

Time and income poverty

Findings
Informing change

November 2008

Time and money are two key constraints on what people can achieve. The income constraint is widely recognised by policy-makers and social scientists in their concern with poverty. Proposed solutions often focus on getting people into paid work, but this risks ignoring the demands people may have on their time. This study looks at individuals who are significantly limited by time *and* income constraints: those who could escape income poverty only by incurring time poverty, or vice versa.

Key points

- Although the combination of time poverty and income poverty is relatively rare for adults of working age, children are concentrated in these households. One in fifteen children (6.7 per cent) is in an income-poor household in which at least one adult is also time-poor. These children are unlikely to be getting either the material benefits or the parental input they need in order to thrive.
- Overall, 44 per cent of children are in households free of both time and income poverty.
- The key to being free of both time and income poverty is to have high resources (good educational qualifications, good health, a partner, and wider family to draw on for free help), and few responsibilities (no children or only older children). In addition, as a result of prevailing norms about the gender division of care, men are less likely to experience both time and income poverty than women.
- Around half (between 42 and 56 per cent, depending on the poverty definition used) of lone parents are not in a position to generate sufficient income to be above an income poverty line while still meeting basic obligations (for example, to ensure their children are looked after, by themselves or someone else), *however long or hard they work*.
- The researcher concludes that the government's welfare reform and child-poverty agendas risk freeing lone parents from income poverty only at the price of deepening their existing time poverty. This is unlikely to improve children's well-being.

The research

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Understanding the relationship between time and income

There is some truth to the old adage, 'Time is money', but the rate at which, and the extent to which, people can convert their time into money differs:

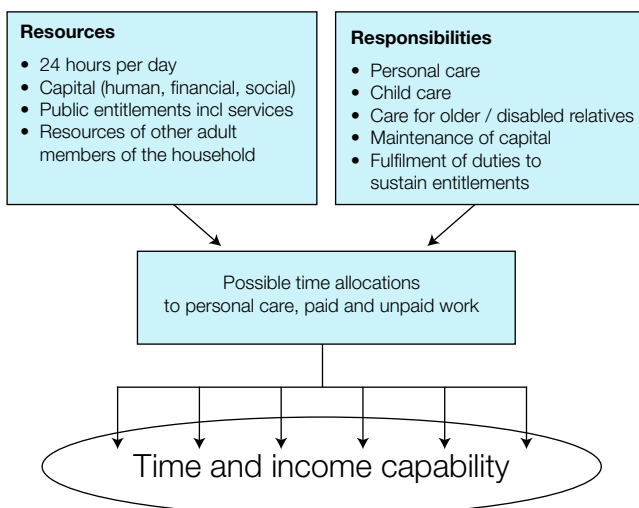
- an hour of paid work generates more income for someone with high 'human capital' (characteristics which are rewarded in the labour market) than someone with low human capital;
- for a single young man there may be little cost to undertaking an hour of paid work, but for a lone parent, childcare has to be arranged and possibly paid for;
- there are limits on the time anyone can spend in paid employment; these are defined in part by our other responsibilities, which themselves vary from person to person.

The resources a person has at his or her disposal, and the responsibilities he or she has, together determine how he or she may allocate her time between personal care, paid work and unpaid work (Figure 1). Personal care includes sleeping, eating and washing. Unpaid work includes domestic chores and childcare. Free time is time left over after paid and unpaid work and personal care.

Some allocations of time will produce time poverty, others income poverty, and some will produce both

Figure 1: A model of time and income capability

Environment: physical infrastructure; the economy; public policy; cultural and social norms



time and income poverty. For example, allocating a great deal of time to paid work may produce a high income but leave scarce free time.

Income poverty lines can be defined in absolute terms (for example, by a budget standard) or in relative terms (for example, below 60 per cent of the median). Time poverty lines can be defined in a similar way, with the absolute definition corresponding to expert or consensual judgements on the minimum necessary time for various activities, and the relative definition depending on the actual distribution of free time in the population.

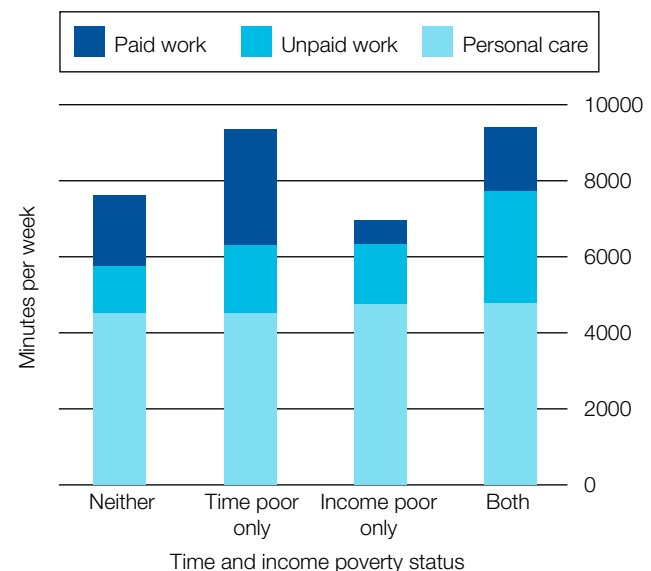
A person may be said to be *time and income poor* if the particular arrangement of activities that they have chosen or arrived at through force of circumstance leaves them with income below a poverty line and free time below a poverty line (absolute or relative).

A person may be said to be *time and income capability poor* if whatever arrangement of activities they chose, however much paid or unpaid work they undertook, they could not generate an income above the poverty line while having enough time to remain above the time poverty line (which, again, can be defined in either absolute or relative terms).

Actual time and income poverty

Using standard relative definitions of poverty (60 per cent of median), the study found that although the 'time and income poor' and those who are 'time-poor only' spend a similar total time on personal care and paid and unpaid work, there are differences in the composition of their time (Figure 2). Those who are both time- and

Figure 2: Time allocation among adults of working age, by poverty status



Source: author's calculations using UK Time Use Survey 2000

income-poor spend a much higher proportion of their time in unpaid work (childcare, caring for others, and so on), while the time-poor do more paid work. This is an important observation, though not surprising: spending a higher proportion of your time in unpaid activities is likely to create a higher risk of income poverty, other things being equal. Of course, these activities are not necessarily less valuable in a social sense, they are simply not part of the market economy.

Only 1.6 per cent of working-age adults are both time- and income-poor. However, among this group, 1 in 3 are already in full-time work: their options for escaping either time or income poverty appear to be limited.

Children are over-represented in time- and income-poor households (Table 1). One in every fifteen children (6.7 per cent) lives in income-poor households where at least one adult is time-poor. Overall, just under 1 in 3 children (28 per cent) lives in households where at least one adult is time-poor.

Table 1: Children in time- and/or income-poor households

Percentages of all children in income-poor households and households in which at least one adult is time-poor, using 60% median thresholds

Household:	At least one adult in household time poor	No adult in household time poor	All
Not income poor	21.3	43.9	65.2
Income poor	6.7	28.1	34.8
All	28.0	72.0	100

Source: author's calculations using UK Time Use Survey 2000

Time and income capability poverty

The following characteristics are independently associated with a high risk of time and income capability poverty, whatever definition of poverty is used:

- being a woman;
- aged 16-29 (followed by 30-44);
- not having a partner;
- more children in the household;
- younger children in the household;
- having lower, or no, educational qualifications.

This combination of characteristics puts lone parents at particularly high risk of time and income capability poverty, that is, being unable to generate sufficient

income to get above the income poverty line while still meeting basic obligations (for example, to ensure their children are looked after, by themselves or someone else). Depending on the definition of poverty used, between 42 and 56 per cent of lone parents are time and income capability poor.

Distribution of free time within couples

It is interesting to compare the actual distribution of free time within couples to the free time each partner *could* have, if responsibilities were allocated equally (while keeping constant each partner's paid work hours). Analysis along these lines suggests that two-thirds (64 per cent) of women in couples have less free time than they would have on a gender-neutral allocation of responsibilities.

Women who work longer paid work hours are at greater risk than women who work shorter hours of having less free time than they would have on a gender-neutral allocation of responsibilities. Conversely, men who work longer paid work hours are more likely than men who work shorter hours to have *more* free time than they would have on a gender-neutral allocation of responsibilities.

Bringing time into the policy equation

A wide range of policies potentially increase the disposable income available to families and the amount of time they have left over after their paid and unpaid work. In particular:

- leave entitlements and regulation of working hours directly affect the free time available to workers, and in the case of paid leave, income too;
- care services and support for carers help to free up time for both workers and non-workers, and boost their income through, for example, childcare subsidies and Carer's Allowance;
- wage regulation and supplements help to increase the income per hour of work, especially for low-paid workers;
- social security benefits are the principle source of income for those out of work, and the conditions which are attached to receiving benefits can have important effects on time budgets too, for example requirements to seek work or attend training courses.

The period since 1999 has seen an expansion in some of these sources of support – new legal entitlements and regulations of wages, hours and leave; subsidies, tax credits, and benefits to families; and the direct or

indirect provision of childcare. However, some other policies have pulled in the opposite direction – in particular, lack of effective enforcement of a maximum 48-hour working week, or of the right to request flexible working, while maintaining very low rates of out-of-work benefits and increasing work conditionality on benefits for lone parents and disabled people.

Participants who were interviewed for the study made a number of policy recommendations on childcare, employment rights, pay and benefits:

- schools or local education authorities should provide alternative childcare for odd days when the school is closed (eg for teacher training);
- nursery vouchers for 3- and 4-year-olds should cover longer hours;
- a childcare credit should be made available for parents at home with children, to pay for the sorts of things a child would access in nursery like going swimming and toys and equipment;
- in the short term, the get-out clauses for employers refusing flexible working requests need to be reduced, and, in the longer-term, flexible working itself should be a right, not just the right to request;
- part-time jobs which fit within school hours are often paid at lower wages than full-time jobs: better enforcement of non-discrimination in pay against part-time workers is needed;
- the 'baby bonus' should be payable for each baby if you have twins, not just for one.

One of the strongest findings in the quantitative analysis was the protective role of higher educational qualifications, especially for those with other disadvantages (such as ill health). This suggests a need for more effective support for people to develop their educational potential as adults. This could be through:

- regulation, to ensure employers provide adequate time off for employees studying for work-related qualifications;

- extension of childcare tax credits to cover parents' study hours as well as paid work; and
- taking a more long-term view of the value of studying for qualifications in 'welfare to work' rules.

The study highlights the importance of considering parental time, alongside household income, in pursuing a child poverty strategy, since both are critical ingredients of children's well-being. In setting a child poverty target, the government has defined an income below which it believes no child should fall. The government could develop, in consultation, an equivalent for time: the minimum level of dedicated time with his or her parent or main carer to which each child should be entitled. A number of aspects of welfare to work policy would need to be re-evaluated in the light of this minimum, in particular, the proposal from November 2008 to require lone parents to seek work when their youngest child reaches the age of 12 (falling to the age of 7 by 2010). Lone parents are already at the highest risk of all groups of experiencing time and income capability poverty; further obligations are not the solution to their difficulties. A more holistic version of the Jobcentre Plus 'better off' calculation is urgently required.

About the project

The study was based mainly on analysis of the UK Time Use Survey (TUS) 2000, run by the Office for National Statistics. TUS is a nationally representative sample; the sub-sample used for the analysis in this study were 6,782 people of working age who completed a diary. The diary provides a detailed record of the respondent's activities on the sampled day (one weekday and one weekend day for each respondent).

This study also had a small qualitative component: 15 in-depth interviews with people who were juggling work and care responsibilities, and who were finding it difficult to make ends meet. The interview data informed and illustrated the quantitative analysis of the survey.

For more information

The full report, *Time and Income Poverty*, is available to download free of charge from the Centre for Analysis of Social Exclusion at <http://sticerd.lse.ac.uk/case/publications/reports.asp> (CASEreport number 57). The author, Tania Burchardt, can be contacted at the Centre for Analysis of Social Exclusion at the London School of Economics, Houghton Street, London WC2A 2AE, email t.burchardt@lse.ac.uk, tel 020 7955 6700.

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