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BRING THE HOUSEHOLDS BACK IN: THE EFFECT OF POVERTY ON THE MOBILITY OF LOW-WAGE WORKERS TO BETTER WAGES

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ABSTRACT

Although eighty percent of low-wage workers are not in poverty, low-wage work and poverty are often conflated. I distinguish the two and investigate how household conditions affect workers' mobility out of low-wage work. I argue households are central labor market organizations, parallel to firms, occupations, and unions in explaining labor market inequality. I define households as contested and resourced organizations. I analyze data from the Panel Study of Income Dynamics using discrete-time event history analysis. Low-wage workers in poverty in the previous year are less likely than other low-wage workers to move to better wages. I extend dynamic monopsony theory to account for household search frictions: First, workers with less resources have less to spend on job search and they may spend more resources making ends meet. Second, falling into poverty introduces new search frictions as settled patterns of household tasks are re-negotiated. My results confirm these hypotheses. Human capital differences explain about a fifth of this effect, but demographics and job characteristics explain little. Sixty percent of the effect of poverty on low-wage workers' mobility is explained by a lack of household resources. Workers with larger income drops when falling into poverty move to better wages at lower rates.

Keywords: working poverty, bad jobs, monopsony, search frictions, organizations

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Low-wage work is associated with household poverty. The terms "poverty wages," "living wages," "working poverty," and "bad jobs" evoke a notion of the low-wage labor market where low-wage workers are in poverty (see Brady, Fullerton, and Cross 2010; Kalleberg 2011; Glasmeier 2014; Howell and Kalleberg 2019). Poverty research focuses on households in deep poverty, particularly unpartnered mothers, and the effectiveness of traditional welfare cash assistance (see Tach and Edin 2017; Desmond and Western 2018). Other studies highlight the labor market trajectories of minimum wage workers and workers with the least education (see Bernhardt et al. 2001; Andersson, Holzer, and Lane 2005; Boushey 2005). These research programs reinforce the notion of a strong link between low-wage work and poverty.

Yet 80 percent of low-wage workers in the U.S. are not in poverty households in any given year (see Figure 1)[1]. The link between low-wage work and household poverty is weaker than we imagine. Why are we surprised to learn that the majority of low-wage workers are not in poverty households?

We make this mistake because we conflate individuals and their household conditions. Low-wage workers are the 25 percent of working-age individuals in the U.S. who earn less than $14 dollars an hour in 2020 dollars. Poverty is a household concept. It is derived by pooling all the resources from all household members and accounting for household size (Brady, Finnigan, and Hübgen 2017).

We conflate individuals and households because we continue to emphasize the breadwinner ideal. A substantial portion of research on labor markets starts with a focus on the unencumbered man breadwinner, while much of the research on poverty focuses on the.

[1] I follow the practice of comparative researchers in the wealthy democracies and use relative measures of low-wage work and household poverty. See the Data and Methods section for more details.

unpartnered mother breadwinner. When a worker is the breadwinner of a household, there is a strong link between individual labor market earnings and overall household income

I propose that we bring households back in to labor market research. Households need to take their place alongside firms, occupations, and unions as central labor market organizations. I define households as contested and resourced organizations. My definition connects research on organizational inequality to research on poverty and work. I build on strands of research in the status attainment, labor market, and poverty subfields in developing this definition. This new understanding of households counteracts the focus on a breadwinner and maps a more nuanced relationship between individuals and their households.

When we make a distinction between individuals and households, we can start to understand how households help and constrain workers' labor market careers. I apply the theory of dynamic monopsony in labor economics to households. Dynamic monopsony theory claims that workers obtain better wages by changing jobs or by leveraging outside offers to raise wages in their current job (Ashenfelter, Farber, and Ransom 2010). "Search frictions" are obstacles that prevent a worker from changing jobs or leveraging other job offers to increase wages (Manning 2003). I use my definition of households as organizations to shift dynamic monopsony's focus on firm-related search frictions to household-related search frictions. I ask whether household resources help workers overcome search frictions and whether households create additional search frictions.

I investigate how households, as resourced and contested organizations, affect workers' labor market outcomes. As resourced organizations, households are a source of resources that can advance a worker's career. In dynamic monopsony terms, these resources help workers overcome search frictions and find a better job. A small-scale experimental study of a universal

basic income program found an additional $500 allowed one worker to take a day off of work to search for a new job (Lowrey 2021). He found a new job and is now earning higher wages. As contested organizations, households undergo events that disrupt the settled patterns of the organization. Events like job loss or the birth of child may lead to the renegotiation of the division of household tasks and the allocation of household resources. When household members spend effort managing the disruption and renegotiating household patterns, they have less time and energy available for job search.

Poverty limits a household's resources and often disrupts its patterns. Because most low-wage workers are not in poverty, I analyze how household poverty affects low-wage workers' labor market outcomes compared to low-wage workers not in households in poverty. This article is one of the first to test for the effect of poverty in the previous year on the mobility of low-wage workers. In my analysis, I use longitudinal survey data from the nationally-representative Panel Study of Income Dynamics (PSID) and discrete-time event history analysis. I then test whether the effect of poverty on low-wage workers' mobility is due the resourced and contested organizational aspects of households.

Experiencing household poverty in the previous year significantly reduces a low-wage worker's chances of moving to better wages. Low-wage workers in poverty households in the previous year are on average 4.6 percent less likely to move out of low-wage work in the specification accounting for demographic, human capital, and job characteristics. The size of the effect of poverty on mobility is as large as more widely-studied constraints on mobility, like gender and a four-year college degree. The negative effect of household poverty on low-wage workers' mobility is larger for workers in households in longer poverty spells.

Demographic differences between workers in and not in poverty households in the previous year explain only a small portion of the effect of poverty on mobility. The lower education and work experience of low-wage workers in poverty explains about a fifth of the negative effect of poverty, a finding that is consistent with human capital theory. I find little evidence that the lower mobility of low-wage workers in poverty in the previous year is due to workers in poverty being sorted into the occupations or industries with lower upward mobility.

Household search frictions limit the mobility of low-wage workers in poverty households. As resourced organizations, households in a poverty lack the resources workers in the household need to overcome search frictions in the labor market. Sixty percent of the negative effect of household poverty on low-wage workers' mobility to better wages is due to a lack of resources. As contested organizations, households experiencing larger economic shocks when falling into poverty are more likely to re-open the settled patterns of how the household operates and subsequently consume resources that could be used for job search. Consistent with this explanation, I find that low-wage workers in households experiencing greater drops in household income have lower probabilities of moving to better wages. Moreover, I find evidence that workers experiencing multi-year poverty spells adapt to the conditions of poverty and improve their ability to move out of low-wage work following their second year in poverty. Adaption represents the opposite side of the economic shock as patterns in how the household operates become re-settled.

THE CONFLATION OF INDIVIDUALS AND HOUSEHOLDS

The terms "poverty wages," "living wages," "working poverty," and "bad jobs" are common in research on low-wage work and on poverty (see Brady, Fullerton, and Cross 2010; Kalleberg 2011; Glasmeier 2014; Howell and Kalleberg 2019). Many researchers go to

significant effort to define their use of these terms precisely. However, the conceptual mapping of a term is difficult when the technical definitions compete with straightforward folk definitions (see an extensive discussion of this point for the term "class" in Lareau and Conley 2008).

The widespread use of terms like "poverty wages" reflects the ways that our research has conflated low-wage work and poverty. Figure 1 shows a different story. Eighty percent of low-wage workers of working age are not in poverty households. This conflicts with the widespread expectation that low-wage work and poverty are highly correlated.

I argue that we conflate low-wage work and poverty because we conflate individuals and households. When households have one primary breadwinner, there is a strong link between individual labor market earnings and overall household income. Breadwinners in low-wage work may indeed be in households in poverty. Yet, many households are not structured with one primary breadwinner (Tach 2015). Nonetheless, research continues to rely on the breadwinner ideal. This leads to the widespread habit of treating individuals' wages and household resources as interchangeable. The reliance on the breadwinner ideal—and the corresponding conflation of individuals and households—is evident in status attainment, labor market, and poverty research.

Historically, the status attainment tradition modeled the intergenerational transmission of social position by using the breadwinner's job position as the proxy for the household's position in the social hierarchy (Blau and Duncan 1967). This use of the breadwinner as the proxy for social position effectively made women's labor market careers invisible (Sorensen 1994). Researchers justified the breadwinner approach because it simplified the analysis and offered a solution to the two main challenges of measuring the intergenerational transmission of social position (Goldthorpe 1983). The first challenge is how to define the overall social hierarchy with one measure of position (see Wright 1989). The second challenge is how to link individuals and

households in the measurement of social position. It is important to keep individuals in the analysis because labor market earnings are the primary driver of overall increases in inequality (see Atkinson, Piketty, and Saez 2011). Focusing on breadwinners is an elegant solution because it addresses both challenges by using the breadwinner's labor market earnings as the household's social position.

Researchers recognize the breadwinner solution is no longer tenable—if it ever was. The increase in dual-earner households and the increasing variation and instability in household forms makes the breadwinner approach indefensible (Tach 2015; Raley et al. 2019). Recent research in the status attainment tradition is investigating innovative solutions to the first challenge. Researches are using a range of proxies for social position, including both individual and household measures like occupation, earnings, income rank, household income, and wealth (Chetty, Hendren, Kline, Saez, et al. 2014; Torche 2015; Kim, Tamborini, and Sakamoto 2018). Despite these innovations, the second challenge of whether social position, and class broadly, is an individual or household phenomenon is unresolved. Sociologists move back and forth when operationalizing social position, sometimes using individual and sometimes household measures. This makes it easy to conflate the two concepts.

Human capital theory reifies the ideal of the unencumbered breadwinner. Labor market research in sociology using quantitative methods typically takes human capital theory as its starting point (Farkas and England 1988). Human capital theory proposes that an individual is rewarded for skill accumulation, and it takes the unencumbered workers as the base case (Becker 1975). An unencumbered worker is a worker without competing household commitments. All other cases are special cases and bracketed. For example, women are often considered to be encumbered and, as a result, to have different preferences for work and family (Becker 1985).

This leads to the exclusion of women from many analyses, or researchers adapt methodological techniques to "correct" women's differential preferences so they conform to the unencumbered worker ideal (Heckman 1974, 1979).

In contrast, sociologists argue that both men and women face a decision on how to navigate the competing demands of work and family (Hochschild 1997; Damaske 2011). The base case for sociologists is a person with some relationship to a household. The nature of the relationship between a person and their household is different for people of different genders and this affects how workers navigate work and family demands (Moen and Roehling 2005). On the surface, the "choice" might appear the same for each person, as in: prioritize work or prioritize family. Sociologists argue a person's choices do not exist in a vacuum. They exist in a social world where they will be contested, sanctioned, and/or affirmed by family and friends, co-workers, and employers (Charles and Grusky 2005). Women and men face different social responses when making seemingly similar choices like prioritizing work over family (Ridgeway and Correll 2004; Ridgeway 2011). This sociological approach is compatible with human capital theory, but it is not compatible with the unencumbered breadwinner model. Despite this critique, many sociologists using quantitative methods to study labor market outcomes continue to rely on this breadwinner ideal and ignore how households shape worker's labor market outcomes.

In the poverty literature, the unpartnered mother is the prototypical image of a household in poverty, partially due the policy debates surrounding the 1990s welfare reform (Edin and Lein 1997; Danziger 2010; Edin and Shaefer 2015).[2] The case of the unpartnered mother also collapses the household into the individual through a focus on a solitary breadwinner. Yet unpartnered mothers are only a small portion of people in poverty and are not representative of

[2] This image of the poor is racialized. The face of poverty in public discourse is the unmarried Black mother (Clawson and Trice 2000; Moss 2010).

poverty households in the U.S. (Brady et al. 2017). The data shows that most spells in poverty are short and household income is unstable (Cellini, McKernan, and Ratcliffe 2008; Western et al. 2016). Furthermore, households regularly change their composition (Raley et al. 2019). Equating households with individuals leads poverty researchers to focus on individual characteristics (education, work experience, personality, and culture) instead of household resources as the explanation for the labor market outcomes of the poor (Rank 2004; Small, Harding, and Lamont 2010; Brady et al. 2017).

HOUSEHOLDS AS CONTESTED AND RESOURCED ORGANIZATIONS

Households and household resources help and constrain workers' labor market careers. To distinguish between households and individuals, I develop a new definition of households based on the status attainment research tradition, labor market research, and poverty research. I define households as contested and resourced organizations. Organizations are contested when members vie for status and control (Tomaskovic-Devey and Avent-Holt 2019). Like all organizations, households accrue resources and divide tasks between members to achieve their goals. Within a household, members contest the division of tasks like housework and childcare (Bianchi et al. 2000). They also contest the use of resources for leisure and career advancement (Moen and Roehling 2005). Household resources are not static. Available resources change as they are used and can become depleted (Gould-Werth 2018).

The status attainment tradition provides overwhelming evidence for the importance of a person's household of origin on their labor market outcomes in adulthood (Torche 2015). I shift the focus of our research from the household of origin to the proximate household. I define proximate household resources as the resources available to the person's household during a given period of time. These are the resources available to be contested and used by individuals in

the household. Proximate household resources may be used by a worker to improve their labor market position. For example, proximate household resources could be used for networking to improve a job search or for hiring helpers to free up time from housework (see Hochschild 1997; Newman 2006).

Shifting our attention from the household of origin to proximate conditions has precedent. Many researchers are incorporating a life course approach into the status attainment tradition (Shanahan, Mortimer, and Johnson 2016). The life course approach recognizes the role of proximate conditions like age, period, and cohort. These conditions shape outcomes just as households of origin shape outcomes. In labor market research, researchers using a life course approach investigate proximate conditions like the effect of college major on first job and a worker's first job on later occupational attainment (Shauman 2006; Roksa and Levey 2010).

Labor market research asks how household conditions constrain workers, particularly for women (see Combet and Oesch 2019). Household members contest tasks like cleaning and child care (Bianchi et al. 2000), and women end up spending more time on these tasks (Fauser 2019). Women's labor market careers are hindered by several factors: the burden of extra housework, the expectations of employers that women are not ideal (unencumbered) workers, and the lower wages that accompany our association of care occupations with unpaid labor (England 2005). I focus here on the effect of household conditions like housework. I draw from this literature about household constraints, but I suggest two improvements. We can examine the effect of the household on both women's and men's careers, and we can understand household conditions as both constraining workers and helping advance their careers.

Research on men's careers also provides evidence that household resources matter for labor market outcomes, but this claim is rarely explicit. The primary household resource in this

literature is a "wife" (Moen and Roehling 2005). The wife at home leaves the man unencumbered to pursue his career "married" to the profession or the company (Hochschild 1997). Even high-achieving women pull back on their work and prioritize their spouse's career over their own when work demands are too great (Damaske 2011; see also Cha 2013). Research on geographic moves for jobs finds a similar result: households are more likely to move for men's jobs (Benson 2014; Sorenson and Dahl 2016). More household resources benefits the trailing spouse (Venator 2021). In the contest for the use of household resources, men are successful in channeling resources to their own careers. However, women with more human capital and other resources appear able to use those resource to resist unwanted geographic moves (Shauman 2010).

Finally, I pull from poverty research to understand households as unstable pools of resources (DiPrete and McManus 2000; Western, Percheski, and Bloome 2008). Households are the primary economic unit for welfare state benefits and transfers in the U.S. (Moffitt 2015; Lee and Koo 2016). The link between low-wage work and household poverty is reduced by welfare state transfers, transfers from family and friends, and the combining of households (Pilkauskas, Garfinkel, and McLanahan 2014; Brülle 2016; Reyes 2020). Household income is unstable from year-to-year and even month-to-month (Wolf et al. 2014; Morduch and Siwicki 2017). Much of this instability comes from changes in the labor market outcomes of household members (Western et al. 2016).

Ethnographic research documents how households experiencing poverty make ends meet by garnering and using financial resources, network ties, and in-kind resources (Press, Fagan, and Laughlin 2006; Smeeding 2016; Tach and Edin 2017). Child care from family members is an essential in-kind benefit for many working mothers (Newman 2006). Notably, household

resources become depleted and may not be available in the future (Gould-Werth 2018). Most researchers focus on how people in poverty accumulate household resources to make ends meet and build "private safety nets" that add to the public safety net available through welfare state programs (Edin and Lein 1997; Harknett 2006; Desmond and Western 2018). Researchers investigate how households use private safety nets to overcome unemployment and job loss (Brülle 2016).

In doing so, scholars conceive of workers as embedded in households and kin-networks with access to household resources (Domínguez and Watkins 2003; Harknett and Knab 2007). Kin networks, as key sources of resources, throw into question the demarcation of meaningful household boundaries (Gerstel 2011). Gould-Werth (2018) goes further and identifies how household resources affect re-employment outcomes for workers experiencing job loss. I extend this theoretical move to consider how household resources affect labor market outcomes like wage mobility. I argue that household resources are not only important for those experiencing job loss, but also for workers' movement through the labor market.

Distinguishing between individual and household resources allows me to move beyond the way status attainment, labor market, and poverty literatures have studied households. Yet I draw on their precedents to define households as contested and resourced organizations.

HOUSEHOLD ORGANIZATIONS AND LABOR MARKET OUTCOMES

When we make a distinction between individuals and households, we can start to understand how households help and constrain workers' labor market careers. I extend the theory of dynamic monopsony in labor economics to apply to households. I use my definition of households as organizations to shift dynamic monopsony's focus on firm-related search frictions

to household-related search frictions. I identify two ways household organizations create household search frictions that affect a worker's labor market outcomes.

According to dynamic monopsony theory, workers obtain better wages by obtaining job offers for higher wages (Manning 2003). Workers either take the job with higher wages or leverage outside job offers to force their employer to raise their wages. Some employers raise wages commensurate with experience, and dynamic monopsony explains such norms as attempts by employers to forestall workers from obtaining outside job offers. In dynamic monopsony theory, the obstacles that prevent a worker from obtaining outside offers are called "search frictions." The current literature of dynamic monopsony focuses primarily on search frictions created by employers (Ashenfelter et al. 2010). These include lack of information about alternative jobs, incentives to stay with an employer (like access to internal job ladders and retirement benefits), and deterrents like non-compete agreements (Hirsch, Jahn, and Schnabel 2018; Johnson, Lavetti, and Lipsitz 2020).

As resourced organizations, households supply resources that can advance a worker's career. These resources can be spent on activities that promote a worker's career like training, network building, or waiting for the right job opportunity. Household resources may also be spent on eliminating constraints, like outsourcing housework to hired workers (Damaske 2011). In dynamic monopsony's terms, these resources help workers overcome the difficulties of finding a better job. Training provides credentials and access to new positions (Weeden 2002). Networks provide information and referrals (Mouw 2006). Waiting prolongs the opportunities of the search and allows a worker to turn down bad offers (Gangl 2006). Less housework means more time and mental bandwidth for focusing on work or a job search (Hochschild 1997; Matteazzi and Scherer 2021).

As contested organizations, households undergo events that disrupt the settled patterns of the organization. Events like job loss or the birth of a child may lead to the renegotiation of the division of household tasks and the allocation of household resources (Bianchi et al. 2000). When household members spend effort managing the disruption and renegotiating household patterns, they have less time and energy available for a job search and overcoming search. Organizational researchers study shocks to firms, including mergers, rapid downsizing, and leadership changes, and they find that these kinds of disruptions limit worker productivity in the short-term (Kaplan 2007; Hallett 2010).

In the household realm, researchers find that unemployment leads to marriage dissolution, but not the other way around (Anderson, Bukodi, and Monden 2021). Considering households as contested organizations explains this finding. A household member becoming unemployed may lead to greater contests between members over how the household functions, particularly for unemployed men in the context of traditional gender norms (Gonalons-Pons and Gangl 2021). In contrast, marriage dissolution creates new households with less or little contest over how the household functions.

HOUSEHOLD POVERTY AND LOW-WAGE WORKERS' MOBILITY

By recognizing the distinction of individuals and household, we are able to ask how household poverty affects low-wage workers' mobility to better wages. The current literature on the mobility of low-wage workers predicts that workers in poverty have lower mobility. In one of the few studies of the mobility of low-wage workers in poverty, Connolly, Gottschalk, and Newman (2004) find that 15 percent of low-wage workers in poverty have average wage growth that would move them to better wages in four years or less. This is much lower mobility rate than

the 50 percent of all low-wage workers who moved to better wages in four years found by a different study (Schultz 2019).

The current literature fails to investigate why household poverty results in lower mobility by comparing low-wage workers in and not in poverty households. This is because the dominant explanations for the lower mobility of some low-wage workers focuses on how these individuals are disadvantaged in terms of human capital or the characteristics of their jobs (Bernhardt et al. 2001; Boushey 2005; Schultz 2019). However, more disadvantaged workers are more likely to be in poverty and to experience longer spells in poverty. A reliance on disadvantage in individual characteristics as an approximation of poverty may lead to an overestimation of the effect of poverty on mobility because most poverty spells are short (see Cellini et al. 2008). A focus on the individual characteristics of workers in explaining the lower mobility of workers in poverty households fails to account for how households as organizations influence workers' labor market outcomes.

Human capital theory is the dominant theory is labor market research. This theory suggests that poverty results from a worker's lack of skills and their subsequent low performance in the labor market (Knabe and Plum 2010). Human capital theory predicts that accounting for skill differences between low-wage workers in poverty and not in poverty would explain the differential mobility rates of the two groups. Recent work on this theory refines the approach by consider the effect of task-specific experience, the kind that transfers across jobs, on wage growth (Gathmann and Schönberg 2010; Yamaguchi 2012). Task-specific human capital may be important for explaining differences between mobility rates between low-wage workers in and not in poverty households because some low-wage jobs may provide fewer opportunities to develop transferrable skills.

A second source of disadvantage is the type of jobs workers are in and the presence or absence of defined job ladders. Howell and Kalleberg (2019) highlight job characteristics, as opposed to skills, as the primary explanation for job quality, and they call this the institutional account. They would suspect that low-wage workers in poverty are less likely to move out of low-wage work because they are in jobs with fewer institutional mobility ladders. One important institution for wage mobility is occupations (Kalleberg and Berg 1987). Some low-wage occupations, like bartenders and sales workers, provide valuable skills that lead to wage mobility when changing jobs, while others, like cleaners, are dead-ends with little mobility (Mouw and Kalleberg 2018).

Another important labor market institution for mobility is the firm (Baron and Bielby 1980). Some firms in the low-wage labor market pay higher wages and present greater opportunities for wage mobility, while others do not (Andersson et al. 2005; Pavlopoulos et al. 2014). Case study evidence suggests that some low-wage firms use a "low-road strategy" with low-wages, high turnover, and little training, while other low-wage firms use a "high-road strategy" by investing in training, reducing turnover, and providing higher wages (Kalleberg 2011). Unionized firms and bureaucratic organizations, like hospitals and federal, state, and local government employers, are more likely to use a high-road strategy (Osterman 2020). Previous research finds that low-wage workers in unions, governments jobs, and in the health care and education industries are more likely to move to better wages (Boushey 2005; Schultz 2019).

In addition to differences in individual attributes and job characteristics, the lower mobility of low-wage workers in and not in poverty may be explained by the greater household search frictions of households in poverty. I use the definition of households as contested and

resourced organizations to develop three additional explanations for the lower mobility of low-wage workers in poverty households.

First, workers in poverty households may have lower mobility because they have lower household resources to overcome the search frictions that are experienced by all workers in the low-wage labor market. A lack of household resources is a search friction because it limits the time, mental space, and emotional bandwidth for job search (see Edin and Lein 1997). A lack of household resources also imposes physical limitations, like hindering a worker's ability to visit a potential employer or limiting their opportunities to socialize and develop the relationships that are useful for obtaining a new job (see Böhnke and Link 2017). Ethnographic research finds low-wage workers' lack of resources results in a precarious balance in arranging work, transportation, and child care that make it difficult to change jobs (Ehrenreich 2010). A small-scale experiment provided low-wage workers with health insurance, child care subsidies, and income subsidies in Wisconsin in the 1990s (Duncan, Huston, and Weisner 2007). The low-wage workers receiving the program benefits experienced higher wage growth than the control group, suggesting that greater resources helped workers overcome search frictions and find better jobs.

Second, falling into poverty may be a large enough economic shock to the household organization that it disrupts a worker's ability to job search. A large drop in income may leave households scrambling to meet financial commitments and avoid material hardship, like experiencing food scarcity and utility shut-offs (Iceland and Bauman 2007; Heflin 2016; Finnigan and Meagher 2019). Most falls into poverty are either due to a worker becoming unemployed or the household losing a worker through household dissolution (McKernan and Ratcliffe 2005; Cellini et al. 2008). As contested organizations, households experiencing these

larger economic shocks are thought to be more likely to re-open the settled patterns of how the household divides tasks and uses resources.

Finally, I investigate whether households recover from an economic shock and adapt to poverty. Previous research indicates that longer spells in poverty result in cumulative disadvantage (Jenkins and van Kerm 2011; Mood 2015). Consequently, my expectation is that longer spells in poverty result in a larger negative effect of poverty on mobility. Ethnographic research finds that over time people in poverty become more adept at navigating supports from government and nonprofit organizations, and they develop more dependable kinship networks (Harknett 2006; Small 2009). Research on mobility out of poverty finds that most households move out in the first few years (Cellini et al. 2008). Any positive adaption or subsidence of the economic shock of poverty is expected to occurs in the first few years in poverty.

DATA AND METHODS

The data for my analysis comes from a longitudinal survey that follows workers and households over thirty years of their lives. The length of this observation window is one of the major strengths of the analysis. To analyze the data, I use low-wage and household poverty thresholds relative to the median in a large cross-sectional household survey. I measure poverty using post-tax and transfer household income from all sources adjusted for household size. I model the probability a low-wage worker will move to better wages across the length of their low-wage employment spell. I account for the worker's duration in low-wage work and the household's duration in poverty. I conduct a number of robustness checks to test for my design decisions and my results are consistent. My analysis includes a large array of demographic, human capital, job, and household resources.

Sample Selection

The data for this article come from the 1984 to 2015 survey waves of the nationally-representative Panel Study of Income Dynamics (PSID). The PSID sample selected in 1968 consists of approximately five thousand households surveyed annually through 1997 and biannually afterward. I use the longitudinal survey weights. There are legitimate concerns about the selection of the Survey of Economic Opportunity (SEO) sample of the PSID (Brown 1996). My results are the same in models without the weights, including individuals with a sample weight of zero, and excluding the SEO sample.

The job questionnaire in the PSID asks about a worker's current job at the time of the interview and previous jobs in the current or the previous year. The PSID asks questions about household income, including income from work, using the previous calendar year as the reference period. I select the job in the individual's work history with the highest annual earnings. I match this job to the household income in the appropriate year. For most cases, this involves matching the current job in a survey year, say 1990, to the annual earnings for 1990 that are reported in the 1991 survey. After moving to a bi-annual survey in 1997, the PSID asks questions about annual earnings and hours retrospectively for two years. Using these answers and the extended work history questions, I am able to recover enough cases to include all survey years. I test the exclusion of all even year surveys and the results are the same.

Low-wage workers enter the sample when they are first observed moving into low-wage work. Individuals exit the sample when they are observed moving to hourly wages above the low-wage threshold. Low-wage workers who move to better wages and subsequently fall back into low-wage work in a future year are returned to the sample. I restrict the analysis to workers who are of working age, twenty-five to fifty-four, when they are observed entering low-wages. I

exclude younger and older workers because education and the transition to work complicate the analysis of low-wage mobility for young workers. I test the inclusion of young workers in a secondary analysis and the results are the same.

Discrete-Time Event History Models

I use discrete-time event history analysis to model the mobility of low-wage workers to better wages (Allison 1982; Mills 2011). I tested several options for the shape of the hazard function and chose a cubic polynomial because of its goodness of fit. The hazard function is modeled using the time since the worker started their current employment spell in low-wage work. I create the variables for low-wage and poverty-spell durations and then use chained multiple imputation to fill in missing covariates. Results from an analysis using listwise deletion instead of imputation are substantively the same. I present average marginal effects calculated over the whole sample to address concerns related to bias in coefficients when comparing across models (Mood 2010). Average marginal effects also facilitate the interpretation of the coefficients given that log odds and odds ratios are unintuitive (Williams 2012).

I define an employment spell as the consecutive years when a worker is employed for at least eight months out of the year. I consider a worker unemployed if they work for less than eight months. When workers move to unemployment, they continue in the sample in their most recent employment spell. Workers start a new employment spell when they return to working more than eight months out of the year. The benefit of using the employment spell to model the hazard is that it accounts for the higher probability of moving to better wages when workers exit unemployment and start a new employment spell.

Addressing Concerns About Unobserved Heterogeneity

A major concern of researchers studying mobility out of low-wage work is whether the probability of moving to better wages decreases as workers spend longer durations in low-wage work (Stewart and Swaffield 1999; Pavlopoulos and Fouarge 2010). Duration dependence is the observed decline in mobility rates as workers spend longer time in low-wage work. Researchers are concerned that duration dependence is due to unobserved heterogeneity in the low-wage workers who have long spells in low-wages. For example, low-wage workers in longer spells may have lower skills than low-wage workers in short spells. These differences in skills could be unobserved if the traditional measures of skills, like educational attainment and work experience, are not capturing all the differences in skills between people.

I use several strategies to address concerns about unobserved heterogeneity and duration dependence. First, the long observation window of the PSID reduces left censoring and allows for the observation of more of a worker's job history, which reduces selection bias (Skrondal and Rabe-Hesketh 2014). Second, I include an extensive list of covariates for a worker's demographic and job history, including the worker's status in the previous year. Third, I include a random effect that varies across individuals. The random effect is important because some workers contribute multiple employment spells. Fourth, I include left-censored cases where the person is working in low-wages in their first observation; in doing this, I follow the approach advocated by Skrondal and Rabe-Hesketh (2014). I test the robustness of these choices with a supplemental model where I remove left-censored cases, and I find consistent results.

Measurement of Low-Wage Work, Poverty, and Household Resources

I use a low-wage threshold of two-thirds of the median hourly wage for full-time workers. I exclude workers who fall just below the low-wage threshold, so that small wage

changes do not move a person in or out of low-wage work. Yearly low-wage work and poverty thresholds are obtained using the Current Population Survey (Flood et al. 2018). In 2015 dollars the low-wage threshold is $12.87 on average across all years. In a supplemental analysis, I use a higher low-wage threshold calculated from the mean hourly wage for all workers, and the results at substantively the same. The mean threshold is on average $14.33 across all years in 2015 dollars.

I calculate hourly wages using annual labor income and annual hours worked. I top-code average weekly working hours at sixty hours a week and top-code hourly wages at the 1st and 99th percentile. To achieve mobility to better wages, the worker must be employed for at least eight months out of the year that their hourly wages are above the low-wage threshold. In an alternative specification, workers have to be observed in better wages for two years to have exited low-wages. The results are the same.

I follow the international standard practice and use a relative measure of poverty, defined as fifty percent of median post-tax and transfer household income adjusted for household size (Brady et al. 2010; Smeeding 2016). Household income includes cash income from all reported sources. I obtain tax estimates using the NBER Taxsim program v32 (Feenberg and Coutts 1993). I then subtract taxes from total household income to obtain post-tax and transfer household income. Refundable tax credits including the Earned Income Tax Credit and Child Tax Credit are included as transfers as calculated by the Taxsim program. The household's post-tax and transfer household income is divided by the square-root of household size to adjust for the benefits of income-sharing in larger households.

In an alternative specification, I use state-level low-wage and household poverty thresholds instead of the national-level thresholds. The results are the same. The primary change

when shifting from national to state thresholds is a decrease of low-wage work and household poverty in Southern states and an increase in low-wage work and household poverty in North-Eastern and Western states with higher standards of living. I prefer the national-level thresholds because they reveal rather than hide the lower mobility and worse outcomes of people in the Southern U.S. across a range of inequality outcomes (e.g. Chetty et al. 2014; Michener 2018).

Moving out of low-wage work may coincide with moving out of poverty. Consequently, I model the effect of household poverty in the previous year on the mobility out of low-wage work in the current year. The variables for household resources are similarly lagged one year. One specification of the effect of poverty is a binary variable that does not account for the household's duration in poverty. The second specification distinguishes between households in year one, year two, years three to four, and years five or more of a poverty spell. There are a number of households that cycle in and out of poverty. I consider these households to remain in the same poverty spell if the household moves across the poverty threshold in one year and returns to poverty the next year.

I use several measures of household resources. The first is an average of post-tax and transfer household income in the previous three years, adjusted for household size and normalized to the median household income. The second is households' liquid savings in bank accounts, including retirement accounts. The third and fourth measure of household resources are whether the household owns their own home, and whether the household has a checking or savings account with a financial institution. These measures of household resources are economic and likely underestimate non-economic resources like social and cultural capital.
I measure the economic shock of the fall into poverty as the percentage drop in adjusted income from one year to the next. The economic shock is measured for all households. When households

fall into poverty, the size of the income drop is carried forward throughout the duration of the poverty spell.

Measurement of Demographic, Skill, and Job Covariates

Demographic covariates include age, gender, race, immigrant, marital status, the presence of children, disability status, and whether ever previously incarcerated (see Table A1 for all categories). Age is measured at the start of the low-wage employment spell and is coded as a categorical variable. Immigrant status is measured using whether the individual or one of their parents was reported born overseas or part of the immigrant sample refresh. Workers are coded as ever incarcerated if they were ever in prison at the time their household was interviewed or if they reported being incarcerated on a question in 1995. As a result, coverage on this measure is likely incomplete.

Education is measured using a four-category variable of education credentials. The accumulation of work experience in low-wages and time unemployed begin counting when a worker is first observed in low-wage work, and they cross employment spells. Low-wage experience uses reported weeks or months worked, while unemployment experience is a count of years the individual was not working for four months or longer. A variable for the worker's employment status in the year before entering a low-wage employment spell incorporates whether the worker came from earning better wages or unemployment.

Job characteristics are measured using work hours, occupation at the start of the low-wage employment spell, industry, union coverage, employed by the government, occupational experience, and firm experience. Part-time work hours are thirty-five hours or less. The occupation at the start of the low-wage spell is one of four large occupations derived from the occupational skills and environments measures on the O*Net (onetonline.org). There are eight

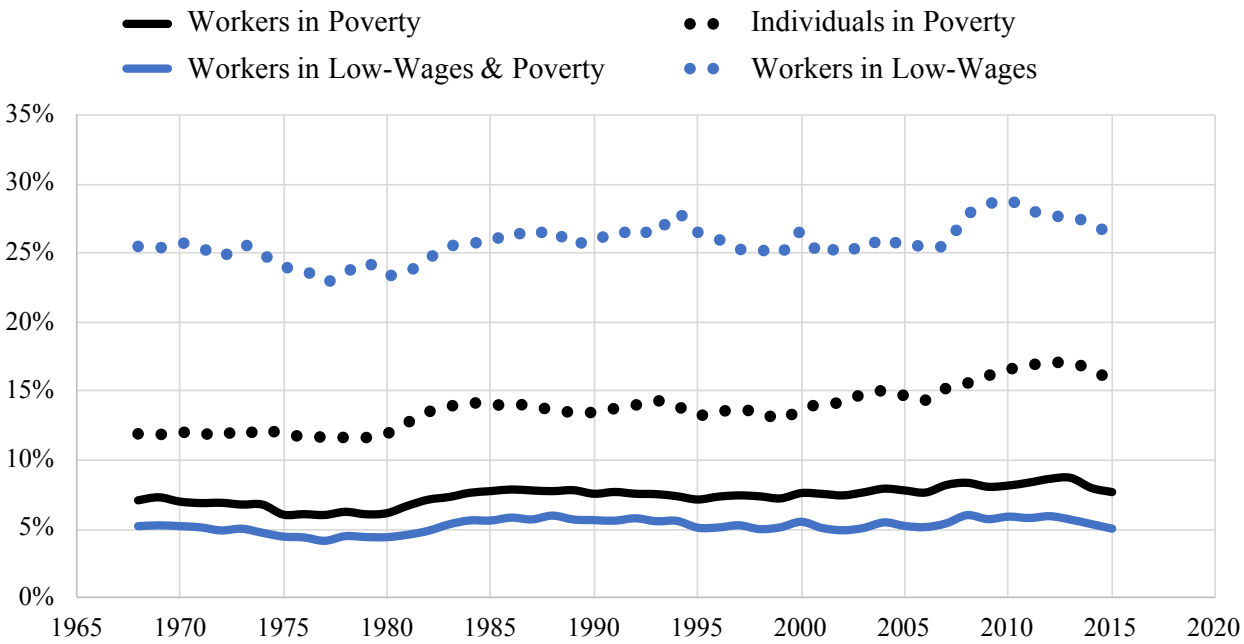
industry categories in the analysis. Occupational experience is measured across the worker's whole work history. Workers gain one year of occupational experience for each year employed in the same detailed three-digit occupation. Occupational experience transfers when workers move occupations based on the degree of occupational similarity. The measure of occupational similarity is derived from the movement of workers between occupations in the Current Population Survey. Firm experience is measured as the years since the worker last changed firms.

RESULTS

The share of U.S. workers with hourly wages below the low-wage threshold has remained mostly stable for close to five decades. About twenty-five percent of workers aged twenty-five through sixty-four in the U.S. are in low-wage work (see Figure 1). The share of individuals in households experiencing poverty follows a similar trend. The Great Recession led to increases in low-wage work and poverty, which have slowly dissipated. There is a similar stability in the level of working poverty from 1968 to 2016. Around half of all individuals twenty-five to sixty-four individuals in poverty were working.

About 5 percent of all working individuals are in both low-wage work and in a household in poverty. Twenty percent of low-wage workers are in poverty households. Low-wage work is typically equated with poverty. There are many intervening factors that break the link between low-wage work and poverty, including long hours, other household members working for better wages, an effective welfare state, and multi-family households. On the whole, most low-wage workers in the U.S are not in poverty.

Figure 1. Trends in Low-Wage Work and Working Poverty



Source: Author's calculations, Current Population Survey 1968-2015. **Notes:** The low-wage threshold is two-thirds of the median hourly wage for full-time workers. The poverty threshold is fifty percent of the houshould's median annual income from all sources including transfers and after taxes adjusted for household size.

A Descriptive Portrait of Low-Wage Workers in Poverty Households

In several respects, workers entering an employment spell in low-wages are similar, whether their household is below or above the poverty threshold in the previous year. In the PSID, 20 percent of workers entering a spell in low-wages were in households in poverty in the previous year. Almost 63 percent of entrants into low-wage work are women. About 26 percent are women who start the employment spell working part-time hours. Low-wage workers are split among all eight industries, with the largest percentages in wholesale & retail trade (22.7%), manufacturing & utilities (17%), and education & public administration (13.4%). Only 8.4 percent of low-wage entrants are covered by a union, while 13.5 percent work for the government at the start of their employment spell. These covariates are similar across entrants from poverty and non-poverty households.

Entrants from poverty households in the previous year are almost twice as likely to be nonwhite as to be white (34.9% to 18.3%). They are a little less than 1.5 times more likely to be immigrants and a little less than 2 times as likely to be ever incarcerated compared to low-wage entrants not in poverty in the year before (11.5% to 8.1%; 6.5% to 3.6% respectively). Double as many low-wage entrants in poverty in the previous year report a disability that limits them in a major way (3.9% to 1.5%). Low-wage entrants coming from poverty are younger, less are married, and more have children and young children (under the age of six) than low-wage workers not in poverty in the previous year. This is consistent with research that shows young families are at particular risk for poverty in the U.S. (Brady et al. 2017). Low-wage entrants in poverty are twice as likely to have less than a high school education (18% to 7.9%). They are less educated across the board: higher shares of workers in poverty in the previous year have a high school diploma, and lower shares of workers in poverty have some college or a bachelor's or higher degree.

Importantly, low-wage workers in poverty households at the start of their employment spells are more than 2.5 times as likely to have been unemployed for four months or longer in the previous year than entrants not in poverty the previous year (50.3% to 18.9%). They have experienced longer spells in unemployment since first being observed in low-wages (1.4 to .7 years) and subsequently start employment spells in low-wage work at lower wages (47.9 to 49.8 where 100 is the median hourly wage). This reflects the strong relationship between unemployment and poverty, particularly in the U.S. context where many low-wage workers are not eligible for unemployment assistance (Gautié and Schmitt 2010). Entrants in poverty have worked longer in the low-wage labor market since they were first observed in low-wage work, reflecting the negative effect of poverty on mobility to better wages (1.9 to 0.6 years).

Low-wage workers in poverty in the previous year are 9 percent more likely to start an employment spell in a low-end service occupation than low-wage workers not in poverty (47.1% to 38%). Workers entering low-wages in a low-end service occupation and in household poverty in the previous year constitute about 10 percent of the low-wage labor market entrants. While low-wage workers in poverty are overrepresented in low-end service work, low-end service occupations are only part of the explanation for working poverty. Workers in poverty households are somewhat less likely to be in education & public administration at the start of their employment spell (10.1% to 14.2%). Low-wage workers not in poverty households in the previous year have more firm experience (3.9 to 2.2 years). This level of firm tenure means their wages may have declined relative to inflation, which pushes them into low-wage work. In contrast, workers in poverty at the start of the employment spell have higher average firm changes, reflecting unemployment spells that result in job changes across employers (0.9 to 0.2 changes per year).

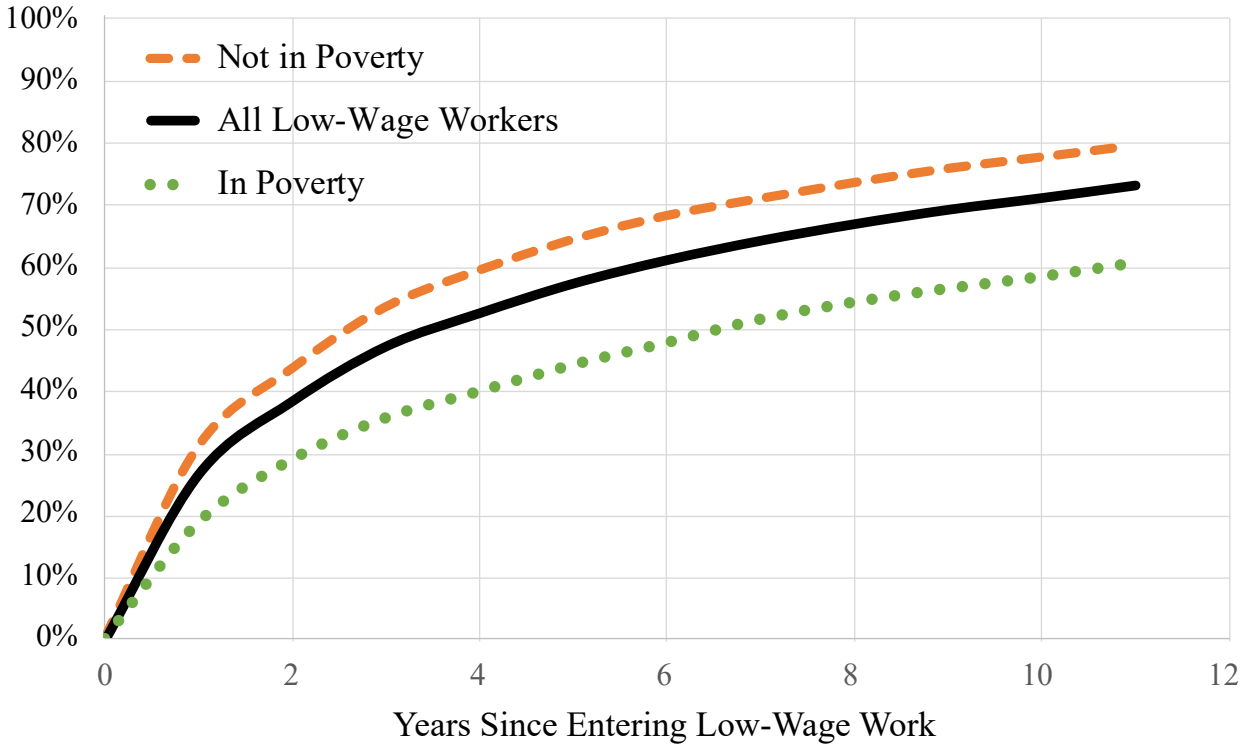
Workers starting an employment spell in low-wage work who were in poverty households in the previous year are much less likely to have a checking or savings account or to own their own home (54.5% to 82.2%; 34.2% to 65.6% respectively). Their average post-tax and transfer household income in the previous three-years, adjusted for household size, was 42.9 percent of the median household income. This is less than half of the three-year average household income for low-wage entrants not in poverty in the previous year. The average liquid household savings of entrants not in poverty in the previous year was $11,746 in 2015 dollars. The average household savings of entrants from households in poverty in the previous year was $2658 or 22 percent of the savings of entrants not in poverty in the previous year.

Almost 12 percent of entrants into low-wage employment spells were experiencing long-term poverty with durations of three years or more in the previous year. Another 6.6 percent of entrants were in their first year of household poverty in the previous year. Those in long poverty spells make up a greater share of entrants because workers in long poverty spells are more likely to start new employment spells by moving into and out of unemployment. This indicates greater circulation between unemployment and low-wage work for workers in longer poverty spells. Women, nonwhites, those with a more limiting disability, workers with children (but not young children), and workers with less than a high school degree make up a greater share of the entrants who are in longer poverty spells. Those in longer poverty spells are more likely to work in the health care & social assistance industry and in low-end service occupations and less likely to work in wholesale & retail trade. There are few differences across poverty-spell lengths for other demographic characteristics and job characteristics. Workers entering a low-wage employment spell with a poverty spell of greater than five years are less likely to have a checking or savings account (43.2% to 67.6% for workers in their first year of poverty).

Household Poverty and Workers' Mobility to Better Wages

I use the Kaplan-Meir approach and discrete-time event history models to determine the effect of household poverty in the previous year on low-wage worker's mobility to better wages. I find a substantial difference in mobility rates for low-wage workers in and not in poverty households in the previous year. After two years, there is a 15 percent gap in the number of workers who have moved to better wages between low-wage workers not in poverty households and in poverty households in the previous year. Workers in longer poverty spells of three years or more are much less likely to move out of low-wage work than low-wage workers in the first two years of a poverty spell.

Figure 2. Kaplan-Meier Cumulative Mobility to Better Wages by Poverty Status



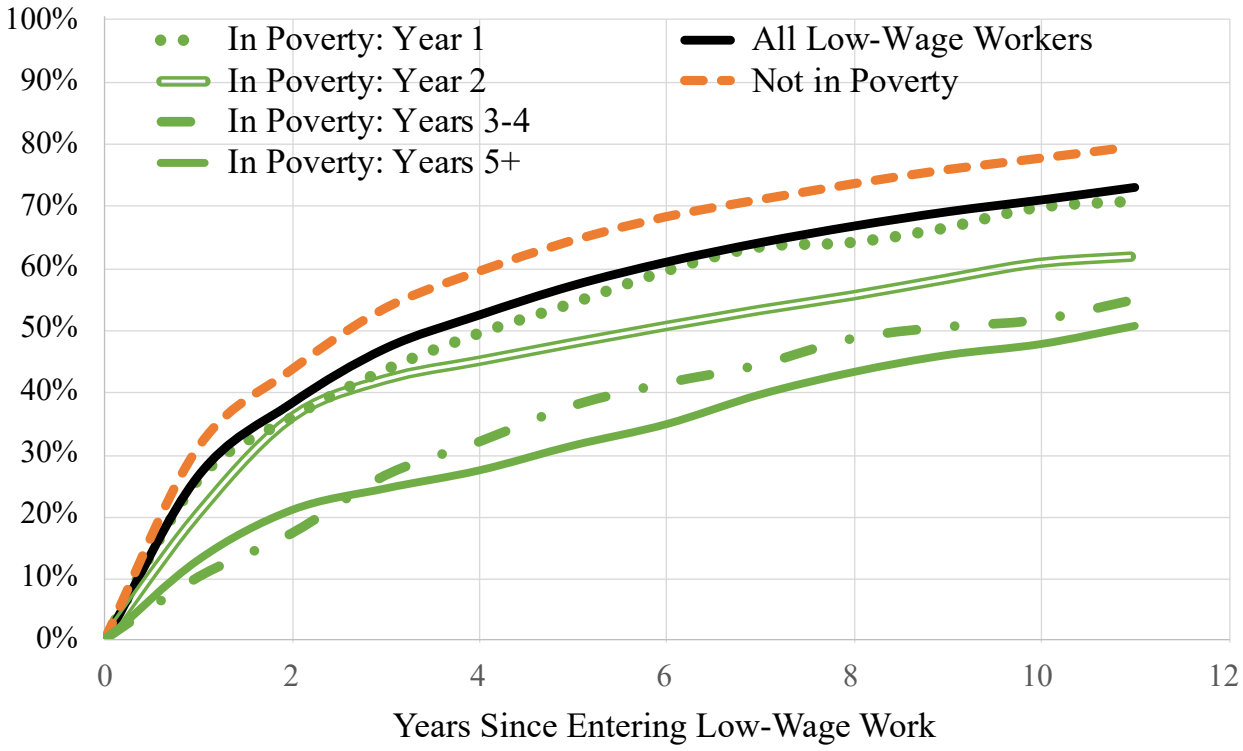
Source: Author's calculations, PSID 1984-2015 surveys.

Household poverty has a large effect on low-wage workers' ability to move out of low-wage work and achieve better wages. About 30 percent of low-wage workers in poverty in the previous year moved to better wages in two years. Approximately 5 percent more low-wage workers in poverty exit every year until 48 percent of low-wage workers in poverty have moved to better wages in six years. In contrast, almost 44 percent of workers not in poverty households have moved to better wages in two years. This increases to almost 60 percent in four years and 68 percent in six years. The gap in cumulative mobility to better wages grows between low-wage workers in poverty and those not in poverty. This poverty mobility gap is almost 15 percent after two years and grows to almost 20 percent by four years, where it remains stable.

The negative effect of poverty on mobility is mostly due to the much lower mobility of low-wage workers in long poverty spells of three years and longer. Only 17 percent of low-wage

workers in years three or four of a poverty spell have moved to better wages in the first two years since entering low-wage work. This is less than half the mobility rate of low-wage workers not in poverty. The mobility gap between workers not in poverty and those in long poverty spells is about 27 percent and does not narrow for workers in longer low-wage spells. In contrast, mobility rates for low-wage workers in years one to two of poverty spells are much closer to the average rates of all low-wage workers. For workers in longer low-wage spells, falling into poverty for at least two years slows mobility. This opens a gap between those in year one and year two of a poverty spell and those workers in at least year four of a low-wage spell.

Figure 3. Kaplan-Meier Cumulative Mobility to Better Wages by Duration in Poverty



Source: Author's calculations, PSID 1984-2015 surveys.

I confirm the negative effect of poverty on mobility out of low-wage work using discrete-time event history models (see Table 1). The Kaplan-Meir estimates are descriptive and they estimate mobility since the worker's first observation in low-wage work. Workers in household

poverty in the previous year have a 5.8 percent lower probability of mobility to better wages than workers not in household poverty in the previous year in the baseline model (m0) without any covariates. This effect is relative to this underlying probability of mobility in any given year of the employment spell (see Figure A1 in the Appendix). Over time, the negative effect of poverty on mobility results in a large gap in cumulative mobility rates between workers in poverty and not in poverty households, as seen in the Kaplan-Meier estimates. The discrete-time event history models estimate mobility over the employment spell and somewhat higher mobility rates in the first years than in the Kaplan-Meier approach (see Figure A2).

The results presented so far do not consider the household's duration in poverty. In the following results, I distinguish workers in households in the previous year in the first year of poverty spells, in the second year, in the third and fourth years, and in poverty spells five years or longer. In the baseline model (m0), the effect of poverty is marginally statistically insignificant and small, at 1.2 percent lower probability of mobility for workers in the first year of poverty spell compared to workers not in poverty households in the previous year. Workers in longer poverty spells in the previous year experience larger and statistically significant effects of poverty on their mobility. Low-wage workers in the second year of a poverty spell have a 3.9 percent lower probability of mobility than workers not in poverty in the previous year. The effect more than doubles to negative 8.2 percent for those in years three to five of poverty spell. The effect of household poverty in the previous year is largest for those in long poverty spells of five years or more at a 10.4 percent lower probability of mobility.

Demographic, Human Capital, and Institutional Explanations

In the next three models, I test the demographic (m1), human capital (m2), and institutional (m3) explanations for the effect of household poverty on low-wage worker's

mobility. To do this, I add groups of corresponding variables to the discrete-time event history model (see Table 1). The human capital variables explain away a fifth of the negative effect of household poverty. The demographic and institutional variables explain little of the effect of household poverty in the previous year on worker's mobility.

Model m1 builds on the baseline model and accounts for demographic differences in age, gender, race, immigrant status, disability, incarceration record, marital status, and presence of children in the household. In the specification that does not account for poverty duration, there is a small uptick in the negative effect of poverty to 6 percent. In the second specification, which accounts for poverty duration, the negative effect of household poverty in year one almost doubles and becomes statistically significant. The probability of mobility for workers in household in year two of poverty spell becomes half a percent more negative as well. Further investigation reveals that gender differences is the primary driver of this change. Men low-wage workers are overrepresented among workers in households in the early years of a poverty spell (see Table A1). In addition, the negative effect of poverty is larger for men than women (see Table A2 for results by gender for the full model). When combined together, accounting for gender and other demographics characteristics, this produces a larger overall effect for of poverty in years one and two of a poverty spell.

Table 1. The Effect of Poverty on the Mobility of Low-Wage Workers to Better Wages

	Specification 1	**Specification 2: By Duration in Poverty Spell**			
	Any Duration	**In Year 1**	**In Year 2**	**In Years 3-5**	**In Years 5+**
m0: Baseline	-.058***	-.012	-.033***	-.082***	-.104***
m1: Demographics	-.060***	-.019**	-.039***	-.085***	-.103***
m2: Education and Experience	-.046***	-.015*	-.032***	-.074***	-.084***
m3: Occupation and Firm Characteristics	-.046***	-.015*	-.032***	-.072***	-.084***
m4: Household Resources	-.010	.005	-.006	-.037***	-.050***
m5: Size of the Income Drop into Poverty	-.025***	-.012	-.012	-.049***	-.072***

Note: *** p<.001, ** p<.01, * p<.05.

Source: Author's Calculations, PSID 1984-2015 surveys.

There are several notable demographic effects that are seldomly investigated in studies of low-wage workers' mobility that I find are statistically significant in the full model with all covariates (see Table A2). First, low-wage workers with a partially limiting disability are 2.6 percent less likely to move to better wages than workers without any reported disability. A major limiting disability results in a 7.7 percent on lower probability of mobility on average. Partially limiting disabilities affect men more than women. A possible explanation is the gendered sorting of men into more physically demanding jobs (Charles and Grusky 2005). Consistent with Pager's (2003) finding in an audit study of low-wage workers with criminal records, men who have ever been incarcerated are 3.2 percent less likely to move to better wages than men who have never been incarcerated. This means the effect of poverty on mobility is on average larger than the effect of incarceration for men. There is not a significant effect of ever being incarcerated for women. Finally, there are small positive effects for women self-identifying as a racial category other than white and identified as immigrants, but not for men (1.6 percent and 2.3 percent respectively). Damaske (2011) finds a consistent result in her interviews with women across racial aggregates in New York. Her evidence suggests that the household norms that encourage women working are stronger for African-American women.

Model m2 continues the investigation of the effect of poverty by adding human capital variables like education and work experience. The negative effect of poverty is reduced by about a fifth and is statistically significant in both specifications. In the descriptive portrait of entrants into low-wage work, we saw that workers in poverty households in the previous year had on average lower education, more low-wage work experience, and were more likely to be unemployed in the previous year. However, the majority of the negative effect of household

poverty on low-wage worker's mobility is not due to these human capital differences between workers in and not in poverty households.

Model m3 provides a test of the institutional account. The institutional account argues the lower mobility of low-wage workers in poverty is a result of these workers' lack of access to institutions that promote wage growth, like occupational and firm internal labor markets. Consistent with previous research, I find significant effects for institutional context on low-wage workers' mobility to better wages. However, the negative effect of household poverty on low-wage workers' mobility is not explained by workers in poverty households being sorted into jobs with worse institutional contexts. One explanation for this null effect is that low-wage workers in poverty are sorted into jobs in ways that the broad occupation and industry categories in this analysis do not pick up. For example, low-wage workers in poverty may be more likely to be in particularly low-paying firms or in detailed occupations with limited mobility (see Andersson et al. 2005; Mouw and Kalleberg 2018). Another possibility is that referral networks, rather than employee characteristics, explain the sorting into jobs with better institutional contexts (Mouw 2002). Workers in poverty and not in poverty may be as likely to be in an employee's network.

Household Explanations

In the final two discrete-time event history models, I investigate explanations for the negative effect of poverty on mobility derived from my definition of households as contested and resourced organizations. First, I find that about 60 percent of the effect of poverty on mobility is explained by the household's lack of resources. This result is predicted by my definition of households as resourced organizations. Second, my evidence supports the argument that households are contested organizations that can constrain workers' mobility. I find evidence that

larger economic shocks lower worker's mobility and that households in multi-year poverty spells adapt to poverty.

Model m4 builds on the previous model and adds variables of a household's resources. The effect of household poverty on mobility is reduced from 4.6 percent in m3 to 1 percent in m4 and is no longer statistically significant in the specification not accounting for a household's duration in poverty. Household resources reduce the negative effect of poverty to near zero for low-wage workers in poverty households of one or two years in the previous year. This effect is statistically insignificant. A lack of household resources hinders a worker's ability to move to better wages.

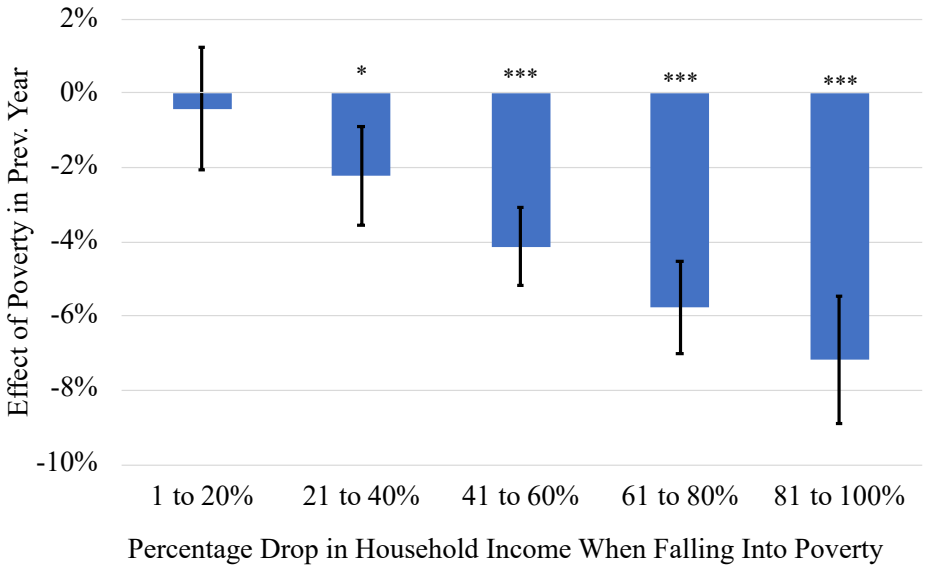
The negative effects of poverty are much larger for households in longer durations in poverty. The level of household resources explains over half of the baseline effect for low-wage workers in long durations (10.4 to 5 percent) and remains statistically significant. This is evidence for the accumulation of disadvantage for those in long-term poverty spells, disadvantages that are not fully explained by household resource levels (Edin and Lein 1997; Edin and Shaefer 2015). Households in longer poverty durations are about 20 percent of the households in poverty in any given year (Cellini, McKernan, and Ratcliffe 2008).

Households that have built up more resources are better able to weather poverty, and low-wage workers in these households move out of low-wage work faster than low-wage workers in households with less resources. Every 1 percent increase in average post-tax and transfer household income over the past three years results in a 3.6 percent greater probability of workers' mobility to better wages. The effect of household savings is smaller at 0.4 percent greater probability for every 1 percent increase in liquid household savings. Most households in poverty have near zero savings. I find that owning your own home or having a bank account do

not have a statistically significant independent effect on mobility to better wages. These measures are correlated with household income and savings among low-wage workers.

The final model, m5, adds the variable operationalizing the economic shock to the households that fall into poverty. Larger percentage drops in a post-tax and transfer household income are a significant economic shock to the household in the first year of a poverty spell. I focus on the effect for low-wage workers in the first year of a poverty spell because the contested organizations argument leads to the expectation that the economic shock disrupts the way the household functions in the short-term.

Figure 4. The Effect of Poverty by the Percent Drop in Household Income

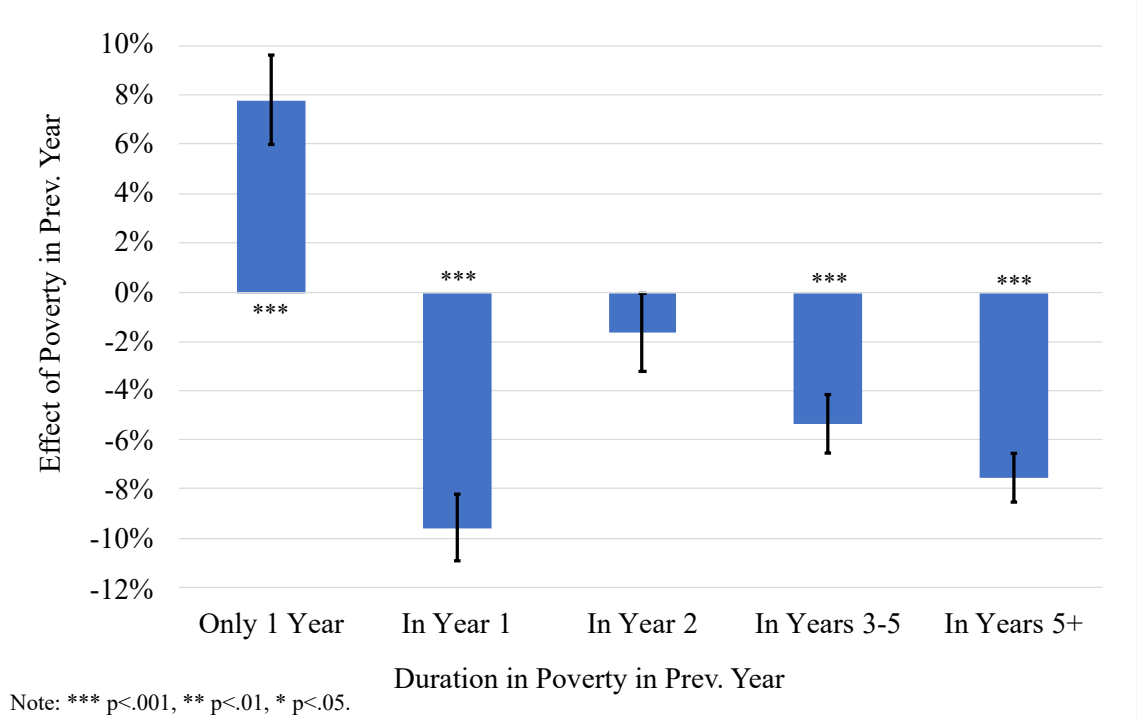


Notes: This is the effect for households in the first year of a poverty spell.
*** p<.001, ** p<.01, * p<.05.
Source: Author's calculations, PSID 1984-2015 surveys.

Figure 4 shows the effect of household poverty on mobility is not statistically different from zero for households experiencing a household income drop of 20 percent or less. Eighteen percent of households falling into poverty experience an income drop of less than 20 percent (see Table A4). Half of all households falling into poverty experience a 21 to 60 percent drop in household income. This likely reflects the loss of a job, as most households in the U.S. are dual-

earner households (see Kalleberg 2011). The negative effect of household poverty on a low-wage worker's mobility is 2.2 percent for households experiencing a 21 to 40 percent household income drop and 4.2 percent for households experiencing a 41 to 60 percent drop. The less common household income drops of 61 percent or more are even larger. These effects of household poverty are larger than the average effect for workers in year one of poverty in model m5. The average effect of household poverty is negative 1.2 percent and is insignificant (see Table 1).

Figure 5. The Effect of Poverty by Length of the Poverty Spell



Note: *** p<.001, ** p<.01, * p<.05.
Source: Author's calculations, PSID 1984-2015 surveys.

The effect of household poverty on low-wage workers' mobility changes from a statistically insignificant negative 1 percent in m4 to a statistically significant negative 2.5 percent in the full model that does not account for poverty duration. The same pattern holds across the secondary specification, which accounts for household poverty duration. The effect of poverty becomes larger and more negative. This is because low-wage workers in non-poverty

households are more likely to move out of low-wage work if they experience larger drops in household income from one year to the next. About 15 percent of households not in poverty suffer a household income drop of greater than 20 percent (see Table A4). A possible explanation is that these households are using a one and half-breadwinner model, with one primary earner and a secondary earner working part-time for low-wages. A larger drop in household income may indicate a drop in the primary earner's income, for example from job loss. As a consequence, the household may be choose to have the secondary earner seek a better paying job to make up for the loss of household income and channel more resources to the promoting the secondary earners career (see Warren and Tyagi 2016).

Finally, I find evidence that households in multi-year poverty spells adapt to the experience of poverty and are more likely to move out of low-wage work in their second year of poverty. Figure 5 uses the full model with all covariates (m5) and reports the effect of poverty in the previous year by poverty duration. Unlike in Table 1, this figure differentiates workers who experience only 1 year in household poverty. The strong positive effect for these workers indicates that these workers are more likely to move out of low-wage work and poverty in the same year.

Consistent with a contested organizations view on households, I find a large negative effect of household poverty on a worker's mobility for workers in year 1 of a multi-year poverty spell and a small, statistically insignificant effect for workers in year 2 of poverty spell. My explanation for this pattern is that the shock of falling into poverty disrupts the household's routines in year one. Then, by year two, households in poverty have adjusted their routines and stabilized, which increases their odds of moving to better wages in coming year. This evidence that households adapt to poverty is an important extension of ethnographers' findings. I've used

nationally-representative data to corroborate their observation of the agency of low-wage workers: these workers adjust to their situation and develop strategies to move out of poverty and low-wage work.

DISCUSSION AND CONCLUSION

In distinguishing individuals and households, this article asks: how does household poverty affect the mobility of individual low-wage workers to better wages? This question is the reverse of the common question found in research on work and poverty: how do an individual's labor market outcomes affect a household's income and probability of entering poverty? Framing the question of how households affect labor market outcomes leads me to consider the organizational aspects of households. I define households as contested and resourced organizations. I extend the theory of dynamic monopsony to consider whether these organizational aspects of households create household search frictions that reduce the ability of workers to find better paying jobs.

My analysis provides substantial evidence for the explanatory power of considering households as contested and resourced organizations. I find that a lack of household resources explains 60 percent of the negative effect of poverty in the previous year on low-wage workers' mobility to better wages. Thinking about households as resourced organization leads to an explanation of the effect of poverty on mobility that has three times the explanatory power of explanations that rely on human capital variables to explain poverty. I also find evidence that households are contested organizations. When households fall into poverty through large economic shocks, household members in low-wage work have lower mobility to better wages. The economic shock of falling into poverty unsettles household routines and creates additional work that limits household members' abilities to find better paying jobs. Furthermore,

households in multi-year poverty spells experience much greater mobility in year two than in year one of a multi-year poverty spell. This suggests that many households adapt to the experience of poverty, establish new routines to make ends meet, and are able to turn to using their household resources to moving out of low-wage work.

The definition of households as contested and resourced organizations has several implications for poverty research, the status attainment tradition, and labor market research. A major line of research on poverty and work is whether government transfers create disincentives for recipients to work (Danziger 2010). Concern over this question has led to the creation of targeted and means-tested welfare programs in order to restrict the allocation of resources to those who might abuse them. Researchers have found a negative effect of welfare benefits on unpartnered mothers' probability of becoming employed (Danziger 2010). Considering households as contested and resourced organizations leads to the conclusion that is finding may be misleading. The welfare program involves high levels of oversight (Edin and Shaefer 2015). Burdensome reporting requirements for accessing public benefits may consume the limited resources of households in poverty and lead to worse employment outcomes as workers are unable to overcome search frictions and find better jobs.

Second, my results indicate a responsive social safety net that buffers the shock of poverty by providing timely resources is as important in helping workers in these households move to better wages and avoid longer poverty spells. A substantial portion of poverty research focuses on the role of the social safety net in alleviating longer term poverty spells. On the other hand, growing research on the Earned Income Tax Credit (EITC) demonstrates it is a strong anti-poverty tool for households closer to the poverty line (Moffitt 2015). Yet, the EITC requires households to have enough resources to manage their household budget over the whole year

(Tach et al. 2019). Social safety net programs that provide stable access to resources on a regular basis with low reporting requirements are much more likely to help low-wage workers in poverty households move to better wages. This is because this kind of program uses less of the household's resources to obtain the benefits and leaves more resources for job search. The advance payment of the expanded Child Tax Credit in 2021 in the U.S. provides this kind of stable, monthly source of resources for households. As a consequence, I expect the advance payment of the Child Tax Credit to increase mobility out of low-wage work.

A third implication for poverty researchers of considering households as resourced organizations is to reevaluate the choice to measure poverty using household income instead of household consumption (see Smeeding 2016). The goal of the household is to maintain (or raise) its standard of living. When studying business organizations, researchers investigate not only the organization's income, but also the organizations investments in physical assets and human assets. These investments may be financed by debt rather than from income. Income may vary from year-to-year but the accumulation of assets is a measure of the business organization's long-term viability. The same logic applies to households. A household's income may fluctuate from year-to-year if households are making investments in training or new lines of work. However, a household's consumption may remain stable with the support of a household's savings or use loans from family, friends, or banks that may not be typically counted as part of a household's income. A consumption measure of poverty would help identify inequality in the private social safety nets of households that goes beyond income to includes a household's financial, network, and human capital assets.

The definition of households as contested and resourced organizations provides a possible solution for the status attainment tradition's dilemma for how to bridge individuals and

households when measuring intergenerational mobility. The consumption of household resources links individuals and households. Following the idea of households as contested organizations, household members negotiate how the household's resources are consumed and who consumes them. The household as a whole may achieve a higher-level of overall consumption of economic products, like a larger house, and cultural products, like travel to distant places, across generations. The consumption of these household resources may also differ within the household across generations. For example, the ability to build a career requires a major investment of household resources. Careers provide intrinsic rewards like meaning and a sense of self-worth, which can be considered a kind of cultural consumption in addition to their economic benefits to the household (see Hochschild 1997). Viewed from this perspective, the higher rates of women's labor market participation in recent decades is a major achievement for gender equality in channeling and consuming their household's resources. Furthermore, cultural and economic products are viewed differently across social groups (Bryson 1996). Investigations into the intergenerational transmission of social position using household and individual consumption measures would reveal the inequality in the type of consumption, which is probably as important as the amount of consumption for the maintenance of inequality across generations.

For labor market researchers, the households as contested and resourced organizations definition leads to the testable claim that households affect men's labor market outcomes as much as women's outcomes. This cuts against the prevailing norm in labor market research that considers gender and household conditions as phenomenon primarily affecting women and not men. For example, the marriage wage premium for men may be partially due to the ability of men to channel the additional household resources obtained through marriage provides to their own careers (see Moen and Roehling 2005). Gender inequality in the labor market may be as

likely to result from the gendered outcomes of contests for resources within households as from barriers faced by women advancing through the labor market.

Finally, viewing households as contested and resourced organizations may help to explain differences in how gender inequality and racial inequality affect labor market outcomes. Racial homophily in marriage and the high prevalence of opposite-sex marriage means households interact differently with race and gender inequality. Differences in household resources and the experience of household shocks, be they economic, health, or otherwise, may spillover and contribute to disparate outcomes in wage and job mobility. Consequently, a significant portion racial inequality, but not gender inequality, in labor market outcomes may result from differences between racial aggregates in household resources available for their members' careers (see Brown 2021; Conwell and Quadlin 2021). Households are an important labor market organization and need to be brought back into labor market research.

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APPENDIX A

Table A1. Descriptive Statistics of Low-Wage Workers by Poverty Status

	All Entrants into Low-wages	Entrants NOT In Poverty	Entrants In Poverty	In Year 1 of Poverty	In Year 2 of Poverty	In Years 3-5 of Poverty	In Years 5+ of Poverty
Person-Employment Spell Observations*	6,200	4,598	1,602	443	226	413	600
Household In Poverty Prev. Year	20.3%	0%	100%	6.6%	2.8%	5.1%	6.7%
Woman	62.5%	62.5%	62.6%	59.9%	54.0%	62.4%	67.9%
Nonwhite	21.7%	18.3%	34.9%	28.0%	31.9%	36.4%	44.5%
Immigrant	8.8%	8.1%	11.5%	9.2%	12.3%	11.8%	13.0%
Age							
25 to 34	34.5%	32.5%	42.6%	42.9%	47.9%	48.4%	36.0%
35 to 45	35.2%	35.6%	33.6%	30.5%	32.2%	30.4%	38.8%
45 to 54	30.3%	32.0%	23.9%	26.6%	19.8%	21.2%	25.3%
Ever Incarcerated	4.2%	3.6%	6.5%	4.4%	5.9%	6.2%	9.2%
Disability Status							
None Reported	88.1%	89.0%	84.9%	86.2%	89.7%	82.4%	84.0%
Partial Limitation	9.9%	9.6%	11.2%	12.2%	8.9%	13.6%	9.4%
Major Limitation	2.0%	1.5%	3.9%	1.6%	1.4%	4.0%	6.7%
Marital Status							
Never Married	15.5%	13.0%	24.9%	24.3%	29.0%	29.5%	19.3%
Married	50.2%	54.0%	35.5%	42.5%	32.9%	31.9%	30.6%
Previously Married	34.3%	33.0%	39.6%	33.2%	38.2%	38.6%	50.0%
Child(ren) in the Household							
Yes	59.0%	57.5%	64.9%	59.2%	59.8%	69.5%	69.4%
Under age 6	25.2%	23.3%	32.4%	30.6%	33.1%	34.4%	31.5%
Woman with a Child Under age 6	16.8%	15.4%	22.0%	19.5%	20.3%	23.3%	23.6%
Education							
Less than High School	9.9%	7.9%	18.0%	8.9%	8.9%	16.5%	29.6%
High School Diploma	32.0%	31.0%	35.8%	36.2%	36.2%	30.3%	38.2%
Some College	37.3%	38.0%	34.6%	38.2%	38.2%	41.8%	26.7%
BA or higher	20.8%	23.1%	11.6%	16.8%	16.8%	11.5%	5.5%
Status Observation Before Entry							
Unemployed	25.3%	18.9%	50.3%	34.4%	57.6%	54.7%	53.4%
Working, Better Wages	74.5%	80.9%	49.4%	65.4%	42.4%	44.2%	46.6%
Young Entry	0.2%	0.2%	0.2%	0.2%	0.0%	0.7%	0.0%
Years in Low-Wages^	0.8	0.6	1.9	1.1	1.8	1.6	2.7
Years Unemployed^	0.8	0.7	1.4	0.6	1.0	1.3	2.3

Table A1. Descriptive Statistics of Low-Wage Workers by Poverty Status **(continued)**

	All Entrants into Low-wages	Entrants NOT In Poverty	Entrants In Poverty	1-2 Years in Poverty	1-2 Years in Poverty	3-5 Years in Poverty	5+ Years in Poverty
Avg. Starting Wage (Median=100)	49.4	49.8	47.9	50.3	50.3	45.6	45.8
Part-Time Hours (<35 Hours/Week)	30.6%	30.4%	31.3%	26.7%	28.0%	29.7%	35.9%
Woman & Part-Time Hours	25.6%	26.0%	24.2%	20.7%	21.6%	20.6%	29.8%
Avg. Occupational Experience	6.3	6.7	4.8	5.4	4.3	4.2	4.9
Staring Occupation							
Professional & Tehnical	21.2%	22.9%	14.3%	18.3%	14.9%	14.3%	9.5%
Clerical & Mid-Tier Service	21.5%	23.3%	14.3%	14.7%	14.5%	15.6%	13.1%
Manual	19.4%	18.2%	24.3%	24.6%	23.8%	21.7%	26.9%
Low-End Service	38.0%	35.6%	47.1%	42.5%	46.8%	48.4%	50.5%
Industry							
Agriculture & Mining	10.8%	10.7%	10.8%	11.1%	9.9%	9.9%	11.9%
Manufacturing & Utilities	17.0%	16.5%	19.0%	23.2%	18.0%	17.0%	18.3%
Wholesale & Retail Trade	22.7%	22.6%	22.8%	23.8%	28.2%	24.9%	18.7%
Finance, Insurance, & Business Services	11.3%	12.1%	8.0%	7.9%	8.1%	9.7%	6.1%
Personal Services & Entertainment	8.3%	8.1%	9.2%	7.9%	7.7%	9.4%	10.2%
Health Care & Social Assistance	10.7%	10.1%	13.2%	10.4%	13.1%	12.7%	16.9%
Education & Public Administration	13.4%	14.2%	10.1%	10.2%	7.4%	9.8%	10.8%
Other Professional, Scientific, & Technical	5.9%	5.7%	6.8%	5.3%	7.6%	6.7%	7.1%
Union Job	8.4%	8.4%	8.6%	9.7%	8.8%	7.6%	8.9%
Government Job	13.5%	13.4%	13.6%	13.9%	9.5%	13.3%	15.9%
Avg. Firm Experience	3.6	3.9	2.2	2.6	1.9	1.8	2.4
Avg. Count of Firm Changes	0.4	0.2	0.9	0.5	0.9	0.8	1.3
Checking or Savings Account	77.4%	82.2%	54.5%	67.6%	59.9%	47.8%	43.2%
Own Home	59.2%	65.6%	34.2%	41.3%	33.7%	26.6%	31.6%
Avg. Household Income Prev. 3 Years (Median=100)	92.6	105.2	42.9	60.0	42.9	33.3	33.7
Avg. Household Savings Prev. Year (2015 dollars)	9897	11746	2658	4814	2627	1114	1510

Notes: *There are more cases in the poverty duration sample. This is because workers cycling in and out of poverty every year are considered in a poverty spell until they are out of poverty for two years.

^Since first observed in low-wage work, or if moved out and fell back in, since last re-entered low-wage work

#100 equals median household income adjusted for household size

Source: Author's calculations based on PSID 1984-2015 surveys.

Table A2. Average Marginal Effects of Covariates on Mobility Out of Low-Wages

	All Workers		Men		Women	
	Effect	**Signif.**	**Effect**	**Signif.**	**Effect**	**Signif.**
Current Duration in Poverty in Prev. Year						
Zero Years	*ref.*		*ref.*		*ref.*	
In Year 1 of Poverty Spell	-0.012		-0.034		-0.002	
In Year 2 of Poverty Spell	-0.012		-0.040		0.001	
In Years 3 to 5 of Poverty Spell	-0.049	***	-0.065		-0.056	***
In Year 5 or More of Poverty Spell	-0.072	***	-0.107	***	-0.067	***
Household Resources						
Logged Average Household Income in Prev. 3 Years	0.036	***	0.031	**	0.042	***
Logged Household Savings in Prev. Year	0.004	***	0.005	*	0.003	**
Checking or Savings Account	-0.014		-0.020		-0.014	
Own Home	-0.009		0.005		-0.015	*
Household Income Drop When Entering Poverty	0.079	***	0.126	***	0.045	*
Demographics						
Woman	-0.058	***				
Nonwhite	0.010		-0.001		0.016	*
Immigrant	0.008		-0.017		0.023	*
Ever Incarcerated	-0.015		-0.032	*	0.028	
Age at Start of Employment Spell						
25 to 34	*ref.*		*ref.*		*ref.*	
35 to 44	-0.011		-0.025	*	-0.004	
45 to 54	-0.028	***	-0.043	***	-0.025	**
Disability Status						
None Reported	*ref.*		*ref.*		*ref.*	
Partial Limitation	-0.026	***	-0.044	**	-0.018	*
Major Limitation	-0.077	***	-0.084	**	-0.091	***
Marital Status						
Never Married	*ref.*		*ref.*		*ref.*	
Married	-0.020	**	0.024		-0.048	***
Previously Married	0.002		0.039	**	-0.020	*
Child(ren) in the Household						
Yes	0.007		0.012		0.004	
Under Age Six	0.007		0.009		0.003	
Woman with a Child Under Age Six	-0.002					
Education						
Less Than High School	-0.010		0.003		-0.021	
High School	*ref.*		*ref.*		*ref.*	
Some College	0.024	***	0.019		0.026	***
BA +	0.050	***	0.048	***	0.047	***
Employment Staus Before Entry						
Unemployed	*ref.*		*ref.*		*ref.*	
Working, Better Wages	0.017	*	-0.024		0.017	*
Young Entry	-0.047	*	-0.105	*	-0.064	
Left-Censored and in Low-Wages	0.036		0.028	**	0.038	

Table A2. Average Marginal Effects of Covariates on Mobility Out of Low-Wages **(continued)**

	All Workers		Men		Women	
	Effect	**Signif.**	**Effect**	**Signif.**	**Effect**	**Signif.**
Experience and Work Hours						
Times Achieved Mobility	-0.007	***	-0.012	**	-0.005	
Years Unemployed (Across Spells)	-0.020	***	-0.054	***	-0.015	***
Years in Low Wages (Across Spells)	0.005	***	0.006		0.005	***
Occupational Experience (Across Spells)	0.002	***	0.001	***	0.003	***
Skill-Distant Occupaton Change	0.052	***	0.051	***	0.046	***
Part-Time Hours (<35 Hrs)	0.035	***	0.063	***	0.024	***
Woman and Part-Time Hours	0.021	***				
Occupation at Employment Spell Start						
Professional & Tehnical	*ref.*		*ref.*		*ref.*	
Clerical & Mid-Tier Service	0.001		-0.003		-0.005	
Manual	-0.037	***	-0.011		-0.063	***
Low-End Service	-0.043	***	-0.025		-0.048	***
Job Characteristics						
Union Job	0.080	***	0.070	***	0.071	***
Government Job	0.030	***	0.051	**	0.018	*
Industry						
Agriculture & Mining	*ref.*		*ref.*		*ref.*	
Manufacturing & Utilities	0.054	***	0.068	***	0.028	
Wholesale & Retail Trade	-0.009		0.008		-0.038	*
Finance, Insurance, & Business Services	0.018		0.007		0.007	
Personal Services & Entertainment	-0.021	*	0.008		-0.050	*
Health Care & Social Assistance	0.040	***	0.011		0.014	
Education & Public Admin.	0.004		0.020		-0.020	
Other Prof., Scientific, & Techical	0.027	*	0.026		0.004	
Firm Experience						
Firm Experience	0.000		-0.001		0.000	
Count of Firm Changes (Across Spells)	0.005	*	0.005		0.005	*
Year						
1985 to 1986	-0.012		-0.030		-0.007	
1987 to 1989	-0.023	*	-0.022	*	-0.028	*
1990 to 1992	-0.001		0.000		0.000	
1993 to 1996	*ref.*		*ref.*		*ref.*	
1997 to 2000	-0.004		0.011		-0.010	
2001 to 2003	-0.011		0.003		-0.019	
2004 to 2006	-0.018		-0.008		-0.026	*
2007 to 2009	-0.015		-0.016		-0.120	
2010 to 2015	-0.031	***	-0.036	*	-0.034	*
Hazard and Sample						
Employment Duration	0.065	***	0.110	***	0.050	***
Employment Duration Squared	-0.008	***	-0.013	***	-0.006	***
Employment Duration Cubed	0.0001	***	0.0003	***	0.0001	***
Years in Sample Control for Left-Censored Cases	-0.088	***	-0.143	***	-0.075	***
Person-Year Observations	30,305		9,999		20,306	
Persons	5,333		2,096		3,237	

*** p<0.001, ** p<0.01, * p<0.05

Source: Author's calculations based on PSID 1984-2015 surveys.

Table A3. Thresholds

Year	Low-Wage Threshold	Poverty Threshold
1968	12.91	26458
1969	12.99	27176
1970	13.12	26924
1971	13.11	27294
1972	13.33	28962
1973	13.60	29601
1974	13.03	28773
1975	12.95	28288
1976	12.99	29135
1977	12.72	28771
1978	12.83	29365
1979	12.84	29634
1980	12.17	28050
1981	12.10	27423
1982	11.93	27506
1983	12.33	28100
1984	12.27	28931
1985	12.47	29202
1986	12.60	30284
1987	12.64	31337
1988	12.66	31650
1989	12.36	31832
1990	12.37	31482
1991	12.26	30585
1992	12.37	30417
1993	12.19	29827
1994	12.43	30429
1995	12.05	30809
1996	12.20	31121
1997	12.40	32000
1998	12.68	33351
1999	12.89	34027
2000	13.37	34094
2001	13.07	34002
2002	13.37	33800
2003	13.35	34187
2004	13.39	33841
2005	13.41	34205
2006	13.28	33915
2007	13.43	34855
2008	13.47	33619
2009	13.99	34085
2010	14.06	33619
2011	13.61	32746
2012	13.35	32947
2013	13.16	33522
2014	13.10	33551
2015	13.53	34867

Source: Author's calculations based on the Current Population Survey.

Note: In 2015 Constant U.S. Dollars.

Figure A1. Hazard Function of the Probability of Mobility to Better Wages, Full Model

Figure A2. Cumulative Mobility to Better Wages, Full Model

Figure A4. Percent Household Income Drop When Falling into Poverty

		In Poverty				
	Not in Poverty	**In Year 1**	**In Year 2**	**In Years 3-5**	**In Years 5+**	**All Years**
No Drop	55.2%	0.0%	0.0%	0.0%	0.0%	0.0%
1 to 20%	30.0%	18.0%	17.2%	21.4%	26.8%	21.6%
21 to 40%	10.8%	30.2%	28.4%	26.2%	26.0%	27.6%
41 to 60%	2.9%	25.7%	27.7%	28.6%	23.0%	25.6%
61 to 80%	1.0%	18.6%	17.8%	16.3%	16.3%	17.1%
81 to 100%	0.1%	7.7%	9.0%	7.6%	7.9%	8.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Note: For households not in poverty, household income drop is the drop from the previous year.
Source: Author's Calculations, PSID 1984-2015 surveys.