

II

HOW MANY SINGLE MOTHERS EXIT POVERTY, WHO ARE THEY, AND WHAT ARE THEIR REASONS FOR EXITING?

As discussed in this chapter, more than one-half of single mothers in 2001 were poor at some point during the year, but more than one-half of those poor exited poverty before the year ended. Given the large fraction of poor single mothers who exit poverty, it is of policy importance to understand their demographic characteristics and key events that are associated with their poverty exits. These results will provide context for our subsequent analysis of poverty dynamics for this population presented in Chapters III to V.

This chapter contains four sections. The first section documents the percentage of single mothers who were poor during the first year of the panel period (roughly 2001)—the poverty rate for single mothers. This section also examines the percentage of poor single mothers who exited poverty in 2001—the poverty exit rate. The second section summarizes information on the characteristics of single mothers who exited poverty and how they differ from other single mothers. The third section summarizes key events that may be associated with poverty exits, such as earnings and family composition changes. Finally, because most single mothers exit poverty via earnings gains, in the fourth section we examine the characteristics of jobs held by single mothers just before and after their poverty exits.

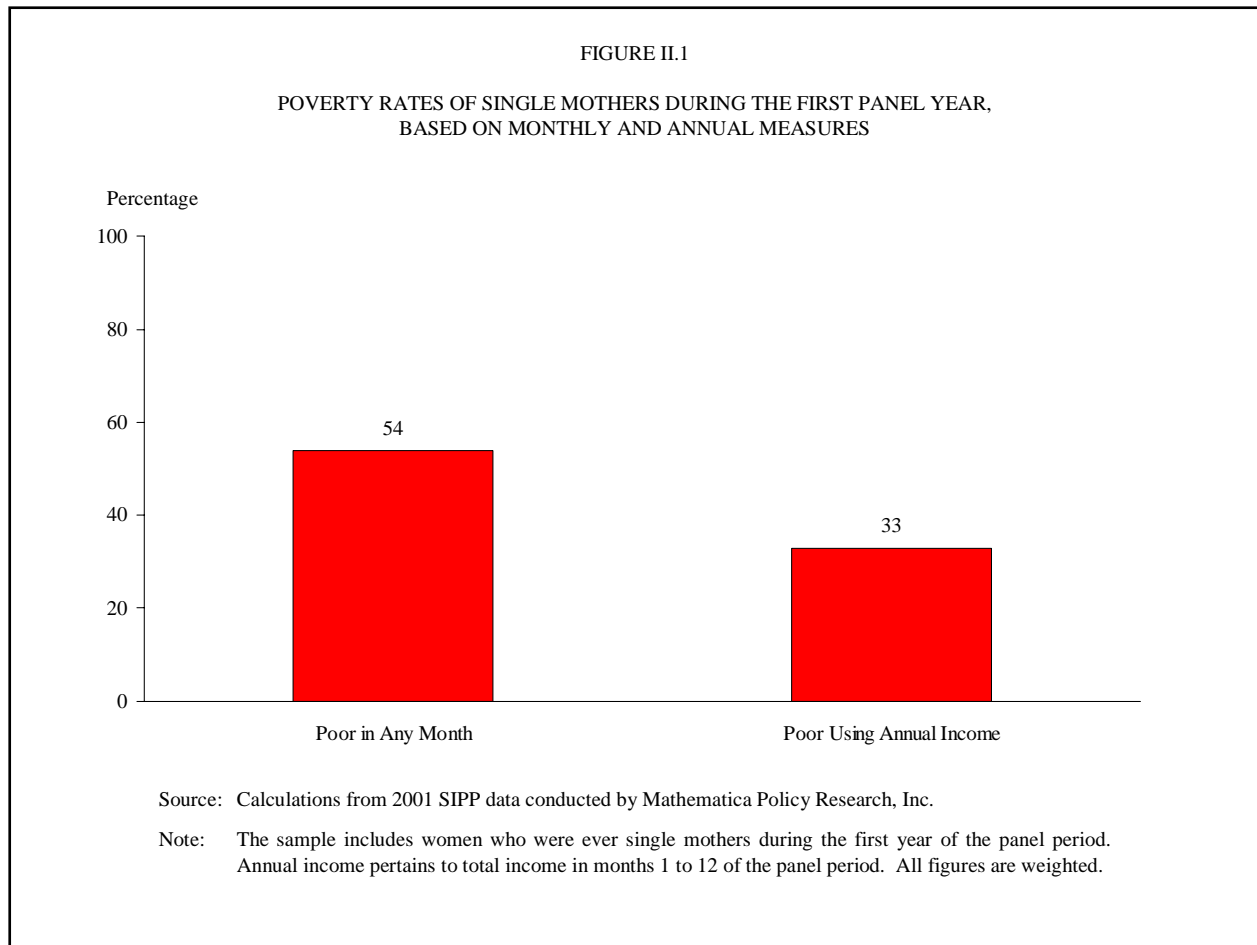
A. HOW MANY SINGLE MOTHERS ARE POOR, AND HOW MANY EXIT POVERTY?

This section addresses two key research questions related to the overall poverty status of single mothers in 2001: (1) How many single mothers were poor for at least one month during the year? and (2) How many of those poor subsequently left poverty by the end of the year? The sample for this analysis includes those who were ever single mothers during the first year of the panel period.

- *More than one-half of single mothers were poor for a least one month in 2001.*

In 2001, 54 percent of single mothers had family incomes below the poverty line for at least one month (Figure II.1). Thus, the majority of single mothers in 2001 experienced poverty at some point. This poverty rate is similar to the one found by Naifeh (1998) for female-headed households based on the 1993 panel of SIPP.

We also calculated the 2001 poverty rate for single mothers using their annual family incomes. The annual poverty rate will be similar to the percentage ever poor in 2001 if those



who are poor in a given month tend to be poor in other months during the year (and similarly for those who are not poor in a given month).

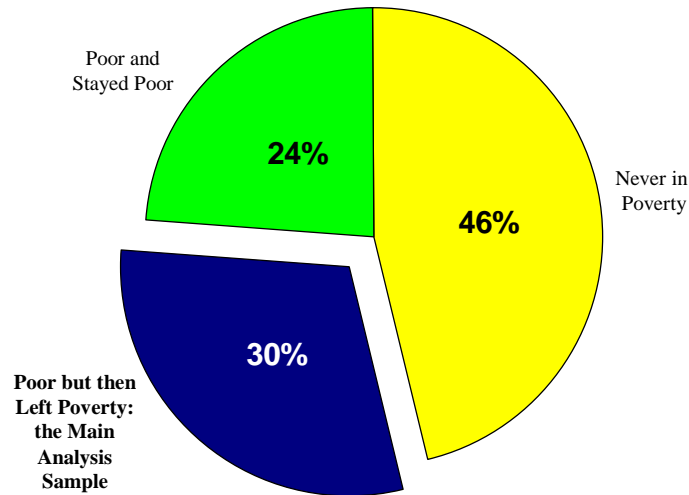
We find that one-third of single mothers in 2001 were poor based on their annual incomes (Figure II.1). The finding that the percentage ever poor (54 percent) is considerably larger than the annual poverty rate (33 percent) suggests that single mothers' poverty spells tend to be short. This income volatility is consistent with findings presented later in this report on the overall income experiences of our sample during a two-year follow-up period.

- *The majority of single mothers who were poor in 2001 exited poverty before the end of the year.*

The 54 percent of single mothers who were ever poor in 2001 can be categorized into two groups (Figure II.2). The first group consists of those who subsequently exited poverty in 2001—30 percent of all single mothers (our main analysis sample for subsequent chapters). The second group consists of those who were in poverty for the remainder of 2001—24 percent of all single mothers (Figure II.2). Thus, among poor single mothers, about 55 percent exited poverty

FIGURE II.2

POVERTY AND POVERTY EXIT RATES OF SINGLE MOTHERS DURING THE FIRST PANEL YEAR,
BASED ON A MONTHLY POVERTY MEASURE



Source: Calculations from 2001 SIPP data conducted by Mathematica Policy Research, Inc.

Note: The sample includes women who were ever single mothers during the first year of the panel period. All figures are weighted.

before the end of the year.¹ These findings again suggest that many poor single mothers have short spells of poverty, an issue that we examine more fully later in this report.

B. WHAT ARE THE CHARACTERISTICS OF SINGLE MOTHERS WHO EXIT POVERTY?

To provide perspective on the characteristics of single mothers who exit poverty (“poverty exiters”), we compared their demographic characteristics to those of two other groups of single mothers: (1) single mothers who were poor in 2001 and stayed poor for the rest of the year (“poverty stayers”), and (2) single mothers who were never poor in 2001. Demographic characteristics for poverty exiters pertain to the month before they exited poverty, whereas demographic characteristics for the other two groups pertain to the last month during the first panel year when they were single mothers. We conducted statistical tests to gauge whether differences between the demographic characteristics of poverty exiters and each comparison group are statistically significant.

¹This 55 percent figure is calculated by dividing 30 by 54.

Our key finding is that, in 2001, single mothers who exited poverty were less disadvantaged than those who stayed in poverty but were more disadvantaged than those who were never poor. These differences suggest that our main analysis sample of poverty exiters is not a random sample of single mothers. Rather, poverty exiters are a select group who are somewhat better off than single mothers with longer spells of poverty, but not as well off as those who are less likely to enter poverty.

- ***Poor single mothers are more likely than those never poor to be younger and non-white. They are also more likely to live with no other adult relatives and to have more and younger children.***

In 2001, about 36 percent of poverty exiters and 41 percent of poverty stayers in our sample were younger than 30 years old, compared to only one-quarter of those never poor (Table II.1). In addition, 56 percent of poverty stayers and 50 percent of poverty exiters are African American or Hispanic, compared to less than 40 percent of those never poor.

More than 80 percent of single mothers ever in poverty in 2001 lived with no other adult relatives (such as parents, grandparents, siblings, aunts and uncles), compared to less than 60 percent of those never poor. These findings suggest that poor single mothers may have fewer sources of family income to help them escape poverty. Child care may also be an important issue for those poor because these women tend to have younger and more children than those not poor. For instance, nearly one-third of poverty stayers had more than two children, compared to 24 percent of poverty exiters and only 12 percent of those never poor. In addition, the age of the youngest child was less than 3 years old for 39 percent of poverty stayers, 29 percent of poverty exiters, and 19 percent of those never poor. The larger number of children for those poor also increases the family poverty threshold, thereby making it more difficult for these women to escape poverty.

- ***Poor single mothers have lower educational attainment levels and much higher self-reported health limitations than those who are not poor.***

About 42 percent of poverty stayers in our sample did not have a high school credential, compared to 20 percent of poverty exiters and 11 percent of those never poor (Table II.1). Similarly, about 18 percent of those never poor were college graduates, compared to only 4 percent of poverty stayers. These differences in educational levels are statistically significant at the 5 percent significance level. These findings partly reflect the older ages of those who were never poor, but the same pattern holds within age categories (not shown).

Health status is strongly associated with the poverty status of single mothers. Nearly one-quarter of poverty stayers had a health limitation, compared to only 12 percent of poverty exiters and 6 percent of those never poor.

TABLE II.1
CHARACTERISTICS OF SINGLE MOTHERS IN REFERENCE MONTH,
BY POVERTY EXIT STATUS
(Percentages)

Characteristics	All Single Mothers (1)	Never in Poverty (2)	Poor but then Left Poverty (3)	Poor and Stayed Poor (4)
Percentage in Group	100	46	30	24
Demographic Characteristics				
Age		+		+
Younger than 20	3	2	4	2
20 to 29	29	23	32	39
30 to 39	34	32	39	33
40 or older	34	43	25	26
Average age (years)	35.4	37.4*	33.8	33.7
Race/Ethnicity		+		+
White and other non-Hispanic	53	61	50	44
Black, non-Hispanic	29	25	29	37
Hispanic	17	14	21	19
Ever Married	58	66*	55	46*
Has a Health Limitation	12	6*	12	22*
In Public or Subsidized Housing	16	5*	18	33*
Educational Characteristics				
Educational Attainment		+		+
Less than high school/GED	21	11	20	42
High school/GED	34	34	37	32
Some college, no degree	22	24	24	15
Associate or vocational degree	12	14	11	7
College graduate or more	11	18	7	4
In School	9	7*	11	11
Family Characteristics				
Age of Youngest Child		+		+
Younger than 3	27	19	29	39
3 to 6	24	22	26	25
6 to 12	27	29	28	23
13 to 18	22	30	17	13
Average age (years)	7.2	8.5*	6.5	5.5*
Number of Children		+		+
1	50	59	44	38
2	30	29	32	30
3 or more	21	12	24	32
Average number	1.8	1.6*	1.9	2.1*
Number of Adults in Family		+		+
1	69	59	76	81
2	18	22	16	12
3 or more	13	19	8	7
Average number	1.5	1.7*	1.4	1.3
Cohabiting	6	2*	7	11*

TABLE II.1 (continued)

Characteristics	All Single Mothers (1)	Never in Poverty (2)	Poor but then Left Poverty (3)	Poor and Stayed Poor (4)
Family Income				
Monthly Family Income		+		+
Less than \$1,000	39	0	65	79
At least \$1,000, less than \$2,000	25	22	33	20
At least \$2,000, less than \$3,000	13	27	2	1
At least \$3,000	23	50	0	0
Average (dollars)	2,054	3,644*	801	603*
Means of Support				
Employed	70	87*	68	40*
Earnings in Month (Dollars)	1,130	2,041*	417	253*
Received Any Public Assistance	30	12*	33	62*
Received TANF	9	2*	10	23*
Received FSP	25	6*	30	54*
Sources of Income^a				
		+		+
Own Earnings	55	56	52	42
Others' Earnings	25	28	15	6
Social Insurance and Disability	3	2	6	16
Means-Tested Government Assistance	2	0	6	17
Child Support and Alimony	7	6	12	11
Other Income	8	8	8	8
Locational Characteristics				
Region of Residence				
Northeast	18	18	18	17
South	39	28	38	41
Midwest	21	23	17	21
West	22	22	25	20
Lives in a Metropolitan Area	61	65	56	60
Sample Size	2,100	967	615	518

Source: Calculations from 2001 SIPP data conducted by Mathematica Policy Research, Inc.

Note: All figures are weighted. The sample includes women who were ever single mothers during the first year of the panel period. Poverty is defined at the family level using the official poverty definition. "Single mothers" include unmarried female family heads who were older than 15 and living with a child younger than 18. The demographic characteristics for the poverty exiters pertain to the month before they exited poverty, and the demographic characteristics for the other two groups of women pertain to the last month during the first panel year when they were single mothers.

^aSocial insurance and disability income includes income from federal and state SSI, state unemployment, other unemployment, workers' compensation, employer sick benefits, and disability insurance. Means-tested government assistance includes income from TANF, General Assistance, and other welfare. Child support and alimony income includes pass-through child support, regular child support, and alimony.

*The difference in the variable *means* between the indicated group and the group in column (3) is statistically significant at the .05 level.

+The difference in the variable *distributions* between the indicated group and the group in column (3) is statistically significant at the .05 level.

- *There are large differences across the poverty groups in rates of employment and receipt of public assistance.*

Employment rates in the reference month were 87 percent for those never poor, 68 percent for those who exited poverty, and only 40 percent for those who remained poor (Table II.1). These differences are statistically significant. Average monthly earnings follow the same pattern across the groups. Similarly, 23 percent of those who remained poor in 2001 received TANF benefits, and more than one-half received Food Stamp Program (FSP) benefits, compared to much smaller percentages for other single mothers.

- *Family income levels and sources of monthly income differ across the three groups of single mothers.*

In the reference month, the average family income of poverty exiters was about \$800 (Table II.1). By comparison, the average monthly family income was more than four times higher (\$3,644) for those never poor. Average family income was about 25 percent lower for poverty stayers (\$600) than poverty exiters (\$800). For poverty exiters, more than one-half of their family income typically came from their own earnings. This percentage is similar to the corresponding figure for those never poor. As expected, poverty stayers had the smallest share of family income coming from earnings and the largest share coming from public assistance benefits.

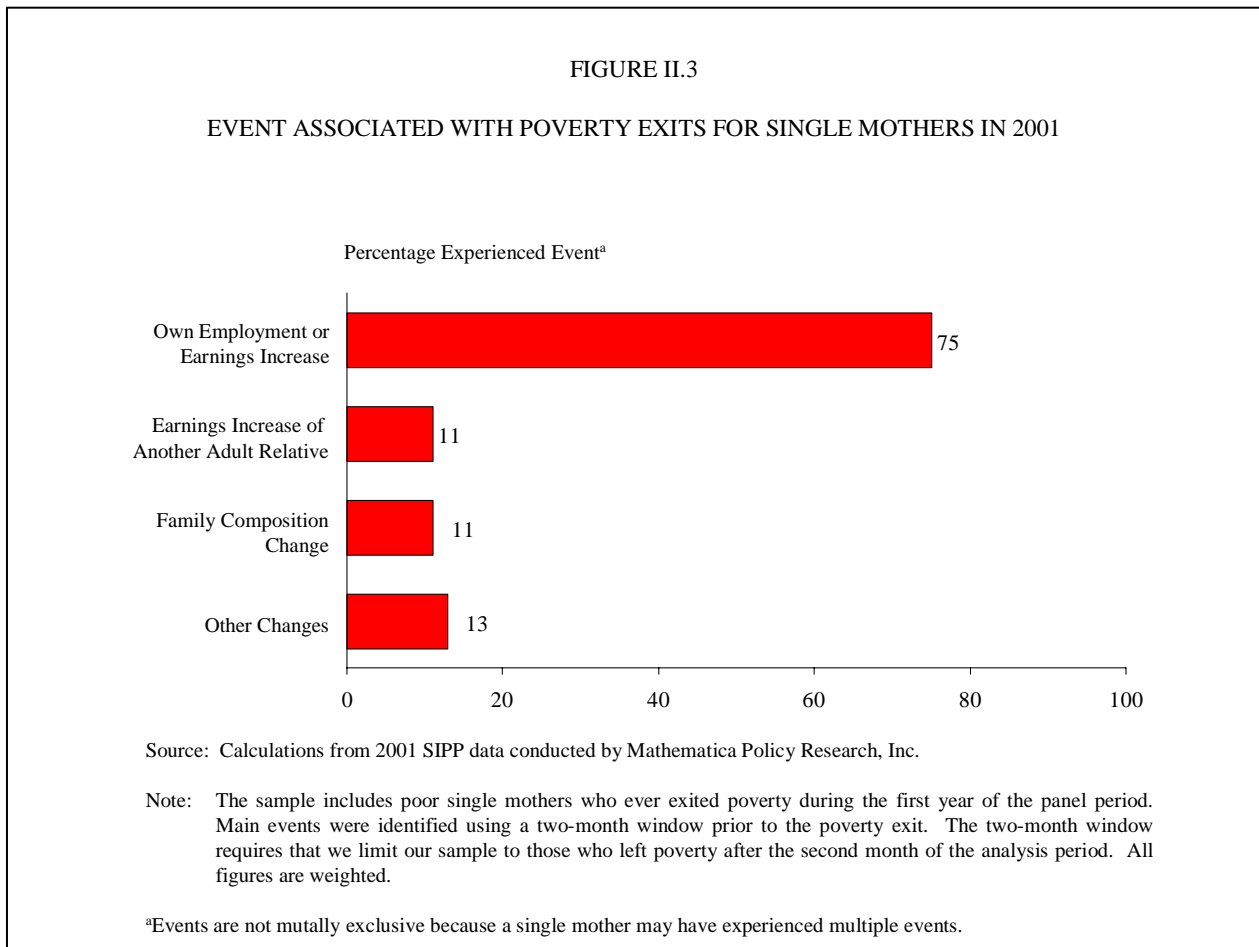
C. WHAT ARE KEY EVENTS ASSOCIATED WITH POVERTY EXITS?

It is important to identify key events that are associated with poverty exits for single mothers—denoted hereafter as “trigger” events—so that policymakers can promote targeted policies to help move at-risk single mothers off poverty. In this section, we examine the proportion of sample members who exited poverty via various pathways. The examined trigger events include the following:

- An earnings increase of the single mother
- An earnings increase of another adult relative in the family
- A family composition change, such as whether the single mother became married, whether the number of adults in the family increased, whether the number of children in the family decreased, and whether the number of children under age 6 decreased
- Both an earnings and family composition change
- Other reasons, including an increase in the receipt of public assistance

We identified trigger events over a two-month window prior to the poverty exit.² We present summary statistics for each trigger event separately because some sample members experienced more than one event (Figure II.3).³

Our key finding is that most single mothers who exit poverty do so because of their earnings gains. This suggests that strategies to promote job retention and improve the quality of jobs held by single mothers could help increase the percentage of poor single mothers who exit poverty.



²Use of a two-month window restricts our sample to those who exited poverty after the second panel month. Trigger event patterns are very similar when trigger events are identified over windows of other lengths.

³Our analysis examines only trigger events experienced by our sample members. We do not examine the proportion of all single mothers in poverty who experienced each trigger event or the poverty exit rate among single mothers who experienced each trigger event. McKernan and Ratcliffe (2002) present results from a comprehensive poverty entry and exit trigger analysis for female-headed households.

- *An increase in their own earnings is the most common trigger event associated with poverty exits for single mothers.*

In 2001, about three-quarters of single mothers who exited poverty experienced an employment or earnings increase soon before their poverty exit (Figure II.3). Some experienced an earnings increase because they became employed (employment rates increased from about 68 to 75 percent), whereas some experienced an earnings increase either in their current job or as they moved from one job into another one.

An increase in the earnings of other adult relatives in the family is a less common trigger event; only about 11 percent of the sample experienced this event. This low percentage is consistent with the finding that many poor single mothers do not live with other adult relatives.

- *Family composition changes account for a small share of all trigger events.*

About 10 percent of sample members experienced family composition changes prior to their poverty exit (Figure II.3). Most changes were due to increases in the number of adult relatives in the family. Only about 3 percent of the sample became married or experienced reductions in the number of children in the family. About half of those with family composition changes also had an earnings increase (not shown).

These findings contrast markedly with those of Bane and Ellwood (1986), who found that marriage was associated with 26 percent of poverty transitions in female-headed households, and earnings gains accounted for 33 percent of poverty transitions. It is likely that our results differ because of the increased labor force attachment of single mothers since the Bane and Ellwood (1986) study and, in particular, since PRWORA.

D. WHAT SIZE EARNINGS GAINS ARE ASSOCIATED WITH POVERTY EXITS, AND WHAT ARE THE JOB CHARACTERISTICS OF POVERTY EXITERS?

We have seen that increases in employment and earnings are, by far, the most common events associated with the poverty exits of single mothers. Here, we provide more information on these earnings-related trigger events by examining changes in employment rates, earnings, and job characteristics soon before and after these trigger events occur.⁴

- *Earnings for those with employment and earnings increases are low in the several months prior to their poverty exits. However, average monthly earnings nearly double soon before and after the trigger event.*

Average earnings in the base month were only about \$751 for the full sample of those with earnings-related trigger events. This \$751 figure is obtained by multiplying 79 percent of those

⁴As discussed in the Appendix, the base month for this analysis is either one or two months prior to the poverty exit.

who were employed during the base month, as well as the zero earnings for the 21 percent of those who were unemployed during the base month (Table II.2).⁵

Average monthly earnings for this sample nearly doubled from \$751 in the base month to \$1,382 in the follow-up month. Among those with jobs in the base period, average earnings increased from \$951 to \$1,397 (Table II.2). Among those without jobs in the base period, average earnings increased from \$0 to \$1,270 (Table II.2). Although earnings gains for the full sample were large in percentage terms, it is important to keep in mind that base month earnings were low.

- ***Monthly earnings increased because of increases in employment rates, hourly wage rates, hours worked per week, and weeks worked per month.***

As discussed, average monthly earnings for those with earnings-related trigger events substantially increased by \$631 (from \$751 to \$1,382) between the base and follow-up months. These earnings gains occurred due to increases in each component of earnings. First, employment rates increased from 79 to 100 percent during this period. This factor explains about 30 percent of the earnings gains.

Second, those who were employed in the base period received higher wages, worked more hours per week, and worked more weeks per month in the follow-up month than in the base month (Table II.2). The average hourly wage increased by \$1.81 per hour from \$7.41 in the base month to \$9.22 in the month of the trigger event. Similarly, sample members typically worked about 2 hours more per week in the follow-up month (36.1 hours on average, compared to 34.7 hours on average in the base month), and a higher percentage worked full-time (71 percent, compared to 63 percent in the base month; Table II.2). Furthermore, the sample worked about two to three extra days in the follow-up month than in the base month (approximately half a work week). Consistent with these findings, the sample was more likely to obtain jobs that provided health insurance coverage (39 percent in the follow-up period, compared to 35 percent in the base period). There were no differences, however, in job occupations across the two time periods.

Results in this chapter suggest that single mothers who exit poverty do so primarily because they obtain jobs (for those unemployed) or obtain better jobs (for those already employed). A key research issue that we examine in subsequent chapters is the extent to which these single mothers are able to sustain these jobs during a two-year follow-up period.

⁵Monthly earnings for each worker were calculated as the product of the reported hourly wage rate, average hours worked per week, and the number of weeks worked in the month. These earnings are typically lower than the monthly earnings reported directly by sample members. We used these constructed monthly earnings measures so that we could consistently disaggregate earnings into its component parts (wages, hours worked, weeks worked, etc.) in the analysis presented below.

TABLE II.2

JOB CHARACTERISTICS OF SINGLE MOTHERS WHO LEFT POVERTY DUE TO
AN EMPLOYMENT OR EARNINGS INCREASE

Characteristic of Main Job ^a	Job in the <u>Base</u> Month Before the Trigger Event for Those Employed (1)	Job in the Month of the Trigger Event	
		Those Employed in the Base Month: 79 Percent of Sample (2)	Those Unemployed in the Base Month: 21 Percent of Sample (3)
Average Monthly Earnings (Dollars) ^b	951	1,397	1,270
Hours Worked per Week			
Percentage worked full-time (35 hours or more)	63	71	75
Average hours worked per week	34.7	36.1*	38.3
Average Weeks Worked in Job	3.7	4.2*	3.2
Average Hourly Wage Rate (Dollars)	7.41	9.22*	10.36
Health Insurance Coverage (Percentage)	35	39	34
Union Member (Percentage)	7	10	6
Occupation (Percentage Distribution)			
Professional/technical	17	16	27
Sales/retail	13	14	12
Administrative support/clerical	20	21	29
Service	33	32	18
Machine/construction/production/transportation	17	15	10
Other	1	2	4
Sample Size	332	332	88

Source: Calculations from 2001 SIPP data conducted by Mathematica Policy Research, Inc.

Note: The sample includes women who exited poverty during the first year of the panel period because of an employment or earnings increase (using a two-month window prior to the poverty exit). All figures are weighted.

^aIf the sample member held more than one job, the figures pertain to the job where the sample member worked the most hours.

^bMonthly earnings for each worker are calculated as the product of the reported hourly wage rate, average hours worked per week, and the number of weeks worked in the month. These earnings are typically lower than the monthly earnings reported directly by sample members.

*The difference in the variable *means* between columns (1) and (2) is statistically significant at the .05 level.

+The difference in the variable *distributions* between columns (1) and (2) is statistically significant at the .05 level.

