

Women's Work Supports, Job Retention, and Job Mobility: Child Care and Employer-Provided Health Insurance Help Women Stay on Jobs

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This Research-in-Brief presents selected findings from IWPR's forthcoming report *Work Supports, Job Retention, and Job Mobility among Low-Income Mothers* by Dr. Sunhwa Lee. The findings indicate that low-income mothers have a high rate of job turnover compared with higher-income mothers. Yet, low-income mothers who have health insurance coverage from their employers are significantly more likely to stay on their job than women who have other types of health insurance or no health insurance. Having a regular child care arrangement—whether it be relative care, non-relative care, or center-based care—also helps job retention among low-income mothers with preschool children. For low-income mothers moving into a different job, having higher education helps them find a job that pays higher wages than their previous job.

Background

The employment situations of low-wage workers show considerable instability. Most welfare leavers, for instance, find jobs, but many lose their jobs fairly quickly and experience a substantial period of unemployment before finding another job (Martinson 2000; Rangarajan et al. 1998). While job changes can lead to improved earnings for some workers, this does not seem to be the case for most low-skilled workers or former welfare recipients (Andersson et al. 2004; Holzer and LaLonde 2000). For these workers, job retention is crucial for accumulating work experience and improving earnings over time. Yet, for many low-wage workers or welfare leavers who are single mothers facing the dual responsibilities of work and family, sustaining employment and earning a living wage pose a tremendous challenge.

The research reported in *Work Supports, Job Retention, and Job Mobility among Low-Income Mothers* examines the key factors related to job retention and labor market advancement among low-wage workers, to identify effective policy strategies for improving their labor market outcomes. Using data from a national longitudinal survey, the study assesses the importance of various factors that facilitate or hinder job retention among low-income mothers. It also investigates what happens when they leave a job: are they moving to a better job, and if so, what helps or prevents their move to a better-paying job? Given the large number of women, especially single mothers, in low-wage jobs, the study pays close attention to work supports that may be important for employment stability among working mothers. The major factors considered in the study are: personal/family characteristics (e.g., race/ethnicity, education, marital status, health status, presence of young children, etc.), job characteristics (e.g., full-time status, union membership, occupation, hourly wages, etc.), and work supports such as health insurance, child care subsidies, and child care arrangements.

Data

The study is based on data from the Census Bureau's 1996 panel of the Survey of Income and Program Participation (SIPP). The SIPP is a longitudinal survey of U.S. households that collects information on the economic and demographic characteristics of individuals and their families through a series of quarterly interviews, referred to as "waves." The 1996 panel consists of 12 waves covering the period from late 1995 to early 2000. Each wave of the SIPP asked core questions covering the preceding four months that included demographics, employment and earnings, government program participation, and access to health insurance.¹ The study analyzes data from wave 4 through wave 12, utilizing special topical information on child care collected at wave 4. The resulting data set provides three years of employment records covering the period of December 1996 to February 2000.

The analysis focuses on employed mothers² with children under age 18 at the wave 4 survey, and follows their employment patterns until the wave 12 survey. The sample of mothers is restricted to those aged 18 to 64 who were wage and salary employees at wave 4. In order to better understand the specific circumstances of low-income working mothers (whose family income is below 200 percent of the poverty line), the study also includes parallel analysis of higher-income working mothers (whose family income is at or above 200 percent of the poverty line).³ The total sample in the study consists of 2,609 low-income mothers and 5,278 higher-income mothers.

Key Findings

Personal and Family Characteristics

The personal and family characteristics of the sample illustrate various difficulties that low-income mothers need to overcome to maintain steady employment. Nearly two-thirds of low-income working mothers (62 percent) have only a high school education or less, compared with less than one-third of higher-income working mothers (32 percent). More than two-thirds of higher-income working mothers (68 percent) have some college education or more, whereas only 38 percent of low-income working mothers do. More than half of low-income working mothers (56 percent) are single (divorced, separated, or never married), compared with only one-fifth of higher-income mothers. Low-income working mothers are also more likely to have younger children: nearly half of them have a child under age 6, compared with 40 percent of higher-income mothers. Furthermore, low-income working mothers are significantly more likely than higher-income mothers to have a disability of some type (13 percent vs. 9 percent), and to have children with a disability (16 percent vs. 10 percent).

Job Characteristics

The majority of low-income mothers are engaged in sales, service, or production-related occupations. Nearly one-third of low-income women work in service jobs that are concentrated

¹ The SIPP also collects detailed information on special topics (topical modules), which differ from wave to wave. The study uses data from a topical module on child care, collected in wave 4, and a topical module on disability in wave 5.

² Mothers in the sample include not only biological mothers but also stepmothers, adopted mothers, and guardians.

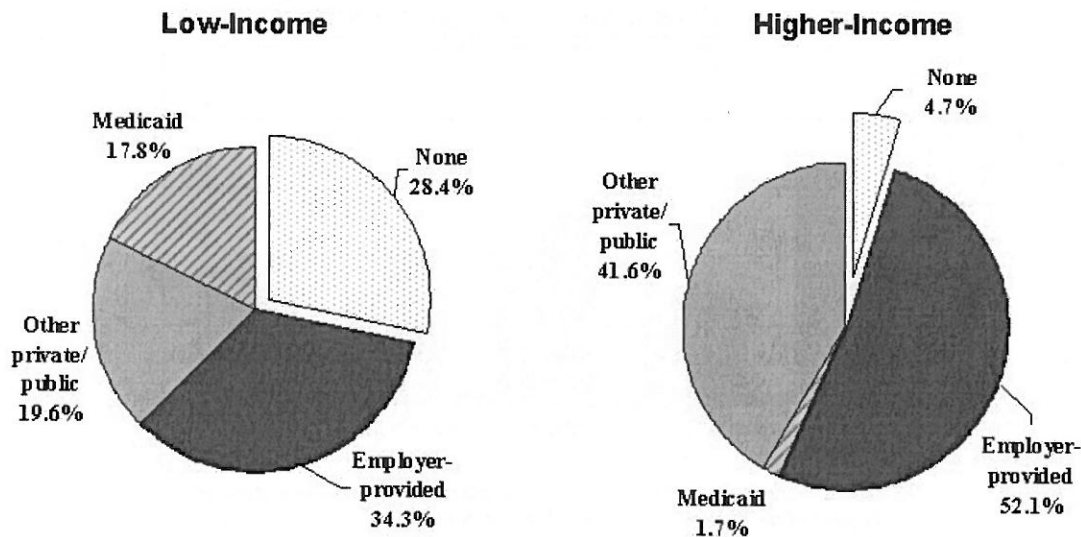
³ Low-income and higher-income mothers are distinguished based on their total family income, because their labor force behaviors and needs for steady employment are influenced by the overall economic resources of the family.

in food services (e.g., waitresses or cooks), health services (e.g., nursing aides), and cleaning services (e.g., maids or janitors). Part-time work is quite common for low-income mothers (36 percent), compared with higher-income mothers (25 percent). Employment in the government sector—where employee benefits tend to be better—is less common for low-income mothers (14 percent vs. 22 percent); they are also less likely to be union members than higher-income mothers (5 percent vs. 14 percent). The average hourly wage at the wave 4 survey was \$7.60 for low-income mothers, compared with \$14.10 for higher-income mothers (in 2000 dollars).

Access to Employer-Provided Health Insurance

Analysis of health insurance status shows apparent disadvantages facing low-income working mothers in their job-related benefits or work supports. As shown in Figure 1, only about one-third of low-income working mothers (34 percent) have health insurance coverage from employers in their own name, while more than half of higher-income working mothers (52 percent) have their own employer-provided coverage.⁴ Low-income working mothers are also less than half as likely as higher-income mothers to have other types of private or public health insurance (except for Medicaid; 20 percent vs. 42 percent),⁵ which is primarily provided by other family members such as a spouse. As expected, a higher proportion of low-income working mothers rely on Medicaid (18 percent vs. 2 percent). Importantly, more than one-quarter of low-income mothers (28 percent) do not have *any* type of health insurance despite the fact that they are working, compared with only 5 percent of higher-income working mothers.

Figure 1. Health Insurance among Working Mothers



Source: Institute for Women's Policy Research calculation based on data from the 1996 panel of the SIPP, wave 4, collected in March-June 1997.

⁴ For some women who reported having more than one type of health insurance, they are included in one category only, with priorities given to employer-provided insurance first, next to Medicaid, then to other private and public insurance.

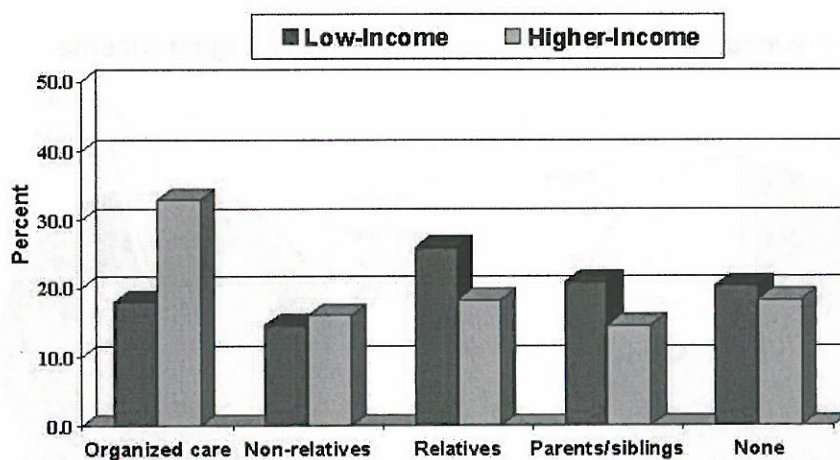
⁵ Other public health insurance includes CHAMPUS, CHAMPVA, and military health coverage; very few women in the study (less than 2 percent) reported this type of health coverage.

It is important to note that mothers' access to employer-provided health insurance varies widely by their job characteristics, especially by wage level, full-time work status, employment sector, prior job tenure, and so forth. As is well known, high-paying jobs are more likely to offer health insurance as part of a benefits package. In addition, many firms do not offer health insurance immediately to new employees but require a certain probation period before providing coverage. Some require employees to pay part of their insurance premiums, which low-wage workers may not be able to afford. Many firms also do not offer health insurance to part-time employees.

Child Care Arrangements and Child Care Subsidies

For working mothers, child care is a major concern when making decisions about their employment. Having access to child care that is affordable, reliable, and flexible can be crucial for steady employment among low-income mothers. The study shows that low-cost options like relative care or parental/sibling care are the most common arrangements for low-income working mothers who have children under age 15 (see Figure 2).⁶ For higher-income working mothers, organized care like center-based care or school-related enrichment activities (for older school-aged children) are more common. Relative care is especially common among working mothers with preschool children (under age 6), similarly for low-income and higher-income women, with grandparents playing a particularly important role.

Figure 2. Primary Child Care Arrangements among Working Mothers



Source: Institute for Women's Policy Research calculation based on data from the 1996 panel of the SIPP, wave 4, collected in March-June 1997

⁶ The topical module in the SIPP (at wave 4) asked whether mothers have regularly (i.e., at least once a week) used a specific type of child care arrangement for each of their children under age 15 during the month prior to the survey. Since child care arrangements can vary by the number and ages of children, this study focuses only on the arrangement used for the youngest child. When mothers used more than one type of care arrangement, they are included only in one category, with coding priorities given first to organized care (e.g., center care, nursery/preschool, Head Start, school-related activities, etc.), next to non-relative care (e.g., family day care, baby sitters, etc.), then to relative care, and then to parental/sibling care.

Low-income working mothers may prefer relative care in part because of its relatively low cost. According to the study, a little more than one-quarter of low-income working mothers (27 percent) who primarily used relative care paid for it, while nearly three-quarters (73 percent) of those who used organized care paid for it.⁷ Very few low-income working mothers in the study reported receiving a child care subsidy: only 7 percent indicated receiving any kind of help to pay for child care—from the government, employers, or family members. Low-income working mothers receiving subsidies were more likely to use organized care such as center care compared with mothers not receiving this assistance.

What Helps Low-Income Mothers' Job Retention?

The study illustrates a higher rate of job turnover among low-income than among higher-income working mothers (see Table 1). Of all low-income mothers reporting a job at the wave 4 survey (“wave 4 job”), only 23 percent remained in the same job during the three-year period under analysis, while 62 percent left the job. In contrast, 41 percent of higher-income mothers stayed on the same wave 4 job throughout the study period, while 46 percent left that job. (Because of missing data, job outcomes are unknown for 15 percent of low-income mothers and 13 percent of higher-income mothers.)

Multivariate analyses of job retention show that job-related characteristics are important predictors of steady employment among low-income mothers.⁸ In particular, having employer-provided health insurance in one's own name significantly reduces the rate of leaving jobs, both compared with not having any health insurance and compared with having other kinds of health insurance. With all personal and other job characteristics being equal, mothers with employer-provided health insurance are nearly three times more likely to stay on the job compared to mothers with other types of health insurance. Wage levels are also important for job stability: the higher mothers' hourly wages are, the less likely they are to leave the job. The importance of employer-provided health insurance and wages are also found for higher-income mothers. This illustrates that mothers working in relatively high-quality jobs with health benefits are more likely to remain in the same job over time than those who work for very low wages or work without health benefits.

While many low-income mothers work in service jobs, health-service jobs tend to be more conducive to steady employment compared to other jobs, especially to sales, clerical, or production jobs. Prior job tenure is important as well: other characteristics being equal, low-income mothers who have been on the job for less than a year are most likely to leave the job, while those who have been on the job for several years are likely to continue to stay on the job. Once job characteristics are accounted for, very few personal or family characteristics—race/ethnicity, education, marital status, number of children, and presence of preschool children—have significant impacts on job retention among low-income mothers. Yet, mothers' own health status remains significant: having any type of health problem is a critical barrier to steady employment among both low-income and higher-income mothers.

⁷ Other studies suggest that many low-income mothers also prefer relative care because of its flexibility, accessibility, and cultural similarity in child-rearing practices (Fuller et al. 2002; Levine Coley et al. 2001).

⁸ The study estimates discrete-time hazard models of leaving the wave 4 job to analyze mothers' job retention, utilizing time-varying information on personal, family, and job-related characteristics for each wave of the SIPP.

Table 1. Outcomes of Wave 4 Job among Working Mothers

	Low-Income Mothers (N = 2,609)	Higher-Income Mothers (N = 5,278)
Outcomes of Wave 4 Job (%)^a		
Stayed on the wave 4 job	23.1	41.3
Left the wave 4 job	61.9	45.6
Moved to a different job by the last survey	53.9	39.7
Did not move to a different job by the last survey	8.0	5.9
Unknown ^b	15.0	13.2
Total	100.0	100.0

Note: Percentages are based on weighted data; sample sizes are unweighted totals.

^a Outcomes here refer to what happened to the wave 4 job by the last survey at wave 12 (covering the period from December 1996 to February 2000).

^b 'Unknown' refers to the cases where we observed a woman having a job at wave 4 but we did not have specific information about what happened to the wave 4 job in later waves, mostly because the woman left the survey before ending their wave 4 job.

Source: Institute for Women's Policy Research analysis based on data from the 1996 panel of the SIPP, waves 4 through 12, covering the period of December 1966 to February 2000.

Having any type of regular child care—whether it be relative care, non-relative care, or center-based care—is important for job retention among low-income mothers who have preschool children; the type of care arrangement does not bear much significance.⁹ Similar results are also found for higher-income working mothers. Considering the very small proportion of low-income working mothers receiving child care subsidies, the analysis does not show any significant impact of subsidies on job retention among low-income mothers.

Are Low-Income Mothers Moving to a Better Job When Changing Jobs?

Among a large proportion of low-income mothers leaving the wave 4 job, the majority moved to a new job before the last survey at wave 12 (see Table 1). For the mothers leaving a job, responsibilities related to child care become a critical barrier to moving back to the labor force. According to the study, having a preschool child significantly impedes mothers' move to a new job. Access to child care also makes a difference: compared to not having any regular arrangement or having only parental care, the use of relative care is associated with low-income mothers' move to a new job. For higher-income mothers, compared to not having any regular arrangement, the use of center care helps their move to a new job.

Not all mothers moving to a new job find a better-paying job than their previous one. According to a comparison between the last hourly wage in the wave 4 job and the new job's hourly wage, about 40 percent of low-income mothers move to a new job that offers 10 percent or more increases in hourly wages relative to their last wages (see Table 2). Another 40 percent, however, move to a job that involves a 10 percent or more *decrease* in wages. About 20 percent move to a job that pays about the same wage or less than a 10 percent increase. These relative

⁹ In the study, child care variables are examined in multivariate models only among working mothers who have preschool children, because child care is likely to be a concern more for mothers with relatively young children.

changes in wages to a great extent depend upon the workers' last wages: if they had higher wages in the previous job, they are more likely to move down than to move up with the new job.

Controlling for previous wages, multivariate analyses of wage mobility indicate that education and previous occupation are important predictors of whether low-income mothers move to a better-paying job. Having at least some college education significantly improves low-income mothers' chances of obtaining a better-paying job, for example, with substantial wage growth (25 percent or more). High school graduates, compared to those with less than a high school education, also experience some wage increases (about 10 percent or more), but this level of education does not lead to increases as substantial as those associated with having some college education. The analysis also demonstrates that low-income mothers in food service occupations not only have a relatively high rate of job turnover, but they are also less likely to experience wage increases when they move from one job to another. Importantly, low-income mothers whose last job offered health insurance benefits are significantly more likely to move to a new job that offers wage increases of 25 percent or more. Considering that mothers with employer-provided health insurance are less likely to leave a job, this finding suggests that mothers with employer-provided health insurance may be willing to leave their job only when there are opportunities to improve their wages substantially with job changes.

Table 2. Changes in Hourly Wages among Low-Income Mothers Moving to a New Job

	Ratio of New Wage to Old Wage	Distribution (%)
Increases in Wages	1.50+	15.3
	1.25-1.49	10.2
	1.10-1.24	14.2
No Change	1.00-1.09	20.8
Decreases in Wages	0.90-0.99	17.4
	0.75-0.89	9.8
	<0.75	12.3
	Total (N = 1,403)	100.0

Note: Percentages are based on weighted data; sample sizes are unweighted totals.

Source: Institute for Women's Policy Research analysis based on data from the 1996 panel of the SIPP, waves 4 through 12, covering the period of December 1996 to February 2000.

Policy Implications

Overall, this study on the predictors of low-income mothers' job retention and job mobility illustrates that employer-provided health insurance, child care, and education are critical supports for mothers' retention and advancement. The importance of personal, job, and work support characteristics, however, varies depending on the particular stage of mothers' employment. Sustaining employment, obtaining a new job, and moving up to a better job all pose distinct challenges for low-income women. This means that policies directed toward welfare leavers or low-wage workers need to include diverse support strategies for people in different stages of employment.

For job retention, whether women start out in better jobs with access to health benefits and higher wages has a particularly significant impact. This suggests that for low-income women, job placement strategies aimed at finding a good job, not just any job, are extremely important for sustaining employment. Good jobs, according to the study, entail not just higher wages, but also job-related benefits like employer-provided health insurance. Even in the face of rising health care premiums, we need to develop strategies to encourage more employers to provide benefits to low-wage workers. For those that already provide some benefits, simple changes such as shortening probationary periods and reducing employees' contributions for insurance premiums would improve low-income mothers' access to health insurance, which in turn increases both job retention and upward wage mobility.

Developing regular, stable child care arrangements is also key to low-income mothers' ability to keep their jobs. While the study did not find a significant effect of child care subsidies on job retention (likely due in part to the very small number of women in the sample who received subsidies), it is possible that more financial assistance with child care costs would allow low-income women to establish regular child care arrangements that would be more supportive of steady employment. Administrative complexities in acquiring and maintaining eligibility for subsidies in many states, as well as high co-payment rates, may discourage low-income women from utilizing this critical support system. Having preschool children or lacking regular child care makes it difficult to find a new job. More financial support for child care while seeking employment is important for low-income mothers' continued participation in the labor force. Expansion of Head Start and public pre-kindergarten would also provide important supports to working mothers.

The findings of this study suggest that for low-skilled or less-educated workers to obtain a good job, policy efforts providing opportunities for advanced education and job training should be emphasized. Such efforts could significantly improve mothers' chances of obtaining good jobs, by moving job seekers into different segments of the labor market. Job training for health-related occupations, for example, would move women into a labor market with more stability. Carefully designed job placement strategies can also help workers get into a line of work that does promise some upward mobility; education and training programs can provide essential opportunities to enhance their human capital along that path. Public policies can give workers critical assistance in targeting jobs that will work, both for immediate income and for long-term stability and economic self-sufficiency.

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