

# The Veteran Working-Poor: The Relationship between Labor Force Activity and Poverty Status



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## Executive Summary

The Department of Veterans Affairs (VA) has an interest in the employment and poverty status of Veterans. The mission is to fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's Veterans. One way of fulfilling the mission is to care for this vulnerable population. This report presents data on the *working-poor* and describes the relationship between labor force activity and poverty status in 2015 among Veteran workers and their families. Working-poor is defined as individuals who are participating in the labor and whose income is at or below the poverty level. The report uses the 2015 American Community Survey (ACS) Public Use Microdata Sample (PUMS) data.) Public Use Microdata Sample (PUMS), conducted annually by the U.S. Census Bureau.

### Highlights:

- In 2015, there were 7.2 million working age Veterans who participated in the labor force (out of 9.4 million working age Veterans). Of those in the labor force, almost 341,000 (or 4.7 percent) fell below the official poverty level.
- From 2009 to 2015 despite decreasing unemployment rates, working-poor rates remain relatively unchanged
- The working-poor rates are highest among Veterans and non-Veterans between the ages of 17 and 24 years old (9.8 percent and 19.0 percent, respectively).
- Veterans who served during the Post-9/11 Gulf War Era have the highest working-poor rate (5.5 percent) compared to those who served during either Pre-9/11 Gulf War era (4.1 percent), Vietnam Era (3.7 percent), or peacetime only (4.7 percent).
- In 2015, racial and ethnic minorities have a higher working-poor rate than non-minorities regardless of Veteran status. The Working-poor rate for Veteran minorities is 6.4 percent compared to 4.0 percent for non-Minorities.
- The likelihood of being classified as working-poor diminishes as workers attain higher levels of education. Veterans with high school or less education (6.6 percent) had a higher working-poor rate than those with some college (5.1 percent), Bachelor's (2.8 percent) and advanced degree (1.6 percent).
- Women are more likely than men to be among the working-poor. The working-poor rate of women Veterans (7.1 percent) was almost 3 percentage points higher than that of men Veterans (4.4 percent).
- Veterans and non-Veterans with a disability are more likely to be among the working-poor than those who are non-disabled. The working-poor rate for Veterans with a disability is 7.9 percent compared to 4.4 percent for those with no disability. Non-Veterans with a disability have a working-poor rate of 16.0 percent compared to 8.9 percent for those with no disability.
- Veterans with a *service-connected* disability were less likely to be among the working-poor than Veterans with no service-connected disability (3.6 percent compared to 5.0 percent).

## Introduction

The Department of Veterans Affairs (VA) has an interest in the employment and poverty status of Veterans. The mission is to fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's Veterans. One way of fulfilling the mission is to care for this vulnerable population. This report presents data on the *working-poor* and describes the relationship between labor force activity and poverty status in 2015 among Veteran workers and their families.

The Bureau of Labor Statistics (BLS) defines the working-poor as people who spent at least 27 weeks in the labor force (i.e., those working or looking for work) but whose incomes still fell below the official poverty level. <sup>(1)</sup> Due to certain data limitations for this report, working-poor is defined as individuals who are participating in the labor and whose income is at or below the poverty level. To be considered part of the labor force, an individual must be between the ages of 18 and 64 years, referred to as working age, and either employed or actively looking for employment. The specific income thresholds used to determine poverty status vary depending on whether the individual is living with a family member or living alone with non-relatives. The poverty threshold for Veterans living with family members is determined by the family's total income. Personal income is used to determine poverty levels for Veterans living alone or with non-relatives. All calculations in this report are based upon the noninstitutionalized civilian population. For additional information see definitions below.

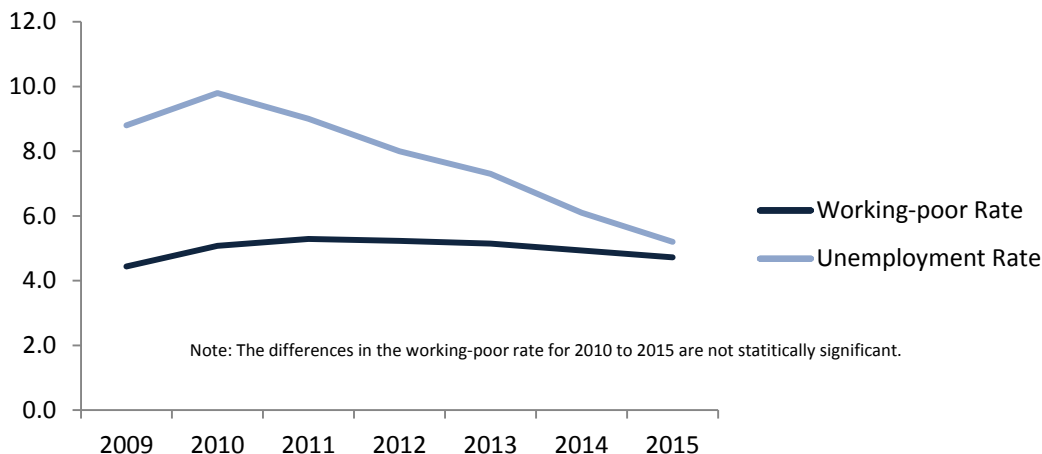
In 2015, there were 7.2 million working age Veterans who participated in the labor force (out of 9.4 million working age Veterans). Of those in the labor force, almost 341,000 (or 4.7 percent) fell below the official poverty level.

**Table 1. Poverty Status of Working Aged Veterans and Non-Veterans in the Labor Force, 2009-2015**  
(in thousands)

Year	Veteran Status	Total in the labor force	In poverty	Working-poor rate
2009	Veteran	9,796	435	4.4
	Non-Veteran	138,005	12,788	9.3
2010	Veteran	9,537	484	5.1
	Non-Veteran	138,037	13,998	10.1
2011	Veteran	9,158	484	5.3
	Non-Veteran	138,692	14,861	10.7
2012	Veteran	8,743	457	5.2
	Non-Veteran	139,843	14,610	10.4
2013	Veteran	7,675	395	5.1
	Non-Veteran	141,218	14,626	10.4
2014	Veteran	7,442	367	4.9
	Non-Veteran	142,049	14,241	10.0
2015	Veteran	7,220	341	4.7
	Non-Veteran	143,125	13,258	9.3

Since 2009, the percent of Veterans classified as working-poor was nearly half that of non-Veterans (see Table 1). Among Veterans, the working-poor rate increased by 0.6 percentage points from 2009 to 2010. The working-poor rates have remained constant<sup>1</sup> from 2010 to 2015. The Veteran unemployment rate increased between 2009 and 2010 and has steadily decreased since 2010. Figure 1 shows that despite decreasing unemployment rates, working-poor rates remain relatively unchanged.

**Figure 1. Working-poor and Unemployment Rates of Veterans in the Labor Force, 2009-2015**

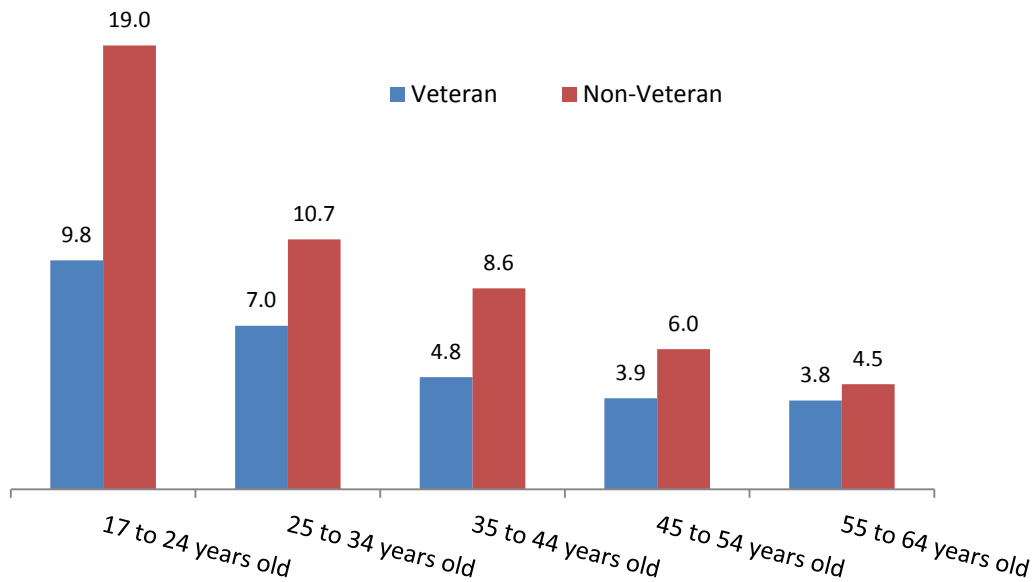


## Demographic Characteristics

The working-poor rates are highest among Veterans and non-Veterans between the ages of 17 and 24 years old (9.8 percent and 19.0 percent, respectively). Figure 2 shows that the gap between Veteran and non-Veteran working-poor rates decreases with age—from 9.2 percentage points for 17 to 24 year olds to less than 1.0 for 55 to 64 year olds. Veterans who served during the Post-9/11 Gulf War Era have the highest working-poor rate (5.5 percent) compared to those who served during either Pre-9/11 Gulf War era (4.1 percent), Vietnam Era (3.7 percent), or peacetime only (4.7 percent).

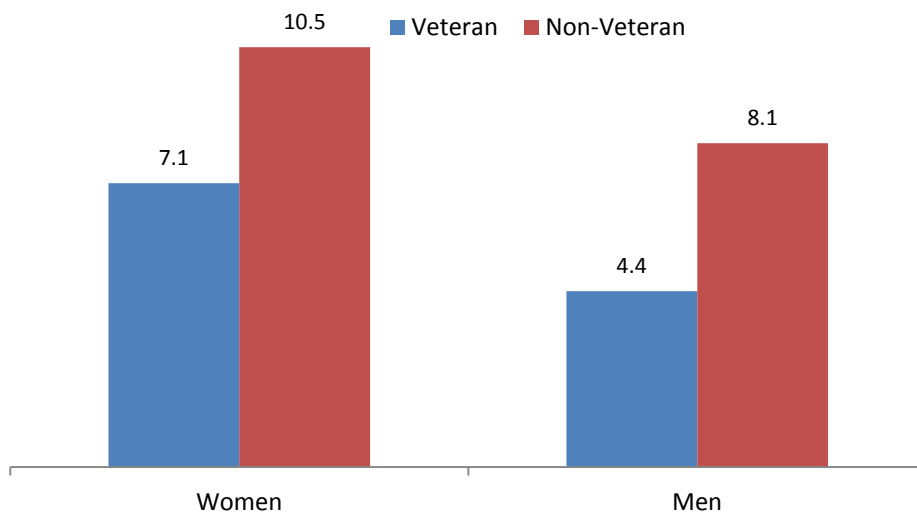
<sup>1</sup> The differences in year-to-year comparisons of working-poor rates between 2010 and 2015 were not statistically significant.

**Figure 2. Working-poor Rate of Veterans and non-Veterans in the Labor Force by Age, 2015**



Veterans were less likely to be among the working-poor than non-Veterans regardless of sex (see Figure 3). However, in 2015, the percentage of women classified as working-poor was higher than that of men regardless of Veteran status. The working-poor rate of women Veterans (7.1 percent) was almost 3 percentage points higher than that of men Veterans (4.4 percent).

**Figure 3. Working-poor Rate of Veterans and non-Veterans in the Labor Force by Sex, 2015**

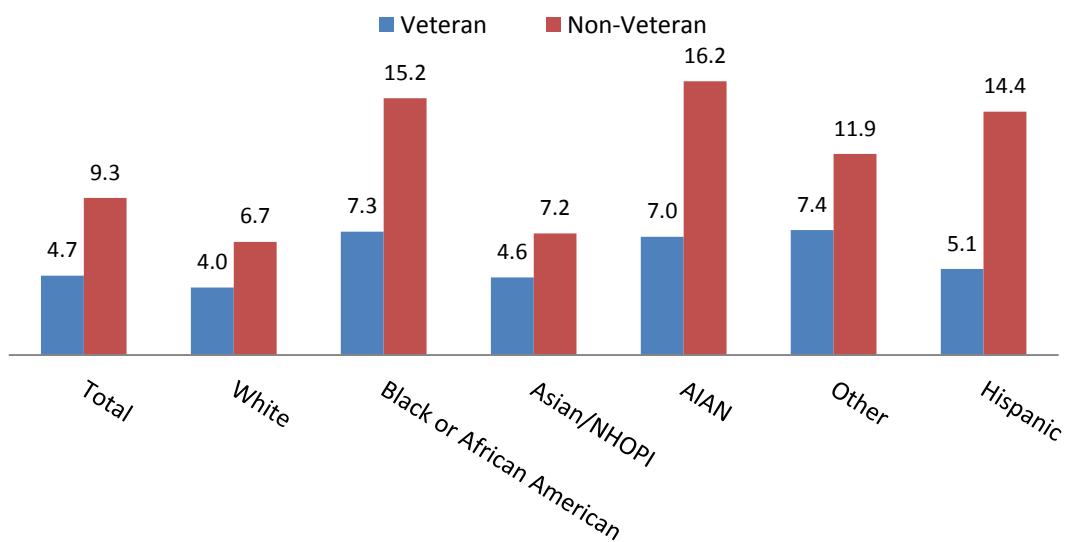


In 2015, racial and ethnic minorities have a higher working-poor rate than non-minorities regardless of Veteran status. The working-poor rate for Veteran minorities is 6.4 percent compared to 4.0 percent for non-Minorities. For non-Veterans, the rates were 13.4 percent for minorities and 6.7 percent for non-

minorities. Figure 4 shows that for all races/ethnicities, working-poor rates among Veteran were lower than those among non-Veterans.

Among White, Black and Other race Veterans, the working-poor rate among women is higher than that among men. The working-poor rate among White Veteran women and men were 6.1 percent and 3.7 percent, respectively. The working-poor rate among Veteran Black women was 9.8 percent, compared with 6.7 percent among Black men. The working-poor rate among Veteran women and men of other races was 13.0 percent and 6.3 percent, respectively. Among American Indian and Alaska Native (AIAN), Asian/Native Hawaiian and Other Pacific Islander (NHOP) and Hispanic Veterans, working-poor rates among women and men were not statistically significantly different from each other.

**Figure 4. Working-poor Rate of Veterans in the Labor Force by Race/Ethnicity, 2015**



## Disability

Veterans and non-Veterans with a disability (i.e., a physical or mental condition that limits a person's movements, senses, or activities) are more likely to be among the working-poor than those who are non-disabled. The working-poor rate for Veterans with a disability is 7.9 percent compared to 4.4 percent for those with no disability. Non-Veterans with a disability have a working-poor rate of 16.0 percent compared to 8.9 percent for those with no disability. Veterans with a *service-connected* disability were less likely to be among the working-poor than Veterans with no service-connected disability (3.6 percent compared to 5.0 percent). A service-connected disability, as determined by VA, is caused by an injury or illness that was incurred or aggravated during active military service. Veterans with service-connected disabilities may be eligible to participate in the VA Disability Compensation<sup>2</sup> program, in which Veterans receive for a tax-free, monetary benefit paid each month.

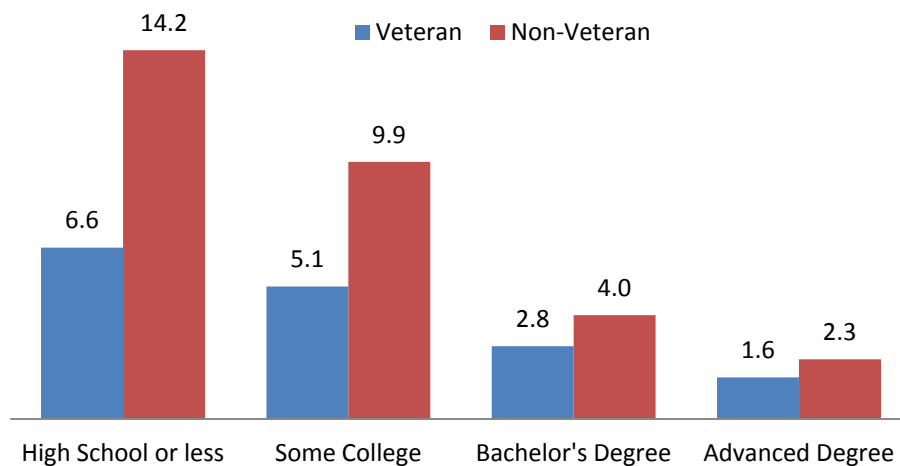
<sup>2</sup> <https://www.benefits.va.gov/compensation/>



## Educational Attainment

Achieving higher levels of education reduces the incidence of living in poverty. Individuals who complete more years of education usually have greater access to higher paying jobs—such as management, professional and related occupations—than those with fewer years of education. The working-poor rate was lower among Veterans than that among non-Veterans regardless of level of education (see Figure 5). Veterans with high school or less education (6.6 percent) had a higher working-poor rate than those with some college (5.1 percent). Veterans with a Bachelor’s or advanced degree had the lowest working-poor rates (2.8 percent and 1.6 percent, respectively).

**Figure 5. Working-poor Rate of Veterans and non-Veterans in the Labor Force by Sex, 2015**



## Occupation

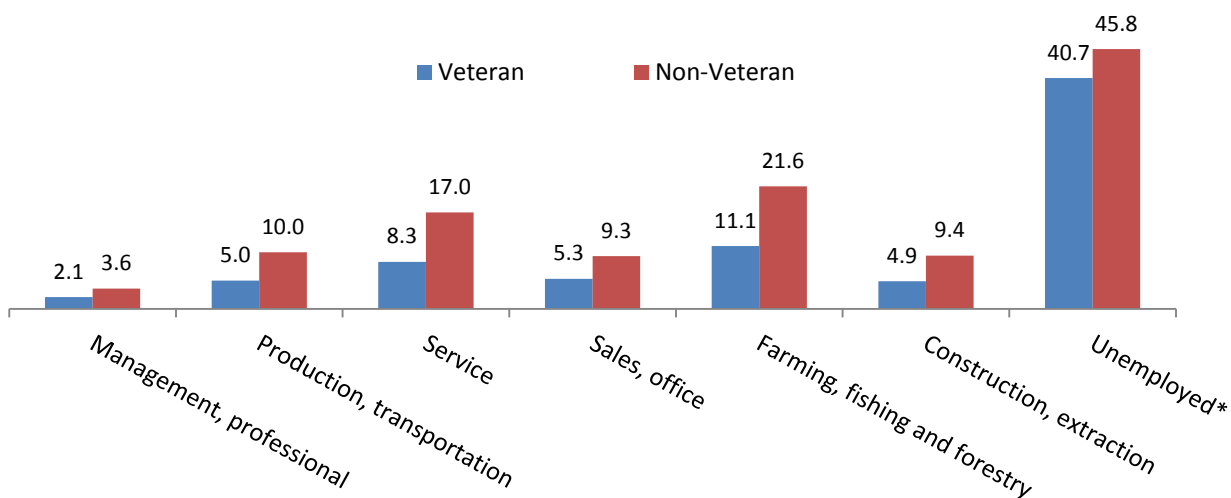
The likelihood of being among the working-poor varies widely by occupation. Workers in occupations with higher education and characterized by relatively high earnings such as management, professional and related occupations, were least likely to be classified as working-poor - 2.1 percent for Veterans and 3.6 percent for non-Veterans. By contrast, individuals in employed in occupations that typically do not require high levels of education and are characterized by relatively low earnings were more likely to be among the working-poor. For example, 11.1 percent of Veterans and 21.6 percent of non-Veterans who worked in farming, fishing and forestry were classified as working-poor. Figure 6 shows that the difference in the working-poor rate between unemployed Veterans and non-Veterans was not statistically significant.

Working-poor are more likely to be self-employed compared to those who work in the government and private industries regardless of Veteran status. Veterans who were self-employed had a working-poor rate of 9.3 and 11.4 for self-employed, non-Veterans. Government workers had the lowest working-poor rates - 1.9 for Veterans and 4.8 percent for non-Veterans. Veterans in the private sector had a working-poor rate of 5.0 percent and 9.1 percent for non-Veterans.

Full-time workers are less likely to be among the working-poor than part-time workers. Full-time work is defined as thirty-five or more hours per week. The working-poor rate for Veterans who work full-time was 2.4 percent compared to 20.9 percent for part-time workers. Non-Veteran part-time workers had a working-poor rate of 23.9 percent compared to 3.1 percent for full-time workers.

Individuals who worked 27 weeks or more during the past 12 months are less likely to be among the work-poor. Veterans who worked at least 27 weeks had a working-poor rate of 2.8 percent compared to 25.5 percent for those who worked less than 27 weeks. For Non-Veterans who worked at least 27 weeks had a working-poor rate of 6.4 percent compared to 30.7 percent for those who worked less than 27 weeks.

**Figure 6. Working-poor Rate of Veterans and non-Veterans in the Labor Force by Occupation, 2015**

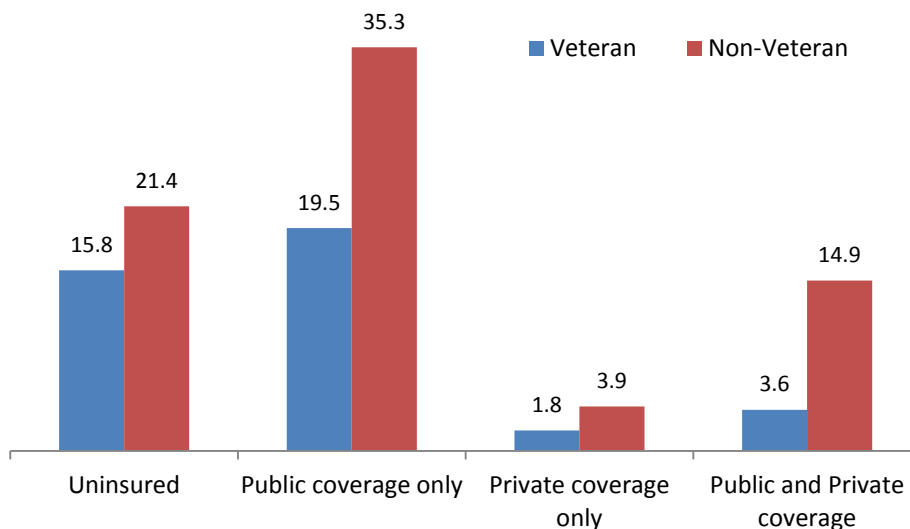


\*Note: There is no statistically significant difference between the work-poor rates of unemployed Veterans and non-Veterans.

## Health Insurance Coverage

The working-poor are less likely to have access to healthcare than those not living in poverty. The uninsured rate for Veterans living in poverty was almost four times that of Veterans not living in poverty (19.5 percent and 5.2 percent respectively). For non-Veterans living in poverty the uninsured rate was more than double that of non-Veterans not living in poverty (29.9 percent and 11.2 percent respectively). The working-poor rate for those have no health insurance coverage is 15.8 for Veterans and 21.4 for non-Veterans. Working-poor regardless of Veteran status are more likely to have public insurance coverage (see Figure 7) than other forms of insurance.

**Figure 7. Working-poor Rate of Veterans and non-Veterans in the Labor Force by Health Insurance Coverage, 2015**



## Families

The connection between poverty and labor markets is complex. High, stable wages and stable full-time employment can keep many out of poverty. However, the stagnation of wages at the bottom of the US wage distribution over the past several decades and continuing low rates of full-time work, especially in single-parent households, work will often leave families below the official poverty threshold.<sup>(2)</sup> In 2015, 95,000 Veteran families and 8.8 million non-Veteran families lived below the poverty level, despite having at least one member of the household in the labor force (see Table 2). Among families, married couples had a lower working-poor rate (2.1 percent for Veterans and 4.0 percent for non-Veterans). The working-poor rate among households maintained by women (10.5 percent for Veterans and 19.1 percent for non-Veterans) was higher than those maintained by men (7.5 percent for Veterans and 12.8 percent for non-Veterans). The Working-poor rate was higher among Veteran families with children less than 18 years old in the household (5.2 percent) compared to households with no children (4.5 percent).

## Unrelated Individuals

Unrelated individuals refer to individuals living by themselves or with others not related to them. In 2015, 146,000 Veterans and 4.5 million non-Veterans in the labor force lived below the poverty level in households comprised of unrelated individuals (see Table 2). Over one-half of Veterans and nearly two-thirds of non-Veterans lived with other unrelated individuals. However, the working-poor rate in these households varied by whether a female or male was considered to the head of the household. The

working-poor rate was highest among female heads-of-household living with other unrelated individuals (15.1 percent for Veterans and 21.6 percent for non-Veterans).

**Table 2. Working-poor Rate of Veterans in the Labor Force by Household Type, 2015**

	Veteran		Non-Veteran	
	Number	Working-poor Rate	Number	Working-poor Rate
Families				
Married couple household	95	2.1	3,272	4.0
Male head of household, no spouse present	38	7.5	1,193	12.8
Female head of household, no spouse present	62	10.5	4,330	19.1
Unrelated individuals				
Male head of household: Living alone	70	8.0	760	9.9
Male head of household: Not living alone	33	9.2	1,532	19.6
Female head of household: Living alone	10	7.3	878	12.1
Female head of household: Not living alone	32	15.1	1,292	21.6

## Conclusion

Working poverty does not affect everyone to the same extent. Certain segments of the Veteran and non-Veteran population are more likely to become members of the working-poor. These include workers who are most likely to be allocated the low wage jobs that fail to provide full-year employment. BLS states that there are three major market problems that can hinder a worker’s ability to earn an income above the poverty threshold: low earnings, periods of unemployment and involuntary part-time employment. <sup>(1)</sup> Despite declining unemployment rates working-poor, regardless of Veteran status, hold the lowest-paying most unstable jobs, lack full-year employment, lack higher education, have health constraints (disabilities), less likely to be in two parent families and have less access to care. <sup>(3)</sup>

## Definitions and Concepts:

**Institutional population.** The institutional population comprises persons who are not members of households. These include persons living in military installations, correctional and penal institutions, dormitories of schools and universities, religious institutions, hospitals and so forth.

**Labor force.** People in the labor force are those who worked or looked for work sometime during the survey year.

**Working-poor.** Working-poor are people who are in the labor force and whose income falls below the poverty level.

**Working-poor rate.** Working-poor rate is the number of individuals in the labor force whose income falls below the poverty level as a percent of all people in the labor force during the survey year.

**Poverty rate.** The poverty rate shows the proportion of people with incomes below a specified poverty threshold during a given year. Poverty thresholds vary by family size and composition to determine who is living in poverty. For poverty thresholds see: <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>

**Family.** A family is defined as a group of two or more people residing together who are related by birth, marriage or adoption. The count in this report includes only primary families. A primary family consists of the reference person (householder) and all people living in the household who are related to the reference person.

**Unrelated individuals.** Unrelated individuals are people not living with anyone related to them by birth, marriage or adoption.

**Race.** In this report White, Black or African American, Asian, AIAN, NHOPI, Some other race, Two or more races are categories used to describe race of people. People in the categories are those who self-identified those races only. Data for NHOPI is added to Asian category. Other race includes people who selected some other race and two or more races because the number of survey respondents was too small to develop estimates of sufficient quality for publication.

**Ethnicity.** Ethnicity refers to individuals who identified themselves as Hispanic, Latino or Spanish ethnicity. People whose ethnicity is identified as Hispanic may be of any race.

**Full-time.** Full-time employment is defined as an individual working 35 hours or more per week.

**Full-time year-round.** Individuals worked at least 35 hours for 52 weeks.

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2. **Stevens, Ann Huff and Pihl, Ariel Marek.** *Labor Markets and Poverty in the US: Basic Facts, Policy and Research Needs*. UC Davis Center for Poverty Research (2016). [Online] [Accessed: September 22, 2017.] <https://poverty.ucdavis.edu/research-paper/labor-markets-and-poverty-us-basic-facts-policy-and-research-needs>.
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