parts of the United States.

Hampton, Kitt, Greninger and Bohman (1993) found that respondents with higher family incomes were more likely than respondents with lower family incomes to participate in flexible spending accounts (FSAs). The authors also concluded that respondents with higher levels of education were more likely than respondents with lower levels of education to participate in FSAs. Education was positively related to participation in FSAs even after controlling for income. FSA participants were more likely than nonparticipants to get information pertaining to FSAs from benefits booklets and personnel staff when making a decision about FSA participation. FSA participants also used more sources of information than nonparticipants when making a decision. In addition, FSA participants focused more on the tax benefits of FSA participation while nonparticipants focused more on the time involved (paperwork and record keeping) and cost (possibility of forfeiting unused benefits) (Hampton, Kitt, Greninger & Bohman, 1993).

According to O'Brien and Feder (1999), not only has employer-sponsored health insurance decreased over the past several years, so has employer-sponsored retirement plans. Between 1979 and 1993, retirement plan coverage fell for both men and women, but the decrease was especially large for workers with low levels of education (O'Brien & Feder, 1999).

Based on results of a Small Employer Retirement

Survey (SERS) (Employee Benefit Research Institute, American Savings Education Council & Matthew Greenwald & Associates, 2000), employers who do not provide employer-sponsored retirement plans for their employees are not aware of the available retirement plan options (especially the less costly options for small companies) or the advantages of offering these plans. One-third of the employers had never heard of a savings incentive match plan for employees (SIMPLE), and over half had not heard of simplified employee pension (SEP) plans. Most were familiar, however, with 401(k) plans (Employee Benefit Research Institute, American Savings Education Council & Matthew Greenwald & Associates, 2000).

Other findings from the SERS follow. About half (47%) of the employers that offered retirement plans noted that offering these plans had a major impact on their ability to obtain and retain employees. Forty percent indicated that offering a retirement plan had a minor impact on their ability to obtain and retain employees. Slightly more than one-third stated that offering a plan improved employees' attitudes and productivity. Almost half reported a minor impact in this area. Among those employers not offering retirement plans, 11% indicated that not offering the plan had a major impact on obtaining and retaining workers while over 50% reported no impact at all. Six percent noted that not offering a plan affected employees' attitudes and productivity while 67% reported no impact at all. It was also noted that about half (46%) of the full-time employees that work for small companies were participating in a retirement plan at their job (Employee Benefit Research Institute, American Savings Education Council & Matthew Greenwald & Associates, 2000).

Research on former welfare recipients who entered the labor force found that very few of these poor working mothers had access to health insurance, paid vacations and paid sick leave (Hagen & Davis, 1994; Kerlin, 1993; Oliner, 1995; Piotrkowski & Kessler-Sklar, 1996). Using a sample of 2,375 pregnant women from the Mothers in the Workplace (MITW) national data set of pregnant, working women, Piotrkowski & Kessler-Sklar (1996) found that having low wages decreased the likelihood of these mothers having health insurance, paid sick leave and paid family leave.

As noted above, very little research has been conducted examining low-income workers' access to employer-sponsored benefits. The few studies that have been conducted focused primarily on one fringe

benefit -- health insurance. One of the studies was extended to include paid vacation and paid sick leave. Further, all workers, not low-income workers, were the focus of the studies that examined access to retirement plans. A few studies examined the relationship between demographic characteristics and employer-provided health insurance and flexible spending accounts, but did not include any other fringe benefits. This study aims to fill some of the gaps in this research. The following hypotheses will be tested.

Hypothesis 1: Poor workers will have access to fewer fringe benefits than non-poor workers.

Hypothesis 2: Poor workers without access to fringe benefits will not differ from non-poor workers without benefits with respect to various human capital, residence and demographic characteristics such as education, urban/rural residence, race, age, household size, etc.

## Methodology

### *Data and Sample*

To get a better picture of the working poor, working near-poor, and working non-poor, a sample of young adults from the National Longitudinal Survey of Youth 1979 was used to analyze individual and family characteristics and to identify fringe benefits available to them from employers. The National Longitudinal Surveys Youth Cohort (NLSY79) is a sample of 12,686 young men and women between the ages of 14 and 22 when first surveyed in 1979 with annual surveys into the 1990s (United States Department of Labor, 1999b). This study analyzes the 1993 data. In 1993, these individuals were between the ages of 28 and 36. Although the latest NLSY79 data available to the public was collected in 1998, the 1993 data set was used because it was the latest year when all information (fringe benefit, household income, and other socio-demographic information) used in this study was available.

Because of concern for the arbitrariness of the absolute poverty thresholds, three income groups of working individuals were identified: the working poor, the working near-poor, and the working non-poor. The working poor group was composed of individuals who spent at least 27 weeks in the labor force during the year and whose income fell below the official poverty threshold. This definition is consistent with that of the Bureau of Labor Statistics (U.S. Department of Labor, 1999b). The working near-poor included individuals who spent at least 27 weeks in the labor force and

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### *Variables*

The primary variable of interest was the availability of fringe benefits. The respondents were asked to report the availability of 11 types of benefits offered by their employer. These included medical insurance, life insurance, paid vacation, paid sick leave, dental benefits, maternity/paternity leave, retirement plans, profit sharing plans, training/educational opportunities, company provided or subsidized childcare and flexible hours or work schedule. A continuous variable, called BENEFIT, was created by adding together the number of benefits reported by each respondent.

Other variables used were human capital investment variables, residence variables and personal and family characteristics. Human capital variables included years of education completed (coded as 1=< 12 years, 2=12 years, 3=some college/vocational school, 4=>Bachelor's Degree) and health problems (coded as 1=health problem, 0=no health problem). Urban/rural (coded as 1=rural, 0=urban) and region of the country (coded as 1= Northeast, 2=North Central, 3=South, 4=West) were residence variables. Gender (coded as 1=female, 0=male), race/ethnicity (coded as 1=white, 2=black, 3=Hispanic, 4=Asian or Pacific Islander, 5=other), marital status (coded as 0=never married, 1=married, 2=separated, divorced, or widowed), whether youngest child was under 6 years old (coded as 0= $\geq$  6 years old, 1=<6 years old), age of respondent in 1979 (coded as 1=14-15 years old, 2=16-17 years old, 3=18-22 years old), number of children in the household (coded as 0=none, 1=one, 2=two, 3=three or more), and household size (coded as 1=one, 2=two, 3=three or more) were measures of personal and family characteristics.

### *Data Analysis*

Chi-square analysis was used to determine if differences existed among income groups with respect to each of the 11 individual benefits. Analysis of covariance (ANCOVA) was used to determine if

differences existed among income groups with respect to the total number of benefits available. ANCOVA was also used to determine if differences existed between residence, human capital investments, and personal and family characteristics of workers and the availability of fringe benefits within each income group.

*Characteristics of the Sample*

Descriptive information on the sample is presented in Table 1. Median income for the working non-poor was \$45,262 in 1993, while median income for the working near-poor and working poor was \$18,900 and \$8,300, respectively. Compared to the working non-poor, on average, the working poor were likely to have more children (1.9 compared to 1.0), larger households (3.7 compared to 2.8) and less education (11.8 compared to 13.9). Compared to the working non-poor, a higher percentage of the working poor were female (52.5% compared to 41.5%), black (25.1% compared to 9.4%) and Latino (8.1% compared to 4.3%), and with a child less than 6 years of age (45.1% compared to 38.4%). More working poor than working non-poor had health problems (6.6% compared to 3.1%), lived in the South (41.4% compared to 34.5%), lived in a rural area (28.1% compared to 18.6%) and were never married (30.0% compared to 20.1%), divorced, separated, or widowed (33.9% compared to 12.4%).

**Table 1.**

Descriptive statistics of adults who were working non-poor, near-poor, and poor in 1993 (weighted) numbers have been rounded

Variable	Working Non-Poor n=3893 %	Working Near-Poor n=730 %	Working Poor n=319 %
Male	58.51	53.27	47.49
<b>Race/Ethnicity</b>			
White	80.90	64.79	60.20
Black	9.36	19.06	25.12
Latino	4.27	7.98	8.10
Asian	4.56	7.46	5.47
Other	0.91	0.70	1.10
Never married	20.06	23.58	30.00

Married	67.54	46.96	36.13
Other	12.40	29.46	33.87
<b>Youngest child less than 6 years old?</b>			
Yes	38.44	43.55	45.09
<b>Health Problems?</b>			
Urban	81.39	73.94	71.94
Rural	18.61	26.06	28.06
<b>Region</b>			
Northeast	19.95	14.32	12.16
North-central	28.53	27.59	29.95
South	34.50	39.70	41.36
West	17.02	18.39	16.53
<b>Age in 1979</b>			
Mean	17.75	17.64	17.49
Standard Dev.	(2.41)	(2.14)	(2.07)
<b>Household income</b>			
Median	45261.50	18900	8300
<b>Number of children in household</b>			
Mean	1.02	1.57	1.93
Standard Dev.	(1.12)	(1.16)	(1.23)
<b>Household Size</b>			
Mean	2.81	3.26	3.71
Standard Dev.	(1.44)	(1.43)	(1.47)
<b>Education</b>			
Mean	13.92	12.36	11.79
Standard Dev.	(2.49)	(1.83)	(1.51)

The working near-poor were more likely to have, on average, more children (1.6 compared to 1.0), larger households (3.3 compared to 2.8) and be less educated

(12.4 compared to 13.9) than the working non-poor. Compared to the working non-poor, a higher percentage of the working near-poor were female (46.7% compared to 41.5%), black (19.1% compared to 9.4%), Latino (8.0% compared to 4.3%), or Asian American (7.5% compared to 4.6%), from a rural area (26.1% compared to 18.6%), more likely to have health problems (4.9% compared to 3.1%), from the South (39.7% compared to 34.5%), and were never married (23.6% compared to 20.1%), divorced, separated, or widowed (29.5% compared to 12.4%).

### Results

The frequency of the availability of fringe benefits for the working non-poor, the working near-poor, and the working poor are shown in Table 2. Based on the results of the chi-square analysis, there were statistically significant differences among the three income groups with respect to all of the 11 types of fringe benefits. The percentage of workers who indicated that these benefits were available through their employer was higher for the working non-poor than the other two income groups. With the exception of flexible work schedules, a higher percentage of the working near-poor than the working poor indicated that these benefits were available through their jobs.

After controlling for human capital investments, residence, and personal and family characteristics using ANCOVA, there were statistically significant differences in the mean number of benefits available among income groups in 1993 (F-value = 67.55,  $p < .01$ ). The mean number of fringe benefits available was higher for the working non-poor (6.76) than the working near-poor (5.11) and the working poor (3.47) (Table 2).

Table 3 shows the results of the ANCOVA for the human capital investments, residence, and personal and family characteristics for each income group in 1993. For all three income groups, the mean number of employer-sponsored benefits available was higher for females than males. With regard to race/ethnicity, although not exactly the same for each income group, the results for each group were similar. For the working poor, the average number of employer-sponsored benefits available was higher for blacks than whites and Latinos. The mean number of benefits available for the working near-poor was higher for blacks than whites and Asian/Pacific Islanders. There was no significant difference in the mean number of benefits available to blacks and Latinos, but there was a significant difference between Latinos and

**Availability of Fringe Benefits for Working Poor, Near-Poor and Non-Poor Asian/Pacific Islanders.** The mean number of benefits available to Latinos was greater than the mean number for Asian/Pacific Islanders. For the working non-poor, blacks had access to a higher number of fringe benefits than whites and Asian/Pacific Islanders. In addition, there was a significant difference between the mean number of benefits available to Latinos and whites, with the mean being slightly higher for Latinos.

**Table 2.**

Frequencies and means of benefit availability in 1993 (weighted) numbers have been rounded

Variable	Working Non-Poor n=3893	Working Near-Poor n=730	Working Poor n=319
	%	%	%
Medical insurance*	86.22	65.49	42.78
Life insurance*	75.72	53.01	30.24
Dental insurance*	66.44	43.78	25.19
Maternity/Paternity Leave*	70.16	50.90	36.69
Retirement Plan*	71.87	46.65	24.27
Profit Sharing Plan*	33.99	24.08	13.89
Training and/or educational opportunities*	61.66	36.56	19.81
Company provided or subsidized childcare*	8.33	4.54	2.06
Flexible work schedule*	55.00	45.43	46.31
Paid sick leave*	66.48	44.52	32.02
Paid vacation*	84.25	72.26	50.84
Number of benefits available			
Adjusted Means*	6.76 <sup>bc</sup>	5.11 <sup>ac</sup>	3.47 <sup>ab</sup>

\* $p < .01$

<sup>a</sup>mean significantly different from working non-poor

<sup>b</sup>mean significantly different from working near-poor

<sup>c</sup>mean significantly different from working poor

In 1993, married workers had access to more employer-sponsored benefits than those workers who were never married only for the working non-poor group. There was no significant difference in the mean number of benefits available for the other two income

groups. Those working non-poor whose youngest child was less than 6 years old had access to more fringe benefits than those who did not have a child less than 6. This was not true for the other two income groups. No significant differences existed for workers with or without health problems for any of the income groups. Within the working near-poor group, urban workers had, on average, access to more employer-sponsored benefits than rural workers. There was no significant difference in the mean number of benefits available for the other two income groups. The average number of benefits available for workers in the North Central region of the U.S. was higher than this same number for workers in the South. This difference was only found in the working non-poor group.

Age and number of children in the household did not play a factor in the availability of fringe benefits in any of the income groups in 1993. Household size was a factor with the near-poor and poor workers. In the near-poor group, the mean number of benefits was higher for households with three or more members than households with one or two members. The average number of benefits available in the working poor group was higher for households with three or more members than households with only one member.

Education was a factor in the availability of fringe benefits in each income group in 1993. In the near-poor group, the mean number of benefits was higher for workers who had a Bachelor's Degree than workers who had twelve years of education or less. In addition, the mean number of benefits for workers who had some college education or vocational training was higher than the mean number for those with less than a high school degree. For those with a high school diploma, the mean number of fringe benefits was higher than the mean number for those without a high school diploma. There were less significant differences for the working poor, but the pattern was similar. Those who had obtained a Bachelor's Degree or more had a higher mean number of benefits than those who did not finish high school. Further, the mean number of benefits was higher for those who completed high school than those who did not complete high school. For the working non-poor, the mean number of benefits available continued to increase with education.

**Table 3**

Mean number of employer-provided benefits within each income group for selected human capital investments, residence, and personal and family characteristics in 1993

Variable	Working Non-Poor n=3893	Working Near-Poor n=730	Working Poor n=319
	Mean	Mean	Mean
Male	6.14 <sup>b</sup>	4.48 <sup>b</sup>	2.85 <sup>b</sup>
Female	6.85 <sup>a</sup>	5.03 <sup>a</sup>	4.06 <sup>a</sup>
Race/Ethnicity			
White	6.32 <sup>bc</sup>	4.33 <sup>b</sup>	3.02 <sup>b</sup>
Black	6.88 <sup>ad</sup>	5.08 <sup>ad</sup>	4.10 <sup>ac</sup>
Latino	6.65 <sup>a</sup>	4.82 <sup>d</sup>	3.14 <sup>b</sup>
Asian	6.36 <sup>b</sup>	3.91 <sup>bc</sup>	4.06
Other	6.28	5.64	2.95
Marital Status			
Never married	6.31 <sup>b</sup>	4.84	3.30
Married	6.63 <sup>a</sup>	4.51	3.43
Other	6.55	4.92	3.64
Youngest child less than 6 years old			
No	6.34 <sup>b</sup>	4.71	3.20
Yes	6.65 <sup>a</sup>	4.80	3.71
Health problems			
No health prob.	6.72	4.69	3.02
Health problems	6.27	4.82	3.89
Residence			
Urban	6.56	5.14 <sup>b</sup>	3.76
Rural	6.43	4.37 <sup>a</sup>	3.15
Region			
Northeast	6.52	4.42	2.99
North central	6.64 <sup>c</sup>	4.95	3.71
South	6.33 <sup>b</sup>	4.86	3.45
West	6.49	4.79	3.67



Age in 1979			
14-15 years old	6.52	4.76	3.30
16-17 years old	6.55	4.72	3.59
18-22 years old	6.42	4.79	3.46
No children	6.48	4.34	3.56
One child	6.44	5.04	3.44
Two children	6.55	4.79	3.42
Three or more	6.54	4.85	3.39
Household Size			
One	6.54	4.08 <sup>c</sup>	2.69 <sup>c</sup>
Two	6.60	4.64 <sup>c</sup>	3.74
Three or more	6.36	5.54 <sup>ab</sup>	3.93 <sup>a</sup>
Educ. < 12 years	5.31 <sup>bcd</sup>	3.78 <sup>bcd</sup>	2.55 <sup>bd</sup>
Educ.=12 years	6.42 <sup>acd</sup>	4.62 <sup>ad</sup>	3.37 <sup>a</sup>
Some college	7.01 <sup>abd</sup>	4.95 <sup>a</sup>	3.44
≥ Bachelor's	7.24 <sup>abc</sup>	5.67 <sup>ab</sup>	4.45 <sup>a</sup>
F value	12.79*	5.39*	2.65*

\*p<.0001

<sup>abcd</sup>Means for each variable in each income group with different superscripts differ significantly at p<.05.

Note: All variables are measured in 1993 except age, which was based on 1979 data. In 1993, the respondents were between 28 and 36 years of age.

### Summary and Conclusions

Based on the results of this study, low-income workers are more likely than higher-income workers not to have access to fringe benefits such as health insurance, life insurance, retirement plans, paid sick leave, etc. in 1993. The results are consistent with previous studies that have examined one or more of these benefits. For example, Seccombe and Amey (1995) found that working poor families were less likely than their non-poor counterparts to have health insurance. On the other hand, there were no systematic differences in the characteristics of the working poor, near-poor and non-poor who did not have access to fringe benefits through their employer in 1993. For example, females had greater access to benefits than males for each income group. This was also true for many of the other

**Availability of Fringe Benefits for Working Poor, Near-Poor and Non-Poor** characteristics such as education. However, there were a couple of small differences in the near-poor and poor groups that are worth noting. The near-poor and poor workers with larger households were more likely to have fringe benefits available than their counterparts with smaller households. The near-poor in urban areas had greater access to benefits than the near-poor in rural areas. In any event, it is obvious that low-income workers, as a group, have access to fewer fringe benefits than higher-income workers.

Oftentimes, financial counselors and planners work in an environment where they are asked to conduct workshops and seminars for employers and/or employees. Counselors and planners can educate employers about the bottom line benefits of providing fringe benefits to working poor employees. Educational programs for employers might focus on increasing awareness of incentives and tax advantages. According to the 2000 Small Employer Retirement Survey (SERS), employers who did not provide retirement plans to their employees were not aware of available retirement plan options or the advantages of offering these plans to employees (Employee Benefit Research Institute, American Savings Education Council & Matthew Greenwald & Associates, 2000). Less tangible benefits attributable to increased productivity from a healthier, happier workforce might also be highlighted. Based on the results from the SERS, a large number of employers who offered retirement plans to their employees indicated that offering these plans had an impact on their ability to hire and retain employees as well as improved employees' attitudes and productivity.

In order for financial counselors and planners to address the needs of low-income workers who do not have access to employer-sponsored fringe benefits, it is important to understand the characteristics of the persons in this group. Determining the differences, if any, in the characteristics of the low-income workers without access to benefits from those of higher-income workers with benefits available will help counselors and planners target the right employers and employees. However, based on the results of this study, there were no systematic differences in the characteristics of the working poor, near-poor and non-poor who lacked access to fringe benefits through their employer. More research needs to be done to provide a clearer picture.

Further, whether or not respondents actually purchased or participated in the fringe benefits programs offered by their employers could not be determined from the

data used in this study. Thus, future research should also focus on employees' participation in fringe benefits programs offered by their employers and whether or not the employees understand the cost and benefits of these plans. However, the results of this study does provide some evidence that financial counselors and planners need to pay close attention to their clients' access to and use of fringe benefits when developing budgets or overall financial plans.

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