

ASPE RESEARCH BRIEF

OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION
OFFICE OF HUMAN SERVICES POLICY - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ECONOMIC PATTERNS OF SINGLE MOTHERS FOLLOWING THEIR POVERTY EXITS

Introduction

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), policymakers have placed an increased emphasis on employment and earnings as a key way out of poverty and dependency for single mothers. Several studies have looked at the labor force transitions of former welfare recipients. However, fewer studies have focused on earnings and income progression, poverty dynamics, and the pathways out of poverty for single mothers more generally.

As more single mothers move off the welfare rolls, or never enter welfare, it is important to discern their prospects for long-term self-sufficiency. To learn more about the extent to which single mothers remain out of poverty and the factors most strongly associated with their continued economic progress, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) contracted with Mathematica Policy Research, Inc. (MPR) to examine the income and employment experiences of a nationally representative sample of single mothers who exited poverty.

The research was based on data from the 2001 panel of the Survey of Income and Program Participation (SIPP), which provides longitudinal data from late 2000 through 2003. The study identified single mothers who exited poverty during 2001, and tracked their experiences over the following two-year period.

Findings

Among *all single mothers*, the study found:

- **More than half of all single mothers in 2001 were poor at some time during the year.** Thirty percent of all single mothers (55 percent of those who were ever poor in 2001) left poverty by the end of 2001, as shown in Figure 1. The poor single mothers who left poverty were the core sample for the study.

ABOUT THIS RESEARCH BRIEF

This ASPE Research Brief summarizes findings from a project examining the income and employment experiences of single mothers who left poverty. Nearly thirty percent of single mothers who left poverty were able to stay out of poverty during the next two years. These single mothers tended to be older, with older children. They also had higher paying jobs with more benefits when they left poverty. The project was conducted by Mathematica Policy Research, Inc.

Office of the Assistant Secretary for Planning and Evaluation

Office of Human Services Policy

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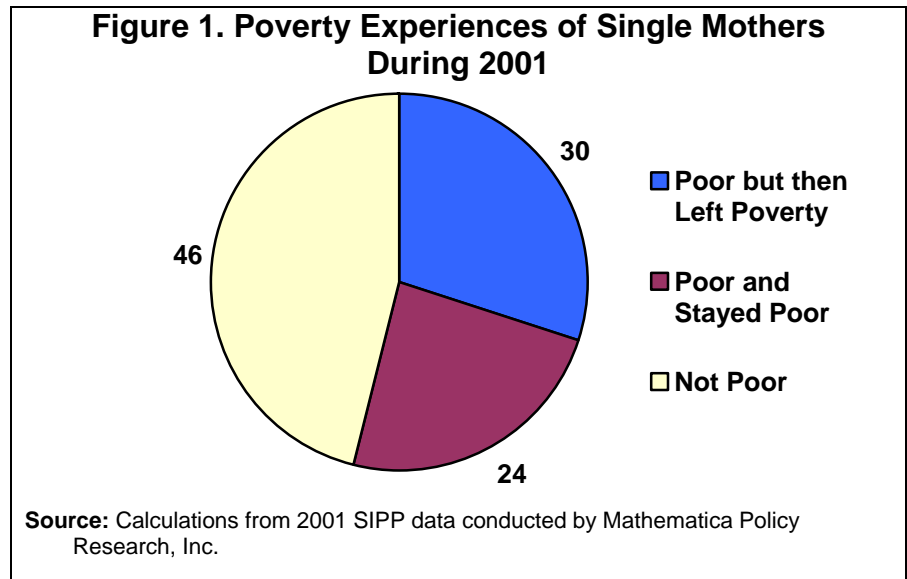
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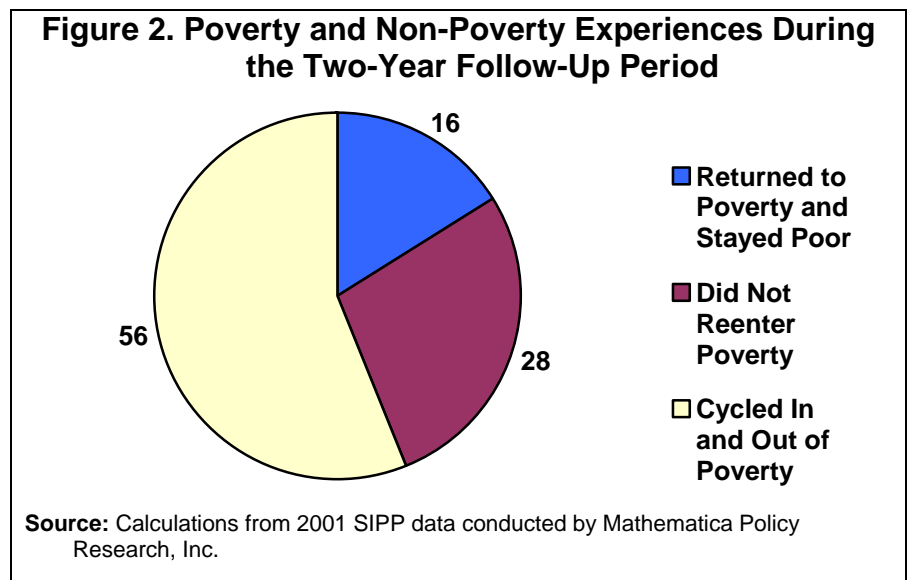
- **Single mothers who were poor in 2001 were more disadvantaged than single mothers who were not poor.** Single mothers who were poor in 2001 were considerably more likely than those who were not poor to be younger and to have never been married.

- **The most common event that single mothers experienced around the time they left poverty was an increase in their own employment or earnings.** Only about 11 percent of the sample experienced an increase in the earnings of other adult relatives in the family when leaving poverty. Similarly, about 11 percent of sample members experienced family composition changes just prior to leaving poverty.



Among *single mothers who were poor and then left poverty*, the study found:

- **Nearly thirty percent of single mothers who left poverty stayed out of poverty during a two-year follow-up period.** Another 16 percent became poor again and then stayed poor, while 56 percent cycled in and out of poverty during the follow-up period, as shown in Figure 2.
- The mothers who cycled in and out of poverty tended to spend more time out of poverty than in poverty.
- Earnings decreases were the most common event single mothers experienced when they became poor again.



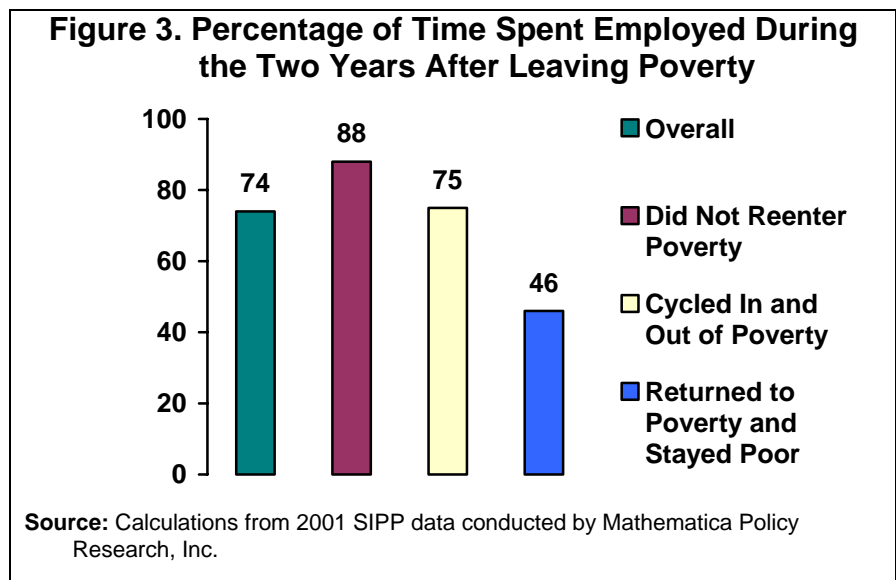
Among *single mothers who left poverty and stayed out*, the study found:

- **Single mothers who left poverty and stayed out of poverty tended to be less disadvantaged compared to single mothers who became poor again.** About half of the single mothers who left poverty and stayed out of poverty had more than a high school degree. Compared to the single mothers who became poor again, the single mothers who left poverty and stayed out of poverty were much less likely to have a health limitation that affected their ability to work; they also tended

to be somewhat older, more likely to have ever been married, and less likely to have received public assistance before they left poverty.

- **Single mothers who left poverty and stayed out of poverty had the largest earnings increases when they left poverty**, compared to the other single mothers.
- **Single mothers who left poverty and stayed out of poverty typically held higher paying jobs with more benefits, and worked more hours** just after leaving poverty than single mothers in the other two groups. Single mothers who stayed out of poverty were significantly more likely to have health insurance through their job (57 percent), compared to single mothers who subsequently cycled in and out of poverty (31 percent), and single mothers who subsequently became poor again and stayed poor (23 percent).
- **Single mothers who left poverty and stayed out of poverty were more likely to have incomes greater than twice the poverty line.** By the end of the two-year follow-up period, about half of the single mothers who stayed out of poverty had incomes more than twice the poverty line. In contrast, during most months of the follow-up period, less than 20 percent of single mothers who cycled in and out of poverty, and less than 5 percent of single mothers who became poor again and stayed poor, had incomes over twice the poverty line.

- **Single mothers who left poverty and stayed out of poverty had higher employment rates and higher-quality jobs** during a two-year follow-up period. These single mothers were employed for 88 percent of the follow-up period, as shown in Figure 3. They had higher wages, and spent 37 percent of the follow-up period in a job offering hourly wages greater than \$10.



- **Education level, health status, and initial job quality were strongly associated with poverty experiences during the follow-up period.** After leaving poverty, single mothers with a high school degree were nearly twice as likely to remain out of poverty, compared to those with no high school degree. Single mothers who left poverty and found a job that provided health insurance coverage were nearly 60 percent more likely to stay out of poverty than otherwise similar single mothers who did not. Similarly, those who were able to find a job offering hourly wages greater than \$10 were over 50 percent more likely to stay out of poverty than those who were not.

The full report is available on line at <http://aspe.hhs.gov/hsp/07/PovertyExits/index.htm>

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