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# The Employed Homeless: A Crisis in Public Policy

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*Departing from the conventional wisdom of who constitutes the homeless, the "employed homeless" emerge as a subgroup of the homeless population in a state-wide Maryland Study (n=178) at 25 shelter facilities. Twenty-four percent of the homeless were found to work full-time and eleven percent part-time. Gender disability, health, previous mental health hospitalization, military experience and education were significantly associated with employment status in the bivariate analysis. From these exploratory findings a theory of economic dislocation is hypothesized.*

Much of the recent literature concerning the homeless has addressed the growing numbers of families with children that are seen in shelters and welfare hotels (Bassuk, 1987; U.S. Conference on Mayors). Less attention has been paid to the fact that growing numbers of the homeless are employed, but are unable to escape life on the streets.

Optimistic officials at different levels of government have argued that new jobs will be created in the 1990s. However, many of these jobs will be low-paying service sector jobs. For example, the Bureau of Labor Statistics show that a half million of new jobs will be for nurse aids and janitors (Harrington, 1985).

The national outlook for manufacturing jobs is not promising. In many cases heavy industry, such as steel, has shut down 100,000 jobs or 20 percent of the total (Harrington, 1985). Particularly hurt by this phenomenon were blue-collar towns. Areas that housed heavy industry have been gentrified into upscale townhomes, shopping malls, motels, convention centers and sites for baseball and football stadiums (most of which create low-paying service sector jobs). Maryland's economy presents a graphic example of the trend to move away from manufacturing jobs to lower paying service industries. From 1980 to 1986, the service industry became a leader among all Maryland industries. Services increased by 41.7 percent or three times faster than average growth rate for all industries. There was a net gain of 147,284 new jobs representing 64.3 percent of all new jobs in the state's economy. Manufacturing lost jobs, particularly in the durable goods sector, for a total decline of 11.4 percent (Maryland Department of Economic and Employment Development, 1987).

Deindustrialization of America and the creation of low-paying service sector jobs comes at a time when the median gross rent has risen from 22 percent of median income in 1972 to 29 percent of median income in 1983 (Hartman, 1987). As a result, two and a half million Americans are displaced annually from their homes because of the inability of income to keep pace with housing costs (Belcher & Singer, 1988) forcing entire families into the streets (DeBlasio & Belcher, 1992). At the same time that wages have declined, housing costs have escalated, catching wage-earners between two arms of a pincer.

The net result is more expensive housing and a relative decline in available housing stock. The pincer effect is felt doubly by the low- to moderate-income consumer who simultaneously experiences increased shelter costs without comparable increases in disposable income.

Although professionals in the area of homelessness have noticed a trend in the increase of full-time employment among the homeless, little has been done to document the phenomena and to develop groundwork for further research. This paper presents a pilot study for the purpose of exploring the nature of employment status among a sample of homeless persons.

The findings lead to a hypothesis of economic dislocation as one major cause of homelessness.

## THE STUDY

### *Subjects and Sampling Procedures*

A questionnaire was administered to a sample of 178 homeless persons on a spring night, as they were admitted for accommodations to twenty-three shelters and two missions across Maryland. The sites were stratified to represent the state's six planning regions and to balance the types of shelters surveyed. The sample was 55% male (n=98) and 45% female (n=80). The ethnic composition was 48% white (n=86), 48% black (n=85), and 4% other (n=7). The age range of subjects was 16 to 78. Many subjects (70% n=123) completed high school (or equivalency), vocational programs, or some college.

Although the sample has similar characteristics to the general population of homeless people, caution must be employed in generalizing the results beyond the participating shelters. In addition, a shelter-only study does not reveal data on homeless persons who do not use shelters or homeless persons living with relatives and friends.

Subjects were individually interviewed by research assistants. Participation in the study was voluntary and subjects were assured of confidentiality and the anonymity of their responses. The questionnaire contained structured categories for responses. Respondents were asked if they were currently employed full-time, part-time, or not at all (creating a three-point scale on employment status).

### *Results*

Thirty-five percent (n=62) were employed in either a full-time or part-time position: 24% full-time and 11% part-time. Whereas 70% of full-time employees were in permanent full-time positions, only 21% of the part-time workers were in permanent positions. Many of the temporary part-time positions included workfare, day labor, and migrant seasonal work.

Non-employed subjects reported the following reasons why their last job ended: 9% (n=10) temporary job ended; 8% (n=8)

fired; 25% (n=26) quit; 11% (n=12) company closed/moved or laid-off; 11% (n=12) poor health; 3% (n=3) drug/alcohol problem; 7% (n=7) prison sentence; 26% (n=27) reporting some other reason not listed. Thirty percent of those in full-time positions and 79 percent of those in part-time positions were employed in temporary jobs, such as day laborers, migrant laborers, seasonal workers, and work fare. Table 1 presents frequency distributions of other variables.

Zero-ordered correlations were computed for employment status with the following variables: gender, ethnicity, age, education, marital status, children, length of homelessness, health, previous mental hospitalization, disability, military experience and use of alcohol (see Table 2).

Table 1

*Frequency Distributions for Gender, Ethnicity, Age, and Education of the Working Homeless (n=62).*

	N	%		N	%
<i>Gender</i>			<i>Ethnicity</i>		
Male	15	24	White	30	48
Female	47	76	Black	27	44
			Other	5	8
<i>Age</i>			<i>Education</i>		
16-21	4	7	None	0	0
22-27	10	16	1-8	4	6
28-33	19	31	9-11	8	13
34-39	9	15	12	28	45
40-45	8	13	GED	18	31
46-51	5	8	Vocational	2	3
52-57	3	5	Some College	1	2
58-63	4	5			
<i>Family Size</i> (children)					
0	29	45			
1	16	26			
2	8	13			
3	4	7			
4	5	8			
9	1	1			

Table 2

Zero-ordered Correlations (Pearson's  $r$ ) for 12 Variables with Employment Status ( $n=178$ )

	Zero-ordered correlations ( $r$ )
Gender	.28**
Ethnicity	-.08
Age	-.07
Education	.18**
Marital Status	-.08
Children	.07
Length of Homelessness	-.04
Health	.15*
Previous Mental Hospitalization	.15*
Disability	.23**
Military Experience (veteran)	.14*
Use of Alcohol	-.04

\*  $p < .05$

\*\*  $p < .001$

Of the twelve variables used in the correlation analysis, six were significant at the .05 level or beyond. The six variables are gender ( $r = .28$ ), disability ( $r = .23$ ), education ( $r = .18$ ), previous mental hospitalization ( $r = .15$ ), health ( $r = .15$ ), and military experience (veteran) ( $r = .14$ ). The findings indicate that homeless people who are men, not disabled, relatively more healthy, without a history of mental health hospitalization, veterans, and relatively better educated are more likely to be employed than other homeless people.

### Discussion

The most important finding of this exploratory study is that 24 percent of those surveyed were working full-time and 11 percent part-time, yet they were homeless. At first glance the percentage working seems optimistic in that full-time employment generally creates opportunities for stability. However, a significant number of homeless subjects had jobs, but apparently are unable to support themselves or their families on the wages

they earn. Since wage information was not available in this study, we can only assume that earnings of subjects were below amounts needed for housing. It is unlikely that the majority of persons would choose homelessness if they had incomes sufficient for survival needs.

The employed homeless do not "fit" into the traditional views of the homeless. Instead, some of the homeless fall victim to the same structural discrimination within the economic system that affects non-homeless individuals in the workforce, such as discrimination against disabled persons (Burgdorf & Bell, 1984) and women (Bureau of Labor Statistics, 1987) and limitations presented by poor health (Belcher & DeBlasio, 1991), mental illness and lack of education (Belcher & DeBlasio, 1990). That is, males, high school graduates, people with out health or mental health problems and disabilities, are likely to be working, regardless if they are homeless or not.

The findings led us to consider an "economic dislocation" hypothesis for further testing. This is the notion that individuals become dislocated or displaced from mainstream society because of economic circumstances within the workforce, such as underemployment, temporary jobs, few benefits, plant closures, mergers and lay-offs. It is hypothesized that an increase in homelessness is associated with an increase in these economic trends.

The following sub-hypothesis is derived from this economic dislocation perspective: among the theoretical factors, underemployment will be the best predictor of homelessness among the employed homeless. Estimating the amount of underemployment in the nation is difficult because it is not reflected in official government data (Moy, 1985). Moy considers the 5.7 million people who reported being involuntarily in part-time jobs (i.e. people who really need and want full-time jobs) as underemployed. If underemployment is defined as both involuntary part-time jobs and full-time jobs that are low-paying the population-at-risk for homelessness may be a significant portion of American wage earners. Future research should test this sub-hypothesis by accounting for actual earnings and family size and compare imputed annual earnings with poverty-line income.

*Policy Implications*

A government that insists on a workforce that is protected from low wages and lay-offs has been suggested by many as a way to prevent economic dislocation (Kuttner, 1984). Stein has suggested that better management of the gross national product (GNP) can achieve these ends (Stein, 1989). For example, tax mechanisms can be used to encourage investment in plant and equipment as opposed to the current tax structure that encourages corporations to engage in highly speculative leverage buyouts. Obviously, this approach entails examining the total allocation of GNP to focus on creating and maintaining the kinds of jobs that pay a living wage. The result of this federal action is that it both directly and indirectly influences the kinds of jobs created. For example, numerous studies have cited the difficulties experienced when businesses decide to leave an area (Alperovitz & Faux, 1984). Obviously, over the long-term, the mix of businesses that leave an area and are attracted to an area will determine the prevailing wage rate and standard of living. As mentioned previously, manufacturing jobs, nationwide, have given way to low-paying service sector jobs. For example, Baltimore, Philadelphia and Boston have lost over 45 percent of their manufacturing jobs (Kasarda, 1988). Individuals who do find employment may not make enough money to afford housing.

Our findings indicate that, as opposed to data that stresses individual deficits, a number of the homeless are currently employed. Future research needs to explore the relationship between types of jobs and wages with an individual's ability to afford housing. Most states in the nation have witnessed a dramatic shift in the kinds of employment available. As this relationship is explored it is important to examine the kinds of public policy that will improve the wages of the working poor and encourage the kind of job growth necessary to prevent continued economic dislocation.

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