EXECUTIVE SUMMARY

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), policymakers have placed an increased emphasis on the importance of employment and earnings as a key way out of poverty and dependency for single mothers. During the middle and late 1990s, the Temporary Assistance for Needy Families (TANF) program, aided by a strong economy, helped move many recipients off the welfare rolls and into work. The dramatic declines in welfare caseloads during this period led to several studies that have looked at the labor force transitions of former welfare recipients. However, few studies have focused on earnings and income progression, poverty dynamics, and the pathways out of poverty for single mothers more generally. The broader population of single mothers includes those who have never received welfare but may be at greater risk of needing public assistance. 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.

The purpose of this study is to broaden knowledge about the extent to which single mothers remain out of poverty and the factors most strongly associated with their continued economic progress. We used the 2001 Survey of Income and Program Participation (SIPP) data, collected by the U.S. Census Bureau, to examine the income and employment experiences of a nationally representative sample of single mothers who exited poverty. We identified single mothers who exited poverty during 2001, and tracked their experiences over the subsequent two-year period.

In our study, we start by focusing on the following two sets of questions:

- *Who are single mothers who exit poverty and what are their reasons for exiting?* How common are poverty and poverty exits among single mothers? Do the characteristics of single mothers who exit poverty differ from those of single mothers who are never poor, and those who are poor but do not exit poverty? What proportion exit poverty because of a change in employment and earnings or a change in family composition?

- *How long do single mothers who exit poverty stay out of poverty?* What are the main reasons these single mothers reenter poverty? How long are their subsequent poverty spells? How common is poverty "cycling"?

Based on the duration of their non-poverty and poverty spells during the two-year follow-up period, we classify single mothers who exited poverty in 2001 into one of three groups: (1) those who exited poverty and never returned, (2) those who cycled in and out of poverty, and (3) those who returned to poverty and stayed poor. Because poverty dynamics differed markedly across these three groups of single mothers, the rest of our analysis focused on the following two sets of additional questions:

- *Who are single mothers who exit poverty and stay out of poverty? How do their characteristics differ from those who cycle in and out of poverty and those who return to and remain in poverty?* What are the characteristics of single mothers in each group? Do the reasons single mothers exit poverty differ across these groups?

- *What are the income, employment, and welfare receipt experiences of these three groups over a two-year period following their poverty exits?* How do their experiences differ? What proportion of months do they spend out of poverty? What are their employment and welfare experiences? What factors are associated with their economic success?

We first briefly describe the data and sample used for the study and our analytic approach to conducting the analyses. We then summarize the main findings related to each of the four broad sets of questions.

A. DATA, SAMPLES, AND ANALYTIC APPROACH

Data and Sample. This study used data from the 2001 SIPP, a nationally representative longitudinal data set. The 2001 SIPP covers the period from late 2000 through 2003. It provides detailed monthly measures on labor force participation (for those age 15 and older), income, participation in public programs, and household composition. The primary sample for our analysis consisted of single mothers who exited poverty during the first 12 months of the panel period (roughly 2001). Our definition of a "single mother" included all single female family heads with related children under 18 in the family. Overall, we had a sample of 615 single mothers who exited poverty during the first 12 months of the panel period (roughly 2001). In our analysis, we treated the single mother as the unit of analysis and tracked her poverty status in whatever family she was in during any given month using the income of that family.

We used the official U.S. Census Bureau poverty measure as the primary one for the study. This measure has some well-documented shortcomings, but it is the one most commonly used in research and facilitates comparisons with other studies. Under the official measure, a family is "poor" if its total family income is less than its poverty threshold. Income includes earnings; cash assistance (such as TANF benefits, unemployment compensation, or Supplemental Security Income [SSI]); child support; educational assistance; pension income; and interest and dividends. Income does not include non-cash benefits such as food stamps; Medicaid; public housing subsidies; and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

A key issue for our study was defining poverty spells. Because we observed high levels of poverty volatility, we were concerned about "noise" in the monthly poverty timelines and explored several strategies to smooth poverty spells. We elected to smooth volatility by closing all near-threshold spells, where a near-threshold spell is defined as a spell in which income is within 10 percent of the poverty threshold for the duration of the spell. Our main results, however, are not sensitive to the income smoothing strategy.

Analytic Approach. Our findings are primarily based on descriptive analyses in which we tabulated means and distributions of variables of interest. All figures were calculated using
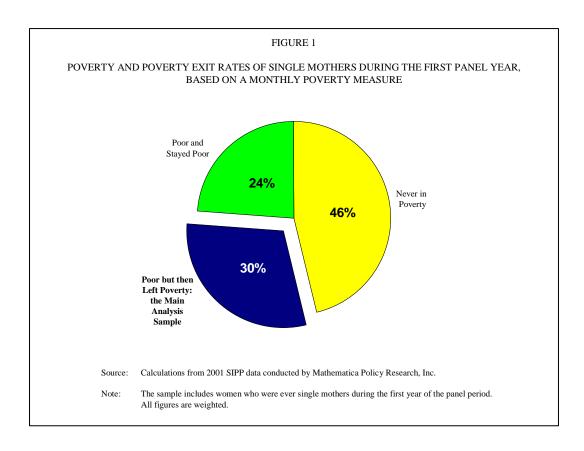
longitudinal sample weights in SIPP to make the findings representative of the U.S. civilian population in April 2001. We also used life-table methods to look at the duration of non-poverty spells as well as subsequent poverty spells. Finally, we conducted multivariate analyses to examine the relative importance of individual and job characteristics associated with successful poverty exits.

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

We find that both poverty and poverty exits are common among single mothers. Single mothers who exit poverty differ from other groups of single mothers. The most common reason for exiting poverty is an increase in the single mothers' earnings, which are driven by increases in employment rates and increases in hourly wage rates and hours worked among those already employed. Changes in family composition are a much less common trigger event for this population.

- ***More than half of single mothers in 2001 were poor at some time during the year, and among those poor, just more than half had exited poverty by the end of the year.***

Among all single mothers in 2001, 54 percent experienced poverty for at least one month (Figure 1). Thirty percent of all single mothers (55 percent of those ever poor) subsequently exited poverty by the end of 2001. These single mothers are the core sample for our analyses.

FIGURE 1

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

Poor and Stayed Poor — 24%

Never in Poverty — 46%

Poor but then Left Poverty: the Main Analysis Sample — 30%

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.

- *In 2001, single mothers who exited poverty were somewhat less disadvantaged than those who stayed in poverty, but were more disadvantaged than those who were never poor.*

Single mothers who experienced poverty in 2001, regardless of whether or not they exited poverty in 2001, were considerably more likely than those who were never poor to be younger and to have never been married. They also were more likely to be nonwhite. Poor single mothers who exited poverty had lower educational levels and more health limitations than those who were never poor, but were better off than those who stayed poor. For example, about 20 percent of single mothers who exited poverty had no high school credential, compared to 42 percent of those who never exited poverty, and 11 percent of single mothers who were never poor (not shown). Similarly, 12 percent of single mothers who exited poverty reported a health limitation, compared to nearly one-quarter of those who did not exit poverty, and 6 percent of those never poor. There were also considerable differences across the poverty groups in rates of employment and receipt of public assistance, with single mothers who were never poor having the highest rates of employment and lowest rates of public assistance receipt.

These findings suggest that our main analysis sample of poverty exiters is not a random sample of single mothers. Rather, they 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.

- *An increase in own employment or earnings is the most common 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 at the time of their poverty exit (Table 1). Of these women, about 21 percent experienced an earnings increase because they became employed, while the remainder experienced an earnings increase either in their current job or as they moved directly from one job into another (not shown). 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.

About 11 percent of sample members experienced family composition changes prior to their poverty exit (Table 1). Most changes were due to increases in the number of adult relatives in the family; only three percent of the sample exited poverty because they became married. These findings are in contrast to those of Bane and Ellwood (1986) who, using data from the 1970s and early 1980s, found that marriage accounted for about 26 percent of poverty transitions for female-headed households, and that earnings increases 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.

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TABLE 1

EVENTS ASSOCIATED WITH POVERTY EXITS FOR SINGLE MOTHERS IN 2001
(Percentages)

	Experienced Event[a]
Either Own Employment or Earnings Increase	75
Earnings Increase of Another Adult Relative in Family	11
Family Composition Changes	
Became married	3
Number of adults in family increased	7
Number of children in family decreased	3
Number of children under age 6 decreased	3
Any family composition change	11
Other Changes	13
Sample Size	**571**

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

Note: The sample includes poor single mothers who ever exited poverty during the first year of the panel period. Trigger events were identified using a two-month window prior to the poverty exit. The two-month window requires that we limit our sample to those who left poverty after the second month of the analysis period. All figures are weighted.

[a]Events are *not* mutually exclusive, because a single mother may have experienced more than one event.
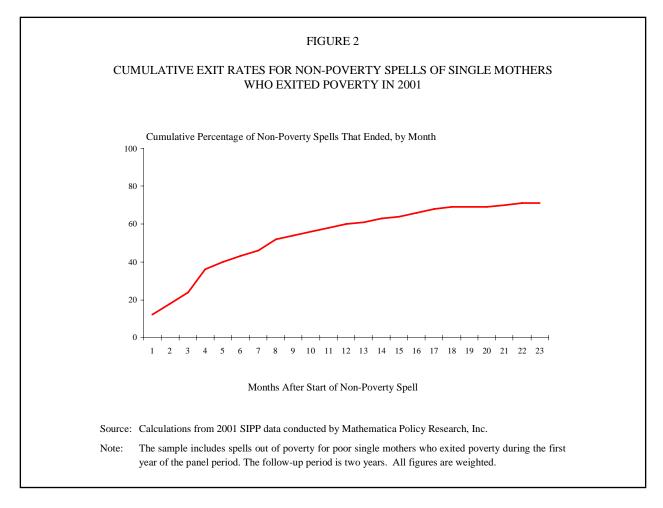

C. HOW LONG DO NON-POVERTY SPELLS LAST AND WHY DO SINGLE MOTHERS REENTER POVERTY?

Many single mothers who exited poverty in 2001 soon returned to poverty—about 60 percent of these single mothers were back in poverty within a year. However, subsequent poverty spells for these women were very short, so that many sample members exited poverty again. Thus, we find considerable cycling in and out of poverty for this population.

- *The majority of single mothers who exit poverty return to poverty within one year; however, subsequent poverty spells are shorter than the initial non-poverty spells.*

The median duration of the first observed non-poverty spell for our sample was eight months (Figure 2). About one-quarter of non-poverty spells ended within three months, 60 percent of spells ended within one year, and 72 percent ended within two years. Thus, many single mothers who exit poverty soon return to poverty. Spell durations were typically short for each type of trigger event associated with the poverty exit (not shown). However, there is some evidence that non-poverty spells were slightly longer for those who exited poverty because of family composition changes than for other reasons (the median spell length was 11 months for those with family composition changes compared to 8 months for others, although these differences were not statistically significant).

FIGURE 2

CUMULATIVE EXIT RATES FOR NON-POVERTY SPELLS OF SINGLE MOTHERS
WHO EXITED POVERTY IN 2001

Cumulative Percentage of Non-Poverty Spells That Ended, by Month

Months After Start of Non-Poverty Spell

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

Note: The sample includes spells out of poverty for poor single mothers who exited poverty during the first
        year of the panel period. The follow-up period is two years. All figures are weighted.
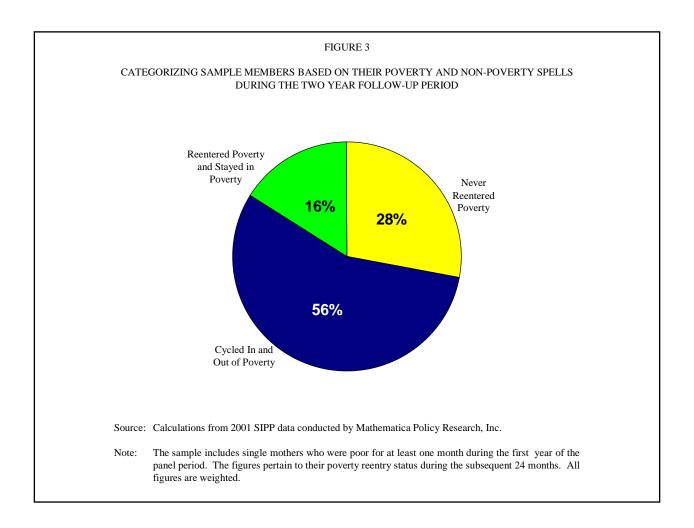
Among our sample of single mothers who reentered poverty, the median poverty spell duration was only about five months, compared to eight months for the initial non-poverty spell. Furthermore, nearly three-quarters of these poverty spells ended within a year (not shown). These results suggest that although many single mothers in our sample cycled in and out of poverty, they tended to spend more time out of poverty than in it.

• *The reasons for reentering poverty are analogous to the reasons for exiting poverty.*

Earnings decreases were the most common trigger event for the 72 percent of sample members who reentered poverty within the two-year follow-up period; decreases in the earnings of other adult relatives in the family and family composition changes were much less common (not shown). Furthermore, there is a strong association between the trigger events for poverty exits and poverty returns. For instance, about 84 percent of those with an earnings-related trigger event for the initial poverty exit also experienced an earnings-related trigger event when they reentered poverty (not shown).

- *The majority of single mothers who exit poverty cycle in and out of poverty during a two-year follow-up period. However, nearly thirty percent exit poverty and remain out of poverty over the follow-up period.*

Our sample of single mothers who exited poverty can be divided into three groups based on their poverty and non-poverty spells during the two-year follow-up period. These groups (as shown in Figure 3) are (1) *poverty leavers* (those who exited, but never reentered poverty; 28 percent), (2) *poverty cyclers* (those who cycled in and out of poverty; 56 percent), and (3) *poverty returners* (those who reentered poverty and stayed in poverty; 16 percent). The finding that more than half the sample is in the cycler group suggests that substantial income volatility exists among this population. However, the findings also suggest that nearly 30 percent of women successfully exit poverty. Next, we provide more information on the characteristics and outcomes for these three groups of women and try to identify factors associated with successful outcomes.

FIGURE 3

CATEGORIZING SAMPLE MEMBERS BASED ON THEIR POVERTY AND NON-POVERTY SPELLS
DURING THE TWO YEAR FOLLOW-UP PERIOD

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

Note: The sample includes single mothers who were poor for at least one month during the first year of the panel period. The figures pertain to their poverty reentry status during the subsequent 24 months. All figures are weighted.

D. WHAT ARE THE CHARACTERISTICS OF THOSE IN THE THREE POVERTY GROUPS AND WHAT ARE THE FACTORS RELATED TO EXITING POVERTY?

We find important differences between the three groups at the time of their poverty exits. Single mothers who never returned to poverty during the two-year follow-up period were less disadvantaged than the other two groups in their basic demographic and human capital characteristics. Interestingly, in the months leading up to the poverty exits, there were no differences across the groups in their employment, earnings, and poverty ratios. However, those who stayed out of poverty after exiting poverty were more likely than the other two groups to have exited poverty because of an earnings increase. Furthermore, the poverty leaver group had substantially higher earnings gains, and held jobs with higher wages and better benefits when they exited poverty compared to the other two groups.

- *As might be expected, poverty leavers tend to be the least disadvantaged of the three groups, while the poverty returners are the most disadvantaged.*

About half of poverty leavers had more than a high school degree at the time of poverty exit, compared to 41 percent of poverty cyclers and only 34 percent of poverty returners (Table 2). The poverty leavers were also much less likely to have a health limitation that affected their ability to work than poverty returners (12 percent versus 27 percent). Poverty leavers also tended to be somewhat older and more likely to have ever been married than the other two groups, and were also less likely to have received public assistance prior to their poverty exits.

- *Employment and earnings increases are the most common trigger events associated with poverty exits for all groups, but the poverty leavers are the most likely to have these events.*

About 80 percent of the poverty leavers in our sample experienced an earnings-related trigger event in the two months prior to their poverty exit, compared to 75 percent for poverty cyclers and 65 percent for poverty returners (Table 3). Earnings increases of another adult relative in the family and family composition changes were less common trigger events for all groups. It is notable, that those in the poverty leavers group were twice as likely to marry as those in the other two groups (six percent versus three percent) although marital rates were low for all groups. Finally, poverty returners were more likely than the other single mothers to have exited poverty because of "other changes," such as increases in public assistance receipt, unemployment insurance receipt, or other sources of income.

TABLE 2

KEY CHARACTERISTICS IN THE MONTH BEFORE LEAVING POVERTY,
BY TYPE OF SINGLE MOTHER WHO EXITED POVERTY
(Percentages)

Characteristics	Never Reentered Poverty	Cycled In and Out of Poverty	Reentered Poverty and Stayed Poor
Age			
Younger than 30	30*	35	50
Average (years)	35.1*	33.9*	31.3
Race/Ethnicity			
White and other non-Hispanic	47	52	47
Black, non-Hispanic	31	27	36
Hispanic	22	22	16
Ever Married	62*	55*	44
Has a Health Limitation	12*	8*	27
Educational Attainment	+	+	
Less than high school/GED	8	23	31
High school/GED	42	36	34
Some college, no degree	28	24	21
Associate or vocational degree	10	11	11
College graduate or more	12	6	2
Age of Youngest Child			
Younger than 3	33	28	30
Average age (years)	6.7*	6.7*	5.6
Number of Children			
3 or more	22	24	29
Average number	1.9	1.9	2.0
Adults in the Family			
Does not live with other adults	80	73	80
Average number of adults	1.3	1.4	1.4
Poverty Ratio			
Less than 0.5	37	31	39
At least 0.5, less than 1.0	63	69	61
Average poverty ratio	0.6	0.6	0.6
Employed	64	73*	60
Received TANF	2*	11*	19
Received Food Stamps	14*	31*	55
Average Family Income (Dollars)	756	833	769
Sources of Family Income[a]			
Own earnings	50	53	49
Others' earnings	19	15	13
Social insurance and disability	6	6	8
Means-tested government assistance	2	7	10
Child support and alimony	15	11	12
Other income	8	9	8
Sample Size	**172**	**340**	**103**

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

Note: Sample includes single mothers who exited poverty in the first year of the panel period. All figures are weighted.

[a]Social 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, WIC, and other welfare. Child support and alimony income includes pass-through child support, regular child support, and alimony.

*The difference in variable *means* between the indicated group and those who reentered poverty and stayed poor is statistically significant at the .05 level.

+The difference in variable *distributions* between the indicated group and those who reentered poverty and stayed poor is statistically significant at the .05 level.

TABLE 3

EVENTS ASSOCIATED WITH POVERTY EXITS FOR SINGLE MOTHERS,
BY TYPE OF SINGLE MOTHER
(Percentages)

| | Experienced Event[a] | | |
Event[a]	Never Reentered Poverty	Cycled In and Out of Poverty	Reentered Poverty and Stayed Poor
Own Employment or Earnings Increase	80*	75	65
Earnings Increase of Another Adult Relative in Family	12	11	11
Family Composition Changes			
Became married	6	3	3
Number of adults in family increased	7	7	9
Number of children in family decreased	1	4	3
Number of children under age 6 decreased	3	2	3
Any family composition change	11	10	12
Other Changes	9*	13	19
Sample Size	**164**	**314**	**93**

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

Note: The sample includes poor single mothers who ever exited poverty during the first year of the panel period. Trigger events were identified using a two-month window prior to the poverty exit. All figures are weighted.

[a]Events are *not* mutually exclusive, because a single mother may have experienced more than one event.

*The difference in variable means between the indicated group and those who reentered poverty and stayed poor is statistically significant at the .05 level.

- *Among those who exit poverty because of employment or earnings increases, the poverty leaver group has the largest earnings increases.*

Average earnings in the base month (1 or 2 months prior to the poverty exit) were similar for each group in our sample (about $750; Table 4). However, the average earnings *increase* for the poverty leaver group ($956) was more than twice as large as for poverty returners ($467) and also substantially larger than for cyclers ($509).

Consequently, poverty leavers typically start their non-poverty spells with higher earnings than other single mothers. As discussed next, this occurs because poverty leavers tend to have higher-paying jobs and to work more hours than those in the other two groups.

TABLE 4

JOB CHARACTERISTICS IN THE MONTH OF POVERTY EXIT FOR SINGLE MOTHERS,
BY TYPE OF SINGLE MOTHER
(Includes Those Who Left Poverty Due to an Employment or Earnings Increase)

Characteristic of Main Job[a]	Never Reentered Poverty (1)	Cycled In and Out of Poverty (2)	Reentered Poverty and Stayed Poor (3)
Average Monthly Earnings (Dollars)[b]			
In month before the trigger event	764	773	703
In month of the trigger event	1,720	1,282	1,170
Hours Worked per Week			
Percentage worked full-time (35 hours or more)	81	69	71
Average hours worked per week	37.8	35.9	36.6
Average Hourly Wage Rate (Dollars)	11.10*	8.93	7.80
Average Weeks Worked in Job	4.1	4.0	4.1
Health Insurance Coverage (Percentage)	57*	31	23
Union Member (Percentage)	10	8	8
Occupation (Percentage Distribution)	+		
Professional/technical	27	16	11
Sales/retail	11	16	8
Administrative support/clerical	29	19	22
Service	24	29	37
Machine/construction/production/transportation	8	17	18
Other	1	3	4
Sample Size	**130**	**231**	**59**

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 employment or an earnings increase (using a two-month window prior to the poverty exit). All figures are weighted.

[a]If the sample member held more than one job, the figures pertain to the job where the sample member worked the most hours.

[b]Monthly 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 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.

- *At the start of their non-poverty spells, those in the poverty leavers group typically hold higher paying jobs with more benefits and work more hours than single mothers in the other two groups, suggesting that job quality may be related to successful poverty exits.*

Among those in our sample with earnings-related trigger events, the average hourly wage rate was considerably higher for poverty leavers than for the other two groups ($11.10, versus $8.93 for poverty cyclers and $7.80 for poverty returners; Table 4). Similarly, a higher percentage of poverty leavers worked full time (81 percent, compared to about 70 percent for the

other two groups), although these differences are not statistically significant. They were also significantly more likely to have health insurance through their job (57 percent, compared to 31 percent for cyclers and 23 percent for poverty returners). Furthermore, poverty leavers were more likely than the other two groups to hold professional and technical jobs and less likely to be employed in lower-paying service occupations.

Thus, we see that although single mothers in each of the three groups tend to have similar employment and earnings levels in the months prior to poverty exits, the single mothers with the most successful outcomes (poverty leavers) are more likely than their counterparts to experience earnings-related trigger events and to find higher-quality jobs around the time they exit poverty. This may be related to their higher education levels and better health.
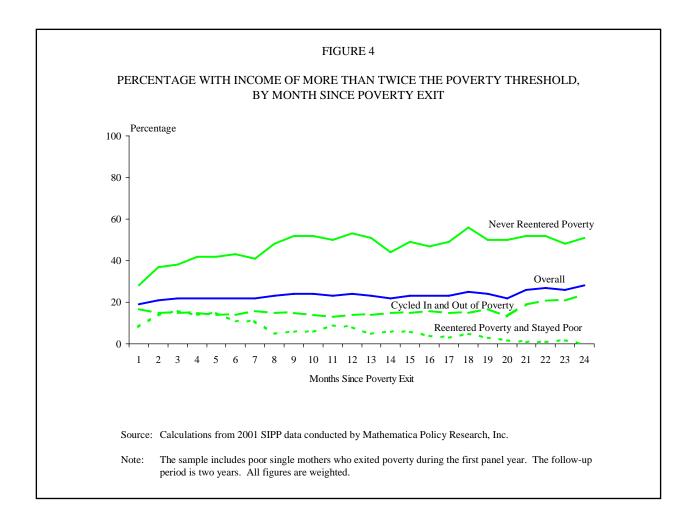
E. WHAT ARE THE INCOME AND EMPLOYMENT EXPERIENCES OF SINGLE MOTHERS WHO EXIT POVERTY?

Differences across the three groups extended into the follow-up period. The income and employment experiences during the two-year follow-up period were very different for the three groups of single mothers, with those who exited poverty and never returned experiencing higher earnings growth over time, and moving to better jobs with better benefits over time. Because changes in earnings levels are the key events associated with movements in and out of poverty for this population, it is not surprising that single mothers in the group with the most successful outcomes had higher employment and earnings levels throughout the follow-up period than those in the groups with less successful poverty exits. Similarly, those in the cycler group had higher earnings over time than those who returned to poverty and stayed. The earnings of the poverty returners diminished over time and these women became increasingly reliant on public assistance, particularly food stamps. Our multivariate analysis shows that although few factors are statistically significant in the models, education and health limitations, as well as initial job characteristics, are significant predictors of who is successfully able to stay out of poverty and who is not.

- ***Single mothers in the poverty leavers group exhibit considerable upward movement away from the poverty threshold over time. The two other groups do not experience large gains in income relative to the poverty threshold.***

Single mothers in our sample who exited poverty and did not return (poverty leavers) were more likely to have incomes at least twice the poverty ratio than the other two groups. By the end of the follow-up period, about half the poverty leavers had incomes more than twice the poverty threshold (Figure 4). In contrast, during most months of the followup, less than 20 percent of poverty cyclers and less than 5 percent of poverty returners had incomes over twice the poverty threshold.

Consistent with these trends, poverty leavers had relatively high incomes ($3,001 on average per month) compared to average monthly incomes of about $1,864 for cyclers and $1,165 for poverty returners (not shown). Although there are considerable differences in the incomes of the three groups of single mothers, their own earnings and the earnings of other family members represent most of the income for all three groups; relatively little income comes from public assistance.
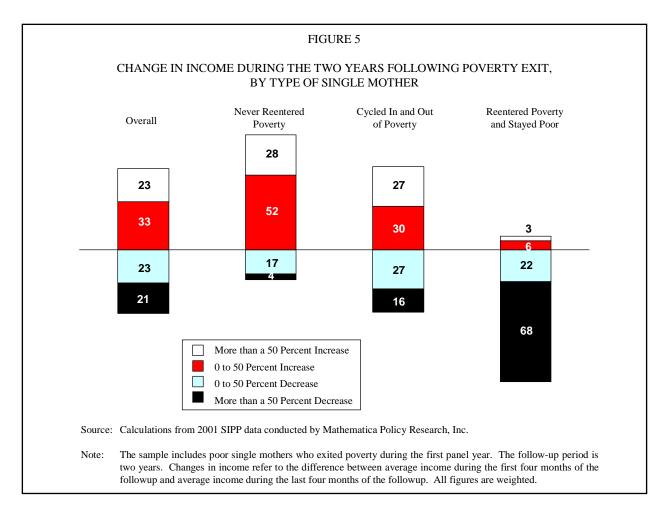
FIGURE 4

PERCENTAGE WITH INCOME OF MORE THAN TWICE THE POVERTY THRESHOLD,
BY MONTH SINCE POVERTY EXIT

Percentage

Never Reentered Poverty

Overall

Cycled In and Out of Poverty

Reentered Poverty and Stayed Poor

Months Since Poverty Exit

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

Note: The sample includes poor single mothers who exited poverty during the first panel year. The follow-up
          period is two years. All figures are weighted.

- *There is considerable diversity in the extent of income growth over time among single mothers who exit poverty.*

Over the two-year follow-up period, most single mothers in the poverty leavers group experienced income increases; 80 percent had income increases, and more than one in four had increases greater than 50 percent (Figure 5). For poverty cyclers, similar numbers experienced income losses and income gains. Most poverty returners experienced large declines in income during the two-year window; more than two-thirds of this group had income decreases greater than 50 percent. These findings highlight the uncertainty and variety of experiences for single mothers following their poverty exits.

- *During a two-year follow-up period, the poverty leavers have higher employment rates and higher-quality jobs than the other groups.*

Not surprisingly, employment rates were highest among sample members who never reentered poverty and lowest among those who returned to poverty and remained poor. Poverty leavers were employed for 88 percent of the follow-up period, compared to 75 percent for poverty cyclers, and only 46 percent for poverty returners (Figure 6). Poverty leavers were also more likely than those in the other two groups to work in full-time jobs and in jobs that provided

FIGURE 5

CHANGE IN INCOME DURING THE TWO YEARS FOLLOWING POVERTY EXIT,
BY TYPE OF SINGLE MOTHER

Overall | Never Reentered Poverty | Cycled In and Out of Poverty | Reentered Poverty and Stayed Poor

Legend:
- ☐ More than a 50 Percent Increase
- ■ (red) 0 to 50 Percent Increase
- ■ (light blue) 0 to 50 Percent Decrease
- ■ (black) More than a 50 Percent Decrease

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

Note: The sample includes poor single mothers who exited poverty during the first panel year. The follow-up period is two years. Changes in income refer to the difference between average income during the first four months of the followup and average income during the last four months of the followup. All figures are weighted.
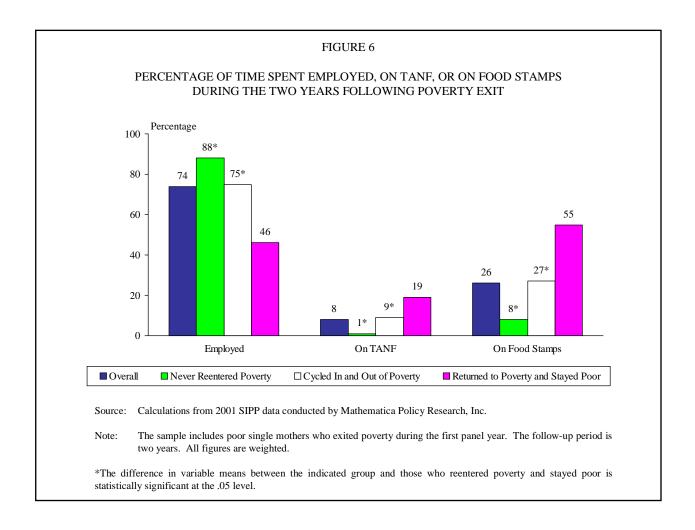
health insurance coverage (not shown). Poverty leavers also had higher wages than the other two groups, and they spent 37 percent of the follow-up period in a job offering hourly wages greater than $10, compared to 17 percent of cyclers and only 6 percent of poverty returners (not shown).

- *The average job quality of poverty leavers improves substantially over time, while the average job quality of the other two groups does not.*
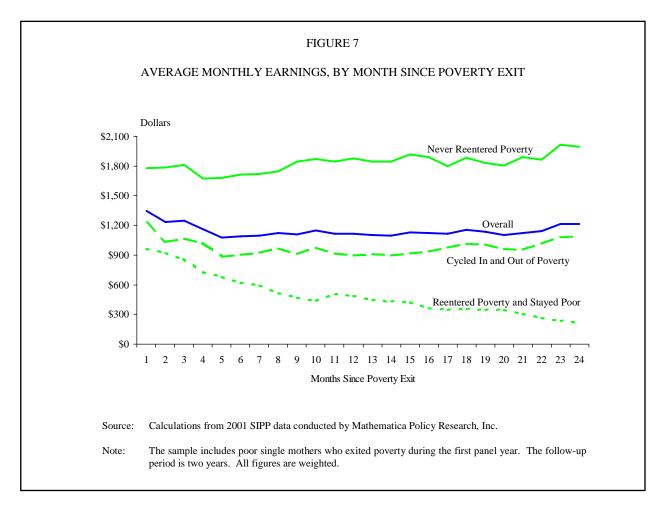
Poverty leavers in our sample who were employed in the first month of the followup had average hourly wages of $9.43 in the first job held during the followup compared to average hourly wages of $12.05 in the last job held during the followup, an increase of 28 percent (not shown). The average wages of employed poverty cyclers increased by 22 percent from $7.65 to $9.37, while the wages of employed poverty returners increased by only 6 percent, from $6.95 to $7.38.

The pattern that emerges for having a job that provides health insurance coverage is even more dramatic. Employer-based health insurance coverage increased by 12 percentage points for employed members of the most successful group, while coverage increased slightly for poverty cyclers and decreased slightly for poverty returners (not shown). The differences in employment and job quality across the three groups translated into large differences over time in average earnings across the groups (Figure 7).

- *Rates of TANF receipt are fairly low for the single mothers in the sample. Food stamp receipt rates are somewhat higher, particularly for poverty returners.*

    TANF receipt was low for all three groups of single mothers. Only 5 percent of poverty leavers ever received TANF income in the two years after exiting poverty, while 20 percent of poverty cyclers and 39 percent of poverty returners received TANF at some point during the followup (not shown). While it is likely that many of the poverty leavers would not qualify for TANF given their higher income levels, it is interesting that a larger fraction of poverty returners did not end up receiving TANF. Overall, sample members received TANF for only 8 percent of the follow-up period, on average (Figure 6). Single mothers in the poverty returners group received TANF for 19 percent of the follow-up period, compared to only 9 percent of the time for cyclers, and only 1 percent of the time for the poverty leavers. Food stamp receipt rates were somewhat higher, particularly for the poverty returners. This group received food stamps for about 55 percent of the follow-up period, compared to 27 percent among the poverty cyclers, and only 8 percent for poverty leavers (Figure 6).

FIGURE 7

AVERAGE MONTHLY EARNINGS, BY MONTH SINCE POVERTY EXIT

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

Note: The sample includes poor single mothers who exited poverty during the first panel year. The follow-up
           period is two years. All figures are weighted.

- ***Education level, health status, and initial job quality are strongly associated with poverty experiences during the followup.***

Single mothers who are more employable are more likely to remain non-poor after leaving poverty and less likely to return to poverty. Compared to sample members with no high school degree, those with a high school degree were nearly twice as likely to remain non-poor following a poverty exit (not shown). Those with health limitations were significantly less likely to be poverty cyclers and were more likely to return to poverty and remain poor. Initial job characteristics were also among the most important factors associated with poverty dynamics. Sample members who found a job that provided health insurance coverage were nearly 60 percent more likely to remain non-poor than otherwise similar sample members 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 remain nonpoor than those who did not.

F.   SUMMARY AND CONCLUSIONS

Overall, a mixed picture emerges about the economic success, in the medium term, of single mothers who exit poverty. Nearly 30 percent remain out of poverty. These women tend to have higher education levels and less health problems than other single mothers. The majority of single mothers who exit poverty, however, cycle in and out of poverty, with short spells out of

poverty and even shorter spells in poverty. Over time, these cyclers experience some income growth, spend more time out of poverty than in it (nearly half were out of poverty for at least three-quarters of the follow-up period), and become slightly less reliant on public assistance. Only about 15 percent of the sample returned to poverty and were unable to exit again. These women tend to be the most disadvantaged, with low levels of education and significant health problems, and tend to live without other adults and to have more and younger children than those in the other groups.

Our key finding is that employment and earnings play a primary role in the economic outcomes for this population. Earnings-related trigger events are, by far, the most common reasons for poverty exits and reentries. Family composition changes, which were more common reasons for poverty transitions in the 1970s and 1980s, have become much less common trigger events during the post-PRWORA period. At the time of poverty exit, the members of the group with the most successful outcomes had higher-paying jobs (with more benefits and in higher-paying occupations) than those of their counterparts and were able to sustain these jobs. Possible reasons for this are that these women tended to have higher education levels and fewer health problems, and that they lived with more adult relatives who could provide support with child care and finances. Given that many single mothers are able to find jobs, but many are not able to sustain or advance in these jobs, policies providing employment support for single mothers who exit poverty could help improve their economic success.

This study provides a detailed look at prospects for self-sufficiency among single mothers who exited poverty in the post-PRWORA period. In examining the findings, it should be kept in mind that the 2002-2003 period in which we track income and employment experiences of those who exited poverty was marked by weaker economic conditions than in earlier years. For instance, after a booming economy in the late 1990s and 2000, when the national unemployment rate was below four percent, the unemployment rate during the 2002-2003 period had crept close to six percent. The weaker economic conditions these single mothers faced could have affected their experiences, and made it more difficult for them to remain employed and stay out of poverty. The fact that the unemployment rate did not make a difference in our multivariate analyses, combined with the fact that the economic downturn was fairly mild, suggests that the poverty patterns for these single mothers might not differ much at other times. Furthermore, a thorough understanding of the issues raised in the study can provide insights into policy initiatives for single mothers, such as work supports for former welfare recipients, including the Earned Income Tax Credit, child care subsidies, and approaches to improve job retention and advancement.