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The Income Packages of Low-Income Families with Children

ABOUT THIS REPORT

This report is part of a long-term research project analyzing the well-being of low-income families, which was funded by the Ford Foundation for many years. The Russell Sage Foundation also provided a generous grant to support a portion of the research, while the Annie E. Casey Foundation, the Charles Stewart Mott Foundation, and the Ms. Foundation for Women supported the publication of the study. In accordance with procedures established by the Institute for Women's Policy Research, this report has been reviewed by individuals other than the authors. The views expressed in this report are the sole responsibility of the authors and do not necessarily reflect the views of the Institute or any of its sponsors.

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Survival at the Bottom: The Income Packages of Low-Income Families with Children

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With the publication of this report, the Institute for Women's Policy Research releases another volume in a series of studies analyzing the survival strategies of the low-income population in the United States. (Earlier volumes include: *Combining Work and Welfare: An Alternative Anti-Poverty Strategy*, 1992; *Welfare that Works: Increasing AFDC Mothers' Employment and Income*, 1995; and *Food Stamps and AFDC: A Double Life-Line for Low-Income Working Single Mothers*, 1996.) This study took several years to complete and many individuals contributed to the research, writing, and production of the report.

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Notwithstanding all the help we have had in producing this report, any errors of commission or omission, of course, remain our own. We hope this report will help advocates, researchers, and policymakers better understand the lives of low-income working parents. The gendered lens that we have tried to use in this research reveals the difficulties these parents face in combining paid work and child rearing, especially in the absence of crucial social supports, such as child care and health insurance. As always, we believe that truly understanding the work women do provides a more complete and accurate picture of society and helps to construct more relevant and effective public policy.

Heidi Hartmann, Ph.D., IWPR, and Roberta Spalter-Roth, Ph.D., American Sociological Association.

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THE INCOME PACKAGES OF LOW-INCOME FAMILIES WITH CHILDREN

EXECUTIVE SUMMARY

Despite two decades of debate on the effectiveness of our public assistance programs, the survival strategies of low-income families are still not well understood by policy makers and the general public. This lack of understanding often translates into policy proposals based on stereotypes of low-income families. Many proposals characterize low-income families as non-working families and, therefore, impose work requirements and set time limits on the receipt of public assistance. Some proposals call for marriage as a solution to poverty because of the perception that low-income families are primarily single-mother families who depend on welfare for survival. Other proposals support family caps (limits on benefits to a family that has another child while on welfare) based on the assumption that public assistance creates a monetary incentive for childbearing and, therefore, leads to higher fertility rates in poor families than in non-poor families. Most of these misconceptions were incorporated into the 1996 welfare reform legislation. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was designed to discourage dependence on government benefits and encourage dependence on paid employment and marriage. It replaced the federal entitlement program, Aid to Families with Dependent Children (AFDC), with a state block grant, the Temporary Assistance to Needy Families (TANF) program. TANF establishes mandatory work requirements and introduces cumulative time limits on the receipt of cash public assistance.

The Institute for Women's Policy Research (IWPR) contributed to the debate prior to the 1996 reform legislation by researching the working lives of AFDC recipients. This research showed that the economic survival of poor families receiving public assistance depends on "income packaging," that is, receiving income from a variety of sources including earnings, income from family members, and public assistance. Even with considerable work effort and several sources of income, working

AFDC recipients were still poor. These findings called into question the desirability of policies seeking to limit or eliminate cash public assistance to poor single mother families.

This study builds on previous IWPR work and provides information on the income packaging strategies and outcomes for a variety of low-income families with children in the United States during a time period prior to the welfare reform legislation of 1996. The study is organized around three major themes: (1) the diversity of family structures; (2) the income generating activities of low-income families; and (3) the economic well-being of low-income families. It provides a rich array of data on family income packages and well-being during the late 1980s and early 1990s. Moreover, it provides a baseline for evaluating the economic well-being of families in the post-welfare reform environment and for assessing the impact of welfare program changes and other public policies on achieving the goals of increased earnings, decreased poverty, and increased income security.

Data and Sample

The data set used in this study is generated from the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP). The SIPP provides comprehensive, longitudinal information on the family structure, labor force activity, income sources and amounts, participation in government programs, and the duration of poverty and employment spells of individuals, families, and households. This study included SIPP panels from the years 1986, 1987, 1988, and 1990. As a result of combining these SIPP panels, this study covers the time-frame from the mid-1980's through the early-1990's.

The SIPP provides both cross-sectional views of respondents' lives at discrete points in time as well as a longitudinal history of changes in their economic circumstances and household relationships over several years. It is especially useful for

studying the conditions that result in varying combinations of earnings, welfare receipt, and other income sources. This study sample includes all low-income families with children under 18 years of age living at home. These families had incomes below 200 percent of the official poverty line or received means-tested government benefits during either of the two years of each panel under study.

Key Findings

Low-income families show a strong commitment to the labor market. Single parents head 40 percent of the low-income families in our sample, while married couples head 47 percent. The remaining 13 percent changed marital status during the study period. Of the single-parent families, the vast majority (92 percent) are headed by single mothers, more than half of whom (54 percent) depend primarily on earnings from labor market activity. The remaining 46 percent either rely on AFDC as a major source of family income or combine AFDC receipt with earnings from market work. Low-income, married couples who are supported primarily by the income of one spouse make up one-fourth of our sample, while equitable-earner couples comprise about 16 percent. Many parents combined long hours at low wage jobs with the primary care of children. Although most of the single-parent and two-parent families in our sample depend on the labor market for a majority of their income, government benefits remained crucial to many of these families. Public supports were especially important for the single parents and married couple parents who could not work full-time for various reasons. For those parents who worked fewer hours, disability was the primary cause.

Many low-income workers do not have health insurance. Having adequate health insurance is a concern for all low-income families. Moreover, we find differences in the sources of health insurance and the months of coverage for the families in this study. In particular, we find that families not receiving AFDC often have no health insurance for months at a time. In contrast, the welfare-reliant mothers were covered for 23 out of the 24 months in the survey, almost exclusively

by public insurance. The job/welfare-reliant mothers and the welfare-reliant married-couple families were covered for an average of 20 months, mostly with public coverage, but with about five months of private coverage as well. Worst-off were the marginal-earner married couples, who received welfare for fewer than two months and received earnings very sporadically. They spent an average of eleven months without any health insurance coverage. The low number of low-income families with health insurance has important implications for welfare reform, suggesting that those who move off welfare will usually lack health insurance.

Child care costs are high for working, low-income families. Child care costs constitute a significant proportion of the incomes of poor working mothers, further reducing their ability to escape poverty through paid employment. For those who use paid child care, the cost takes about 30 percent of married mothers' earnings and 20 percent of single mothers' earnings. It is commonly believed that employed single mothers are more likely than married couples to call on relatives for child care; however, a substantial proportion of the care provided by grandparents and other relatives is paid, while married women are more able to rely on husbands for child care. As a result, about the same proportion (40 percent) of working mothers pay about the same amount for childcare, whether married or single, and whether or not they received AFDC. With a high proportion of mothers' earnings going toward child care expenses, former welfare-reliant families will not be able to escape poverty through employment. Insofar as mothers with low earning ability are more likely to work when they have access to free child care, the importance of child care subsidies that assist low-income working mothers to obtain the child care necessary to support their employment is clear. Simulating the effect of child care subsidies on the poverty status of low-income employed mothers, we find that child care subsidies would decrease the poverty rate of working parents who also receive welfare from 52 percent poor to 34 percent poor. The poverty rate for the families of single job-reliant mothers would decrease from 15 to 8 percent. Married, low-income mothers, who are the least likely to be poor, would see their families' poverty rate decline

from 5.4 to 3.3 percent. The poverty reducing impacts of child care subsidies support arguments made by poverty researchers and women’s advocates that such subsidies are critically important to work-based welfare reform strategies.

Low-income families do not have more children than the average American family. On average, the number of children (1.8 per family) in low-income families reflects the national trend toward smaller-sized families. The emphasis that policymakers have placed on fertility rates among low-income families encouraged us to examine family size and fertility rates across various family types. Despite persistent stereotypes of the high fertility rates of low-income single parents, we find that single mothers in this sample have fewer children than the other family types (1.6 on average). Those single-mother families that rely on employment have slightly fewer children than those who rely on AFDC; yet, the vast majority of all single-mother families are rather small. Married couple families, on the other hand, have slightly more children than single mother families (2.1 on average).

Low-income men face a different and better-paying job market than do low-income women. When we examine labor force participation, work patterns, and the characteristics of the jobs held by parents in low-income families, we find that men face a different job market than do women. Substantial sex-segregation in the low-wage labor market has serious implications for policies emphasizing employment as the path to “self-sufficiency” for poor mothers. On average, the fathers have higher hourly wages and are in different types of jobs than are the mothers. Despite similar levels of education, working single mothers earn 71 percent of the hourly wages of working single fathers. All demographic groups of low-income mothers in this study, even those with above average education for this population, are concentrated in low-paid “women’s jobs” that do not pay enough to support their families above the poverty level, even when they are employed full-time, full-year. Such occupational sex-segregation translate into a \$5,000 earnings gap annually between low-income men and women with similar educational profiles and hours of work. Employment-based

policies designed to move women and their children out of poverty must address gender-based occupational segregation by enabling women to enter nontraditional, higher paid jobs, and/or providing income support when women work in low-wage jobs.

Contributions from family members and private charities cannot replace the need for government assistance. Some proponents of welfare reform have suggested that reform should encourage recipients to rely more on family members and non-profit social service agencies instead of government benefits. Our results suggest that welfare recipients already rely on family members for a large proportion of their incomes. Further, our study shows that charities contribute little to these families’ incomes and it is unlikely that charities will have the capacity to replace many government benefits.

Low-income families depend on multiple income sources. All low-income families receive income from at least two out of three sources: income from mother’s or father’s paid employment, receipt of cash or cash-like means or non-means tested government benefits, and income from other family members (earnings or government benefits received by other adult family members). The relative importance of each source, however, varies among family types. This reflects, in part, gender differences in both earnings and the receipt of benefits from means-tested and non-means tested government programs. Earnings are relatively more important in the income packages of married-couple families. Single-mothers rely more on other income sources, such as means-tested government programs or income from other family members. The higher earnings of married-couple families reflects their ability to rely more on the earnings of higher paid males as well as mothers’ earnings. Moreover, fathers are more likely to receive benefits from non-means-tested government benefit programs (such as Unemployment Insurance [UI]), which generally provide higher benefits than means-tested programs (such as AFDC). Single mothers have lower earnings and are more likely to receive means-tested government benefits. Their reliance on these benefits is important because there has

been a dramatic decline in the number of families receiving means-tested government benefits, including in-kind benefits from Food Stamps and Medicaid as well as cash public assistance following the passage of welfare reform legislation in 1996. This raises concerns about future access by single mothers' to these in-kind benefits, especially those who are working in low-wage jobs that do not provide health insurance. It also suggests that women's access to non-means-tested programs, such as UI, is becoming even more important.

Employment precedes marriage for African American single-mothers. Recent discussions of welfare reform focus on the marital prospects of single mothers who are receiving welfare. We examined the employment characteristics of mothers who remained single and mothers who married during the 24 months of the survey. Among those who married, 70 percent of African-American mothers were employed before marrying. For other racial and ethnic groups, the mothers who married also had higher employment rates than those who remained single, but the gap is much smaller than that of the African-American mothers. White single-mothers were the only racial/ethnic group where the mothers who married were less likely to be employed than those who remained single. These findings suggest that African-American mothers are less likely to use marriage as a route out of poverty than are white mothers. Instead, paid employment appears to increase their chances of marrying. Their paid employment also decreases the likelihood of poverty for their families before and after they marry.

Marriage is linked to human capital levels. We also find a connection between human capital and marriage patterns that challenges the popular notion that marriage provides a secure route out of poverty for single mothers. Among the mothers and fathers in married-couple families, those with the highest earnings potential (i.e., those with more education and fewer disabilities) tended to marry each other. That is, more "marriageable" males tend to be married to women with similar characteristics, thus improving each others' job-reliant economic status. This appears to be a particularly important pattern among African

American couples. The economically best off African American women are the most likely to marry. African American husbands experience the highest unemployment rates (8.5 percent) among all husbands and are the only group with lower education levels than their wives. They have the lowest earnings on average (\$1,203 per month) among all low-income husbands. In contrast, African American wives have the highest employment rate (55 percent) and the highest monthly earnings (\$529) among all low-income wives in the study. Earnings from their paid employment contribute about 25 percent of the total family income, while the rest of family income comes from husbands, other family members, and government benefits.

Income is linked to human capital levels. Our findings suggest that, while families with earnings are generally better off economically than those without earnings, employment does not provide the entire solution for these families, especially given their human capital levels and the types of jobs and limited opportunities available to women. Due to the current policy emphasis on employment as the solution to poverty, we pay special attention to employment characteristics of low-income parents and the factors affecting the employment status of low-income mothers. We examine various aspects of human capital, including educational attainment, job training, work experience, and disability of mothers and fathers in the different family types in the study and find that human capital characteristics are closely associated with the employment and earnings of the low-income parents in our sample just as they are for workers in general. Parents who are more dependent on employment, rather than welfare, for their families' income packages have the highest levels of education and work experience and the lowest levels of disability. Our results suggest that employment is more likely to provide adequate economic support among families with higher human capital. Men and women who rely on government benefits may not have the skills they need to support themselves and their families on earnings alone. Many single mothers appear to use welfare as a means to increase their human capital so that they may become job reliant. Over one-third of single-mother AFDC recipients are enrolled in school (part- or full-time) during the study

period and the same proportion receives job training. Current welfare reform policies that restrict the time and activities that can be devoted to training and education for welfare recipients may reduce single mothers' ability to build human capital and limit their ability to become economically self-sufficient through employment.

Conclusions and Recommendations

Our research counters many misconceptions about low-income families. This study shows that low-income families are more likely to be two-parent families than single-parent families; display a strong commitment to the labor force; and have average fertility rates. In our sample, the vast majority of low-income families work; they are poor because they are low skilled, earn low-wages, and receive few benefits through employment.

Our research shows the importance of public support for many low-income families. Government can provide wage support by establishing

a higher minimum wage, supplementing low wages, and allowing eligible working families to receive some welfare benefits without exhausting their lifetime limits.

Government also has the opportunity to support low-income workers in their efforts to increase their human capital and qualify for jobs that can provide their families with sufficient income and benefits. It is crucial for government to combat racial and gender discrimination by reducing job segregation and enforcing equal employment opportunity laws to ensure that all low-income workers are paid fairly, have equal opportunity, and are rewarded for improving their skills.

Finally, government can improve the well being of low-income families by increasing access to health insurance and ensuring that child care subsidies are available for all eligible children. Our research confirms that future welfare reform must recognize the efforts of low-income parents who work and provide the supports necessary for their efforts to lead to economic security, not merely survival at the bottom.

THE SURVIVAL STRATEGIES OF LOW-INCOME FAMILIES

Throughout the past decade, welfare reform has been one of the most hotly debated and widely studied domestic policy issues in the United States. A great deal of this discussion has focused on the Aid to Families with Dependent Children (AFDC) program, the cash public assistance (or welfare) program established in 1935 to assist poor, single-mother families. Beginning in the late-1980s, this program became the subject of a number of policy initiatives designed to raise the labor force participation of poor, single mothers and replace public assistance with market earnings (Albelda 1999).

The Institute for Women's Policy Research (IWPR) has contributed to the debate by extensively researching the working lives of AFDC recipients (see, for example, Peterson, Song and Jones-Deweever, 2002; Spalter-Roth, Burr, Hartmann, and Shaw 1995). This research shows that the economic survival of poor families receiving public assistance depends on "income packaging," that is, receiving income from a variety of sources including both public assistance benefits and earnings. These findings question the desirability and feasibility of policies seeking to limit or eliminate cash public assistance to poor, single-mother families.

This study expands on IWPR's previous research by focusing on how different types of low-income families with children use various economic resources and survival strategies to provide for their families. The economic resources available to these families include earnings from the labor market, benefit payments from the state or federal government, and money received from family members and friends. We analyze the income packages of a variety of low-income, single-parent and two-parent families with children, providing baseline information on their economic survival strategies from the mid-1980s through the early-1990s. This

study's findings have important implications for evaluating recent changes in the welfare system—particularly those associated with the landmark welfare reform legislation of 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)—designed to encourage less dependence on government benefits and more dependence on paid employment and marriage.¹

The intertwined topics of this study include the diversity of low-income families, their income-generating activities, and their economic well-being. These topics continue to generate political debate about the relative importance of personal responsibility and the role of government programs to assist society's most vulnerable citizens. What some call "family diversity," others call "family breakdown." What some see as legitimate "income support," others see as "pathological dependence." What some call "reinforcing the work ethic," others call "workfare slavery." With this report, our goal is to offer empirical data that will prove useful to individuals—whether they be policy-makers, researchers, or activists—with a range of perspectives on these issues.

Throughout this study, we compare the income-packaging strategies of several different types of families with minor children, including single-parent families and two-parent families that depend primarily on employment and those families that depend primarily on welfare. The strategies these families pursue are constrained by labor market conditions; the gender-based division of labor in many families; race and gender discrimination in employment; family and social networks; the availability of child care and other community resources; and a variety of public policies. As we will see, particular public policies can benefit workers of different races, ethnicities, and genders in different ways, just as they can benefit families of various types in different ways.

¹ The changes in the welfare system mandated by PRWORA included replacing the federal entitlement program (AFDC) with a state block grant, the Temporary Assistance to Needy Families (TANF) program, which established mandatory work requirements and placed cumulative time limits (five years at the federal level) on the receipt of cash public assistance (see Greenberg, et al. 2000).

Family Diversity

The diversity of family structure has increased tremendously in the United States over the past several decades, a phenomenon that has generated extensive debate on the meaning of “the family,” desirable family forms, and the appropriate role of the government with respect to family life. Because these discussions have strongly influenced welfare reform policy, family structure is examined in detail in this report.

Although U.S. families have changed in a number of ways, the increase in the number of families headed by dual-earner couples and single parents has been particularly important. The share of U.S. families with two earners increased rapidly in the 1970s and 1980s, reflecting the dramatic increase in the labor force participation of married women with children (Blau, Ferber, and Winkler 1998). Although the increased employment of mothers was, in many cases, a response to increasing opportunities for women in the work place, it was also a response to declines in the real earnings of men. The median wages for men working full-time, year-round declined in real terms from the early 1970s to the early 1990s. Family income remained relatively stable only because the increase in women’s earnings cushioned the decrease in men’s earnings (Mishel and Bernstein 1995).

Despite the economic necessity of a second income for many families, the growth in dual-earner families has been associated with increased anxiety about the “decline” of the “traditional” two-parent, single-earner family (Zimmerman 1994). Moreover, many analysts of the status of African American families have raised concern that, because of their low earnings, low-income black men may seem less relevant to their families’ survival, and fatherhood is being diminished as an important social and economic institution in these communities (Darity and Myers 1995; Tucker and Mitchell-Kernan 1995).

Single-parent families are also increasingly common in the United States, especially those headed by women. This trend also continues to receive intense social and political scrutiny. There is great concern about the economic well-being of single-mother families, because these families have

relatively low incomes and a relatively high incidence of poverty. In addition, there is concern that growing up in a family with only one adult may have long-term negative consequences for children (Blau, Ferber, and Winkler 1998). Political conservatives have been particularly vocal in arguing that the increase in births to non-married women and women’s ability to survive economically without husbands (through welfare benefits and/or increased labor force participation) have caused a series of social ills (Besharov 1993; Murray 1993; Fagan 1995).

This study shows that poverty is experienced by all types of low-income families, whether single or two-parent, especially when they depend on a single income-generating strategy. It shows the importance of earnings from both men and women, as well as the importance of government benefits and earnings from other family members besides the parents, in the income packages of the poor and near poor.

Income-Generating Activities

Income from the Labor Market

Given the current public policy emphasis on participation in the labor market, this report pays special attention to the employment patterns and job characteristics of low-income parents, both fathers and mothers. During the 1980s and 1990s, it was especially difficult for male workers with a high school diploma or less to support their families even at a moderate standard of living. These workers experienced falling real earnings and increasingly unstable jobs. A number of factors contributed to the increased instability in the low-income labor market, including: increased global competition (Freeman 1994); continued deindustrialization of the domestic economy (Bluestone, Stevenson, and Tilly 1994); ongoing decline in union membership (Mishel and Bernstein 1995); heightened importance of racial discrimination against black men (Kirschenman and Neckerman 1991); skills mismatch (Holzer 1995); and deteriorating employment conditions (Blank 1995). Because of the potential importance of a father’s earnings to his family’s economic well-being, this study examines the labor market experiences of low-income fathers, both single and married.

Although women's wages at the low end of the earnings distribution did not experience the same declines as men's wages, women continue to earn less than men. This disparity is a critical issue for married mothers, who often contribute significantly to family income, and single mothers, who are typically their family's sole "bread-winner." To shed light on how earnings disparities between women and men affect low-income families, this study examines the differing employment patterns and labor market outcomes of mothers and fathers (married and single). Furthermore, because working parents often require child care services, this study also examines what kinds of child care are used by low-income families, how much it costs, and what percentage of families could escape poverty if more child care subsidies were available.

Income from Government Programs

Income from government programs takes a variety of forms in the United States. There is a particularly important distinction between programs that are "means-tested" (i.e., an individual or family must have income below a certain level to qualify for benefits) and "non-means-tested" (i.e., qualification for benefits is determined by criteria other than income). Benefits from means-tested government programs (such as AFDC/TANF and Food Stamps) are typically viewed as "welfare," and recipients are seen as less deserving than those who receive benefits from non-means-tested programs (such as Social Security and unemployment insurance). Whereas many liberal analysts argue that poverty rates would be higher without means-tested government programs (see, for example, Primus 1996), conservative analysts argue that welfare benefits actually increase poverty by discouraging marriage and by creating a culture of dependency that deters people from accepting low-wage work (Taner 1994; Murray 1984).

In this report, we examine the contribution of all cash and cash-like government benefits to families' income packages, without labeling some income sources as "deserved" and others as "undeserved". We analyze how much of the family income package comes from each income source and how much its value helps reduce poverty. We also examine how the receipt of government ben-

efits varies by gender, because many researchers have pointed out significant differences in the type and value of benefits available to women and men (Lapidus 1999; Abramovitz 1996; Nelson 1990).

Economic Well-Being

Given the difficulties faced by low-skill, low-wage workers in supporting their families on their wages alone, many researchers have warned of increased hardships for a growing number of poor families in the wake of recent welfare reform initiatives that limit access to mean-tested government benefits and education and training while requiring employment (Holzer 1996; Blank 1997; McMurrer, Sawhill, and Lerman 1997). This study investigates the economic well-being that resulted from the variety of income packages that low-income families put together in the years prior to welfare reform. The study shows the income insecurity that different family types experienced, the ways in which these families' poverty status would have been different without each of the major income sources in their packages, and the changes in well-being that resulted from changes in marital status.

Although economic well-being can be assessed in many ways, we examine a family's economic well-being primarily in terms of its poverty status. In the United States, the official measure of poverty establishes a dividing line (or "poverty threshold") between those individuals or families considered to be poor and those considered to be non-poor. By comparing an individual's or family's gross cash income to this threshold, we can determine who is poor and non-poor. The official poverty measure has been criticized for several reasons, including questions about which income sources and expenditures should be taken into account and who should be included in the unit of analysis (Shaw 1999; Citro and Michael 1995; Renwick and Bergmann 1993). It is beyond the scope of this report to fully address these criticisms. Nevertheless, we use two measures of poverty to assess the economic well-being of families in this study: the official measure and a modified measure that includes the cash value of two in-kind (non-cash) government benefits—Food Stamps and benefits from the Women, Infants, and Children (WIC) program.

Study Questions

In this study we place low-income families with children at the center of the analysis to examine how parents combine income sources to survive. We compare single-mother families, contrasting those that depend primarily on job earnings with those that rely on welfare, with married-couple families, contrasting couples in which one parent works and earns considerably more than the other with those in which parents have more similar earnings. We focus on a family's ability to pull together income sources to improve economic well-being. For married mothers, this income package often includes their own earnings and their husbands' earnings; for single mothers, it often includes income from government programs or from other family members. This study also examines the income packages of single fathers and the income sources that married men contribute to their families' income package. Families are described as "job reliant" when wages from paid employment constitute a major share of their income and as "welfare reliant" when means-tested government benefits constitute a major share of their income.

We note that achieving economic "self-sufficiency" requires "dependence" on one or more income sources, whether job earnings, income from other family members, or government benefits. Yet, only one type of dependency (on government) is often considered "pathological dependency" whereas other types (on job and/or on family) are widely regarded as positive forms of dependency that should be encouraged. In this study, the source or sources of dependency are regarded neutrally. We find that most low-income families rely on more than one income source. Having several dependencies likely reduces the impact of the loss of any one source and, therefore, potentially reduces the likelihood of exploitation in the labor market,

dependence on a violent spouse or partner, or the stigma of being "on welfare" (Spalter-Roth and Hartmann 1993).

This study addresses questions about family structure, income packages, and economic well-being. These include:

1. What family structures are most prevalent in low-income families with children? How do these structures vary by race and ethnicity?
2. Where do these families get their income? What portion and how much comes from the labor market, from the government, from other family members, or from miscellaneous sources?
3. What kinds of government benefits do these families receive? How do mothers' benefits compare with fathers' benefits?
4. What are the characteristics of the jobs that these mothers and fathers hold? How do mothers' jobs compare with fathers' jobs?
5. Which factors increase or decrease the likelihood that mothers will include earnings from their own employment in the income packages they put together?
6. What kinds of child care do working mothers use? How much does it cost?
7. How much income insecurity do these families experience? How often do they cycle in and out of poverty? How much upward mobility do these families experience?
8. What is the level of economic well-being in these families? Which income sources are the most important in enabling different types of families to escape poverty?

DATA, SAMPLES, AND DEFINITIONS

Our exploration of these questions provides a rich array of data on family income packages and well-being before the 1996 changes to the welfare system. This study provides a baseline for evaluating the economic well-being of families in the post-welfare reform environment and for assessing the effect of welfare program changes, and other public policies, increasing earnings, decreasing poverty, and increasing income security.

The data set used in this study is generated from the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP). The SIPP provides comprehensive, longitudinal information on the family structure, labor force activity, income sources and amounts, participation in government programs, and duration of spells of poverty and employment for individuals, families, and households. The SIPP is a panel survey that interviews participating households every four months (each interview cycle is known as a "wave") over a 32-month period. It samples the civilian non-institutionalized population of the United States.

The SIPP provides both a cross-sectional view of respondents' lives at discrete points in time as well as a longitudinal history of changes in their economic circumstances and household relationships. It is especially useful for studying the conditions leading to varying combinations of and transitions between paid work, welfare receipt, and other income sources.

The SIPP includes "core data" and "topical modules." The "core" of the survey includes questions that are asked at every interview. Most questions ask about each of the four months preceding the interview date. Some important elements of labor force activity, however, are recorded separately for every week of the period covered by the interview. In addition to the core data, the SIPP also includes "topical modules," detailed information on specific subjects such as welfare history, marital

history, employment history, assets, and so forth. In this study, we use data from the topical as well as the core modules.

To enhance the sample size for the different types of low-income households, we used four panels of the SIPP. These include the 1986, 1987, 1988, and 1990 full panels of the survey, from which we drew information from the first 24 months of these surveys. By combining these SIPP panels, we designed the study to cover the time frame from the mid-1980s through the early-1990s.

The study sample includes all low-income families with children under 18 years of age living at home. These families had incomes below 200 percent of the official poverty line or received means-tested government benefits during either of the two years under study, which means they represented approximately the bottom 40 percent of all families with children.² Using these criteria to select the sample, we include families who belong to varying strata—the working poor, the non-working poor, and the near poor.

We compare single and two-parent families and divide them into sub-groups by the sources of their income—AFDC, paid employment, or both. The female-headed, single-parent families are divided into those who received a major share of their income from AFDC and little from paid employment (the "welfare reliant"), those who relied on both AFDC and earnings from paid employment (the "job/welfare reliant"), and those who primarily relied on paid employment or income sources other than AFDC to support their families (the "job reliant"). Because of the small sample size, the male-headed, single-parent families are grouped in one category, regardless of their reliance on welfare or employment.

Among married-couple families, we distinguish between those whose primary source of in-

² According to the March 1992 CPS data, in 1991 families with children who had incomes below 200 percent of the official poverty line made up 38.7 percent of all families with children.

come was AFDC (the “AFDC-UP recipients”)³; those supported predominantly by one breadwinner, usually the husband (the primary/secondary earners); those in which the wife’s earnings as well as the husband’s were major sources of family well-being (the “equitable earners”); and those who had many months without earnings and fewer than two months of AFDC receipt (the “marginal earners”). Each family type is defined in more detail in the Supplement at the end of this chapter.

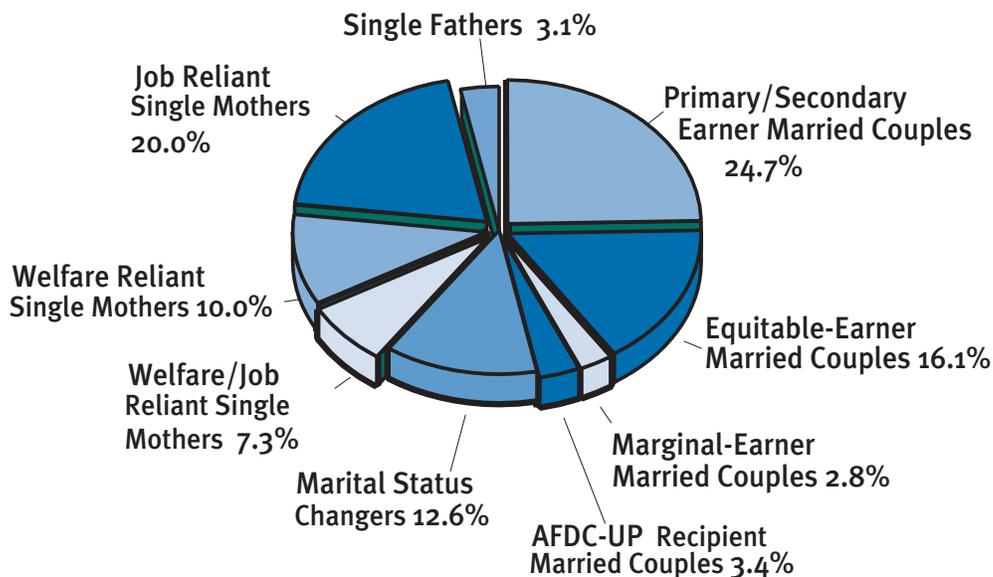
All eight family types had stable marital status over the two years of the study period (and will be referred to as “stable families”). We analyzed separately the mothers or fathers who changed their marital status, about 13 percent of the total number of families in the study. **Figure 2.1** shows the distribution of these family types in the study population.

This classification of families reflects their relative work effort, as measured by participation

in paid employment. **Table 2.1** shows that among single mothers, those labeled job reliant worked the most hours; job/welfare reliant mothers worked substantial hours (almost half-time); and the welfare reliant worked very few hours. Among the married couples, “marginal-earner families” worked the fewest hours, followed closely by “AFDC-UP families.” In “primary/secondary-earner families” the mother worked relatively few hours compared with the father, whereas in “equitable-earner families” both the mother and father worked a substantial number of hours. Low work hours may reflect high unemployment rates, low human capital and potential earnings, high child care costs, and/or the presence of one or more work-limiting disabilities. It is important to note that low work hours do not necessarily reflect voluntary labor market withdrawal. Although the SIPP panels do not ask about willingness to work for pay, they do ask about job seeking behavior, which is substantial among this

³ The AFDC-Unemployed Parent (AFDC-UP) program provided benefits to two-parent families in which a child is deprived of support and care because of the unemployment of a parent. The family’s principal earner is eligible if he or she is: 1) employed fewer than 100 hours per month; or 2) employed 100 or more hours in a particular month if the work is intermittent and the excess is of a temporary nature (U.S. Department of Health and Human Services 1991).

Figure 2.1
Distribution of Low-Income Family Types in the Study



Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Table 2.1
Average Work Hours of Low-Income Families in the Study, by Family Type, over 24 Months

Family Type	Percent of all Low-Income Families	Mother's Work			Father's Work		
		Percent with Work Hours	Number of Hours Worked	Number of Weeks worked	Percent with Work Hours	Number of Hours Worked	Number of Weeks Worked
Single-Parent Families	40.4%						
Single-Mother Families	37.3%	68%	2,688	67.2			
Welfare Reliant	10.0%	11%	140	3.5			
Job/Welfare Reliant	7.3%	100%	1,862	46.6			
Job Reliant	20.0%	84%	3,232	80.8			
Single-Father Families	3.1%				83%	3,612	90.3
Married-Couple Families	47.0%						
AFDC-UP Recipient Families	3.4%	49%	1,533	38.3	67%	2,710	67.8
Marginal Earner Families	2.8%	32%	1,414	35.4	46%	2,492	62.3
Primary/Secondary Earner Families	24.7%	56%	1,574	39.4	96%	4,362	109.1
Equitable-Earner Families	16.1%	100%	3,018	75.5	100%	4,414	110.4
Families with Marital Status Change	12.6%	Data Not Available					

Note: Hours and weeks worked are calculated only for those who worked (those with zero hours are not included).
Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

population. Overall, not including those with marital status changes, two-thirds of the low-income single mothers worked and worked about two-thirds time. About 70 percent of the low-income married mothers worked about half-time, on average. Among the fathers, four-fifths of the single fathers worked about 90 percent of the time. Where as 95 percent of married fathers worked full time, on average. Overall, as **Table 2.1** illustrates, the work effort shown by low-income parents is quite substantial.

Supplement: Defining Family Types

All families included in our sample either had incomes below 200 percent of the poverty line or received means-tested government benefits during either of the two years under study.

Single-Parent Families are families in which the female or male parent remained single during the entire 24-month study period. This category includes mothers, fathers, single grandparents, or guardians who were either never married, widowed, divorced, or separated from their spouses, or married to an absent spouse. Single-parent families

sometimes also included grandparents or other adults in the home.

- **Single-Mother Families** are families with mothers (including female relatives or guardians) who remained single during the entire 24-month study period; about 15 percent were guardians, including grandmothers. Single-mother families are further divided into three types:

- (i) **Welfare-Reliant Families** are families headed by single mothers who received AFDC for at least two months during the 24-month study period and had fewer than 300 hours of paid work. On average, these families received AFDC for 21 months. Approximately 11 percent of the mothers had paid employment, working for only 140 hours on average over the 24-month study period.

- (ii) **Job/Welfare-Reliant Families** are families headed by single mothers who received AFDC for at least two months during the study period and had more than 300 hours of paid work (in wage or salary jobs and/or self-employment). On average, these families received AFDC for

14 months and the mothers worked at paid employment for 1,862 hours (equivalent to almost 47 40-hour weeks or about half-time over the 24-month study period.)

(iii) Job-Reliant Families are families headed by single mothers who received AFDC for fewer than two months. In fact, only about 1 percent of these families received AFDC, on average, for one month during the 24 months. Eighty-four percent of the mothers in this group were employed, working an average of 3,232 hours (equivalent to 81 40-hour weeks). The remaining 16 percent relied primarily on the job earnings of other family members.

- **Single-Father Families** are families with fathers who remained single during the entire 24-month study period. In this group, about 12 percent of the families received AFDC, receiving this benefit for an average of 13 months. Eighty-three percent of the fathers worked at paid employment, working an average of 3,612 hours (equivalent to 90 40-hour weeks) in the two-year period, the highest number of hours worked among all single parents. Approximately one in four were guardians other than biological or stepparents.

Married-Couple Families are families in which the mother remained married to the father during the entire 24-month study period. Approximately 6 percent are guardians (including grandparents) instead of biological or stepparents. Married-couple families are further divided into four types (see the Technical Note below for additional explanation):

(i) AFDC-UP-Recipient Families are families that received AFDC for at least two months. Because these are two-parent families, they are most likely to receive AFDC-UP, the AFDC program for families with unemployed parents. In fact, these families received AFDC-UP for 14 months, on average. In this group, 67 percent of the fathers were employed, working an average of 2,710 hours (equivalent to 68 40-hour weeks), and 49 percent of the mothers in this group were employed, working on average 1,533

hours (equivalent to 38 40-hour weeks) during the 24 months.

(ii) Marginal-Earner Families are families that reported zero earnings for both the mother and the father for the greatest number of months. In fact, 32 percent of the mothers in these families worked an average of 1,414 hours (equivalent to 35 40-hour weeks); 46 percent of the fathers worked an average of 2,492 hours (equivalent to 62 40-hour weeks). Other family members' earnings, food stamps, and non-means-tested benefits (principally Social Security) constituted a substantial share of these families' income packages.

(iii) Primary/Secondary-Earner Families are families in which only one parent, almost always the father, reported earnings for the greatest number of months. Despite having more single-earner months than two-earner months, 56 percent of the mothers in this group worked an average of 1,574 hours (equivalent to 39 40-hour weeks). The 44 percent of couples in this group with non-working mothers most resemble "traditional families" who typically rely on a single breadwinner. The fathers in this family type who worked (96 percent) worked an average of 4,362 hours (equivalent to 109 40-hour weeks, more than full time), during the 24-month study period.

(iv) Equitable-Earner Families are families that reported earnings by both mothers and fathers in the greatest number of months out of the 24 months in the study. In fact, the mothers in these families worked an average of 3,018 hours (equivalent to 75 40-hour weeks), and the fathers worked an average of 4,414 hours (equivalent to 110 40-hour weeks, also more than full time).

Families with Marital Status Change are families in which the parent either got married or became divorced, widowed, or separated over the course of the 24-month study period. These families are categorized based on whether they got mar-

ried, became single, or had more than one marital status change. To avoid double-counting the total number of families when both the mother and the father are in the sample, we use the mother as the family adult because she is more likely to be responsible for the children and is more likely to be in a family with children.

Technical Note: Classifying Married Couples

Married-couple families are subdivided into four types by classifying each of the 24 months in the two-year study period as having either 0 earners, 1 earner, or 2 earners. In addition, each month was classified as having AFDC receipt or not. Families with at least two months of AFDC receipt were classified as AFDC-UP recipients and were not fur-

ther classified. Families with fewer than two months of AFDC receipt were classified according to the plurality of earning-type months. Marginal-earner couples had more 0 earner months than either 1 or 2 earner months. Primary/secondary-earner couples had more months with 1 earner than they had with either 0 or 2 earners. Equitable-earner couples had more months with 2 earners than they had with either 1 or 0 earners. In no case was it necessary that a majority of the months be of the earnings type that characterizes the family's classification. In cases of ties between the numbers of months with 0, 1, or 2 earners, the family was classified as having the type indicated by the highest number of earners. (For example, a couple with 8 months with 0 earners, 8 months with 1 earner, and 8 months with 2 earners, would be classified as an equitable-earner family).

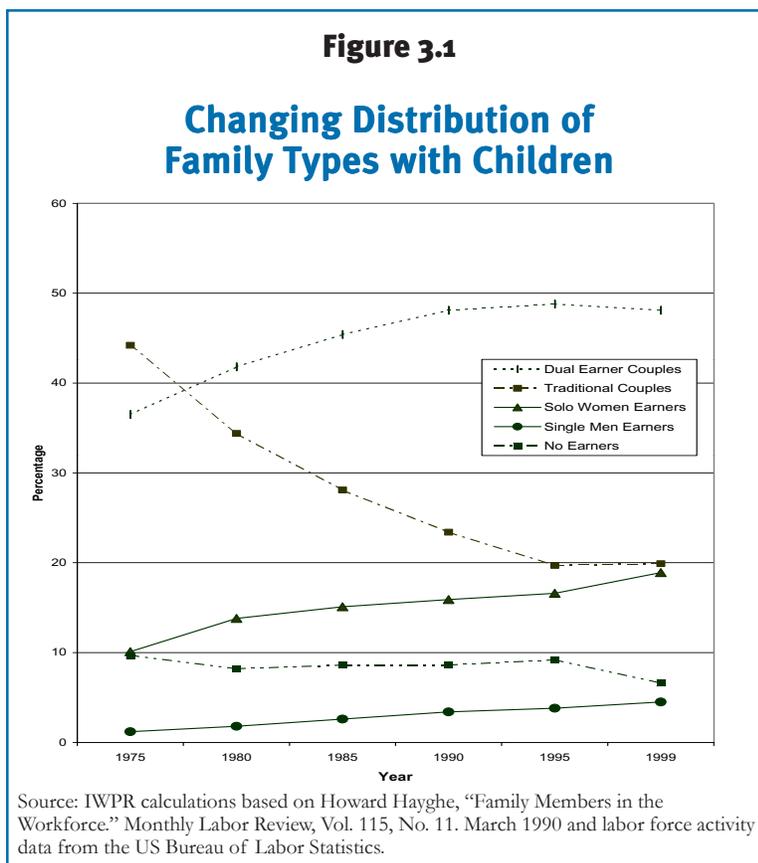
THE FAMILY STRUCTURE OF LOW-INCOME FAMILIES

A large body of social science research links family structure to the economic well-being of families and examines its impact on child development (see Cherlin 1988) for a review of this literature). This literature reflects, in part, concerns arising from the dramatic changes in family structure that have taken place in the United States during the past several decades. **Figure 3.1** shows that among families with children, these changes include the rise of the single-parent family and the two-earner family and the decline of the two-parent, single-earner family. These changes reflect a number of important demographic and economic trends, including a decline in the marriage rate, an increase in cohabitation, an increase in the divorce rate, an increase in the share of births to unmarried mothers, and an increase in the labor force

participation of married mothers (Blau, Ferber, and Winkler 1998).

Although many analysts frame these changes within the context of the growing diversity of families (Zinn and Dill 1994; Zimmerman 1994), more conservative analysts tend to cast these changes in a negative light, using terms such as the “disintegration of the family” (Fagan 1995). The high rates of poverty among single-mother families have led some analysts and policy-makers to promote marriage as a necessary anti-poverty strategy for women with children (Waite 1995). The welfare reform legislation of 1996 places the promotion of marriage and the formation of two-parent families among its primary goals (Greenberg, et al. 2000).

In this chapter we examine the diversity of family types among 15 million low-income families, highlighting both the similarities and the differences that exist across and among single-parent and married-couple families. In addition, we examine the presence of other adults in these low-income families and find that almost half of the single-parent families and one-fifth of the two-parent families in our sample live with other adults at any given point during the survey period. These living arrangements include three-generation families and guardian-child families, which are especially prevalent among single-parent families. These findings further reveal that the label “single-parent family” masks a set of extended and complex family relationships. Finally, we also examine the variation of family types among racial and ethnic groups. According to a number of analysts, scholarship on family structure has not adequately accounted for variations in the domestic experience of women and men of color (Burbridge 1995; Zinn and Dill 1994).



Distribution of Family Types in Low-Income Families

Table 3.1 illustrates the distribution of the study population (i.e., families selected because of their receipt of means-tested benefits or family incomes below 200 percent of the poverty level) by family type. Not surprisingly, because single-mother families are disproportionately poor, they constitute a large share (37.3 percent) of the study population. Given the stereotyping of poor families as “disintegrated families,” it is somewhat surprising that the 7.2 million married-couple families (in which mothers live with their husbands and children for the entire 24-month survey period)

constitute the largest group of family types in the study, at 47 percent of the study population. Within the group of low-income, married-couple families, about 3.8 million families (or 52 percent of all married couples in the study) are classified as primary/secondary-earner families and are the largest single family type of the eight types defined in this study. (Note that only about 1.7 million of these families had only one earner; the rest, 2.1 million, had two earners at some point during the two-year study period.) About 2.5 million low-income, married-couple families are equitable-earner families and had two earners for the greatest number of survey months.⁴ An additional 1 million married couples

⁴ Equitable-earner families may have zero earners during some months and one earner during other months, but to fit this category they must have had two earners for the greatest number of survey months.

Table 3.1
Distribution of Low-Income Families by Family Type

Family Type	Percent of Total Low-Income Families		Percent of Stable ¹ Families
Single-Parent Families¹	6,218,564	40.4%	46.3%
Single Mothers	5,735,793	37.3%	42.7%
Welfare Reliants	1,536,332	10.0%	11.4%
Job/Welfare Reliants	1,117,029	7.3%	8.3%
Job Reliants	3,082,432	20.0%	22.9%
Single Fathers	482,771	3.1%	3.6%
Married-Couple Families¹	7,222,729	47.0%	53.7%
AFDC-UP Recipients	528,903	3.4%	3.9%
Marginal Earners	425,028	2.8%	3.2%
Primary/Secondary Earners	3,792,660	24.7%	28.2%
Primary Earners Only	1,668,770	10.8%	12.4%
Two Earners	2,123,890	13.8%	15.8%
Equitable Earners	2,476,138	16.1%	18.4%
Total Stable Families	13,441,293	87.4%	100%
Families with Marital Status Change²	1,940,248	12.6%	
Mothers Who Change	1,554,477	10.1%	
Became Married	716,185	4.6%	
Became Single	565,442	3.6%	
More Than One Change	272,850	1.8%	
Fathers Who Change	385,771	2.5%	
Became Married	233,354	1.5%	
Became Single	105,195	0.7%	
More Than One Change	47,222	0.3%	
Total All Families	15,381,541	100.0%	

¹ The marital status of these families did not change during the entire survey period; these families are referred to as “stable” families.

² For those groups with a marital status change, if both the mother and the father were selected into the study sample by our criteria, only the mother is retained in this table to avoid double counting when calculating the total number of families.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

either supplement their income packages with AFDC-UP or are marginal earners.

Single parents, considered together, account for 40.4 percent of the low-income population of families with children. These 6.2 million single parents remained single for all 24 months of the study period. Of these single-parent families, the vast majority (5.7 million) were headed by single mothers, most of whom (3.1 million, or 20 percent of the study population) depended on earnings from labor market activity for their families' well-being. The remaining 2.7 million low-income, single-mother families either relied on AFDC as a major source of family income or combined AFDC receipt with earnings from market work.

During the two-year survey period, 12.6 percent (or 1.9 million) of the low-income mothers and fathers in the study experienced a change in marital status. The largest group were mothers who married (4.6 percent), closely followed by mothers who became single (3.6 percent). A small percentage of these parents experienced more than one change in marital status during the two-year study period.

Even those women and men who were single parents for the entire study period were likely to have been married before. **Table 3.2** shows that among all single-mother families, 57 percent of single mothers were previously married; the remaining 43 percent were not. These percentages vary, however, by the type of single-mother family. Welfare reliant single-mothers, who had younger children and were younger themselves, were the least likely to have been previously married (though 44.1 percent were). Job reliant single mothers, the oldest group of single mothers in the study, were the most likely to have been previously married (66.2 percent). Among those single mothers who mixed paid employment with welfare receipt, roughly half were previously married and half were not. In contrast, low-income, single fathers were significantly more likely than single mothers to have been married previously (73 percent).

How does the distribution of low-income families with children shown in **Table 3.1** compare with the distribution of all families with children in the total population? **Figure 3.2** compares the distribution of “stable,” married-couple or single-

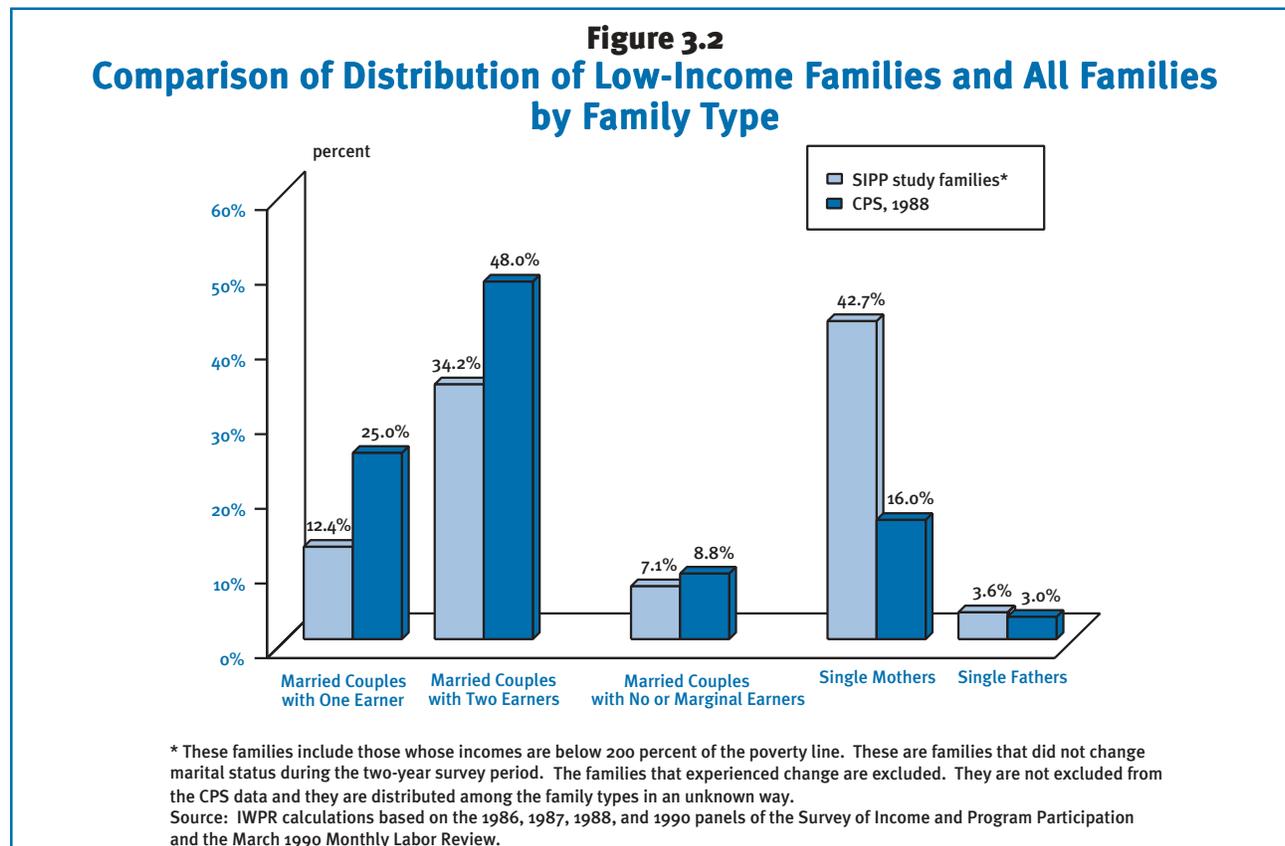


Table 3.2
Demographic Characteristics and Family Structure of Stable Single-Parent Families

	Single-Parent Families ¹					
	Total	Mothers				Fathers
		Total	AFDC Recipients		Non-AFDC	Welfare or Job Reliant
			Welfare Reliant	Job/Welfare Reliant	Job Reliant	
Sample Size (Unweighted)	2,770	2,554	688	474	1,392	216
Sample Size (Weighted)	6,218,564	5,735,793	1,536,332	1,117,029	3,082,432	482,771
Demographic Characteristics						
Parent's Age	32.7	32.2	30.3	29.3	34.3	37.7
Teenage (age 19 or less)	9.1%	9.7%	11.4%	10.7%	8.5%	1.9%
Youth (age 20-24)	15.8%	16.4%	20.6%	24.5%	11.5%	7.6%
Young (age 25-34)	37.6%	38.1%	40.7%	40.9%	35.9%	31.1%
Prime (age 35+)	37.5%	35.6%	27.3%	23.9%	44.1%	59.5%
Marital History						
Percent Previously Married	58.3%	57.1%	44.1%	49.9%	66.2%	73.1%
Percent Never Married	41.5%	42.7%	55.8%	49.7%	33.6%	26.9%
Months of Parenthood	21.3	21.5	22.7	21.6	20.9	18.5
Nativity and Citizenship						
Foreign Born	7.1%	7.1%	6.7%	5.0%	8.1%	6.9%
Non-U.S. Citizen	5.0%	4.9%	5.2%	4.2%	5.1%	5.6%
Race and Ethnicity						
White	44.9%	43.2%	32.5%	42.1%	48.9%	65.4%
African American	38.9%	40.7%	48.7%	44.0%	35.5%	17.2%
Hispanic	14.0%	13.9%	16.9%	11.2%	13.4%	15.0%
Asian and Other Americans	2.4%	2.4%	2.8%	2.6%	2.2%	2.4%
Family and Household Structure						
Number of Children	1.6	1.6	2.0	1.8	1.4	1.2
Age of Children (monthly average)						
Percent of Children Under Age 3	23.7%	24.3%	29.9%	30.7%	19.2%	16.0%
Percent of Children Age 3 to 5	15.8%	16.3%	20.3%	18.2%	13.6%	10.4%
Percent of Children Age 6 to 12	34.0%	34.0%	32.0%	33.8%	35.0%	34.4%
Percent of Children Age 13 to 17	26.5%	25.4%	17.9%	17.2%	32.2%	39.2%
Living Arrangement/ Size of Household (HH)²						
In Three-Generation Family	15.5%	15.9%	19.0%	16.3%	14.2%	10.2%
In Guardian-Child Family	15.6%	14.7%	9.9%	13.1%	17.7%	26.3%
Two-Generation Family	68.7%	69.4%	71.1%	70.6%	68.1%	63.5%
With Other Adults	22.0%	21.0%	18.1%	18.3%	23.3%	33.2%
Without Other Adults	46.7%	48.4%	53.0%	52.3%	44.8%	30.3%
Number of People in HH	3.7	3.7	4.1	3.9	3.5	3.6
Percent with Other Adults (excl. parent) in HH	47.7%	46.7%	42.6%	43.9%	49.7%	60.5%
Months with Other Adults (excl. parent) in HH	11.5	11.2	10.2	10.5	11.9	14.5
Percent with Other Men (excl. parent) in HH	32.5%	33.1%	29.3%	29.5%	36.3%	25.8%
Percent with Other Women (excl. parent) in HH	32.1%	30.5%	30.8%	32.4%	29.6%	51.7%

¹The marital status of these families did not change during the entire survey.

² Monthly average.

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

parent families in our sample from the SIPP—those that did not experience marital status change over the survey period—with the distribution of family types in the 1988 Current Population Survey (CPS). We chose this source because it falls in the middle of the years included in our study population.⁵ **Figure 3.2** shows that, as expected, a substantially larger proportion of single-parent families, especially single-mother families, and a substantially smaller proportion of married-couple families could be found in the low-income population than in the total U.S. population. Our SIPP-based study sample of low-income families has a somewhat larger proportion of single fathers and a much larger proportion of single mothers.

To compare married couples in the SIPP to those in the CPS, we have to adjust our definitions slightly to conform to those used in the CPS. Those couples who reported no earners in the CPS, who might have very high incomes as well as low incomes, are likely to be similar to the marginal earner and AFDC-UP recipients in the SIPP, all of whom had a substantial number of months with no earnings. In the CPS, a married couple with two earners is any couple in which either parent had any earnings during the calendar year preceding the interview. In the SIPP, as we defined it, equitable-earner families met a higher standard, having had many months with both the mother and father working. We added those primary/secondary earners who had any earnings from mothers in the two-year study period (56 percent, according to **Table 2.1**) to the equitable earners in our sample. With these adjustments, **Figure 3.2** shows that each type of married couple is less well-represented in the study sample of poor and near-poor families than it is in the total population. Married couples with only one earner are particularly under-represented among the low-income families.

Numbers and Ages of Children

Some critics of the welfare system have argued that providing additional benefits for additional children encourages families on welfare to have more children. As a result, a number of states

have implemented “family caps” in their welfare programs, stipulating that benefits not increase with the birth of an additional child. The research to date, however, fails to corroborate this purported link between welfare benefits and additional births. The growing consensus in the research community is that the link between welfare benefits and additional births is a weak one at best (Acs 1994; Moore 1995). Our findings also indicate that, even when receiving AFDC benefits, low-income, single-mother families had relatively few children.

According to the U.S. Bureau of the Census, by 1990, the average family had approximately 1.8 children, down from 2.3 children in 1970. Married-couple families had 1.9 children, on average, whereas female-headed families had 1.7 children; father-only families had an average of 1.5 children (Lugalia 1992). **Tables 3.2** and **3.3** provide comparable data for our sample of low-income families based on the SIPP data. Our study sample represents families with 28.4 million children, averaging 1.8 children per family, which was exactly the national average in 1990. Our findings show that low-income, single-mother and single-father families had slightly fewer children (1.6 and 1.2, respectively) than the average for all families (1.8), whereas the low-income, married-couple families had more children (2.1) than the average for all families.

Single-Parent Families

As **Table 3.2** illustrates, the number and ages of children across different types of single-parent families varies. (It is important to note that some “single parents” in the sample are not biological or adoptive parents but guardians, some of whom are grandparents or other relatives.) Welfare-reliant single mothers had more children (2.0) than job-reliant single mothers (1.4) or those that combine welfare and earnings (1.8). In addition, job-reliant single-mothers were older and had older children, on average, than those who relied at least partially on welfare benefits did. At 34 years of age, single mothers who relied on earnings were relatively old and were almost as likely to have teenagers as they

⁵ The 12.6 percent of SIPP families that experienced a marital status change are excluded from **Figure 3.2**. In contrast, the CPS data include families whose status changed during the previous two years, but their distribution across family type is unknown.

were to have pre-schoolers (32 percent and 33 percent, respectively). Only married mothers in marginal-earner families were older than the job-reliant single mothers and had even fewer children under six.

In contrast, single mothers who relied on welfare were the youngest mothers, on average, although only 11 percent were “teen” mothers (19 years of age or younger) compared with 9 percent of single mothers relying on jobs. Half the welfare-reliant single mothers had children under age

six. Although these young mothers may not have yet completed their families, the crucial finding from a policy perspective is that while on welfare, these women had an average of two young children. Consequently, the availability of affordable child care for young children may be an important barrier to employment for these mothers.

Married-Couple Families

Table 3.3 illustrates that, as with the low-income, single-mother families, greater employment

Table 3.3
Demographic Characteristics and Family Structure
of Stable Married-Couple Families

	Married-Couple Families ¹				
	Total	Non-AFDC			
		AFDC	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Mother's Demographic Characteristics					
Mother's Age (years)	33.1	33.6	41.1	32.5	32.5
Teenage (age 19 or less)	2.3%	4.8%	2.7%	2.7%	1.2%
Youth (age 20-24)	13.9%	19.4%	4.8%	15.0%	12.6%
Young (age 25-34)	45.7%	38.0%	25.4%	46.9%	49.1%
Prime (age 35+)	38.1%	37.8%	67.1%	35.5%	37.0%
Months of Parenthood	23.0	23.2	21.8	23.1	23.0
Nativity and Citizenship					
Foreign Born	13.7%	15.2%	15.3%	14.9%	11.4%
Non-U.S. Citizen	9.9%	13.6%	9.1%	11.1%	7.4%
Race and Ethnicity					
White	67.7%	54.9%	68.3%	69.0%	68.2%
African American	11.6%	17.5%	11.0%	9.6%	13.6%
Hispanic	15.5%	11.7%	17.3%	16.9%	13.9%
Asian and Other Americans	5.1%	15.9%	3.4%	4.4%	4.3%
Family and Household Structure					
Number of Children	2.1	2.5	1.7	2.2	2.1
Age of Children (monthly average)					
Percent of Children Under Age 3	23.1%	23.8%	14.8%	25.1%	21.2%
Percent of Children Age 3 to 5	17.8%	15.7%	11.2%	18.5%	18.4%
Percent of Children Age 6 to 12	34.5%	35.4%	27.4%	34.4%	35.6%
Percent of Children Age 13 to 17	24.6%	25.1%	46.6%	22.0%	24.8%
Living Arrangement/Size of Household (HH)²					
In Three-Generational Family	2.3%	2.8%	2.0%	1.8%	2.9%
In Guardian-Child Family	6.4%	10.9%	18.8%	4.9%	5.5%
In Two-Generational Family	91.4%	86.3%	79.1%	93.3%	91.6%
With Other Adults (besides parents)	15.3%	15.9%	20.8%	13.7%	16.6%
Without Other Adults (besides parents)	76.1%	70.4%	58.3%	79.6%	75.0%
Number of People in HH	4.5	4.9	4.4	4.5	4.5
Percent with Other Adults (excl. parent & spouse) in HH	20.8%	24.7%	32.1%	18.1%	22.2%
Months with Other Adults (excl. parent & spouse) in HH	5.0	5.9	7.7	4.3	5.3
Percent with Other Men (excl. parent & spouse) in HH	12.4%	16.5%	18.5%	11.2%	12.4%
Percent with Other Women (excl. parent & spouse) in HH	13.8%	16.0%	22.5%	11.8%	14.9%

¹ The marital status of these families did not change during the entire survey period.

² Monthly average.

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

among married couple families generally associated with fewer children. Marginal earners were an important exception in that they worked the least of all married couples but also had the fewest children (averaging 1.7). Two-thirds of these marginal-earner families had mothers over age 35, making them the oldest parents; they were also the least likely to have had young children and the most likely to have had teenagers. In almost one-fifth of these cases, these “parents” were guardians, including grandparents.

Married-couple families with primary/secondary earners had slightly more than the average number of children for low-income, two-parent families (2.2). They were among the younger parents and their children were also the youngest of the married-couple families, with 44 percent under age six. For this group, child care costs would be high, perhaps discouraging labor force participation of the lower-earning parent, most likely the mother. Equitable-earner families had the average number of children (2.1) for married couples in the study population, with slightly fewer (40 percent) under age six. In these families, the mothers were working, and among the married couples, they worked the most hours. The married-couple families receiving AFDC, like the single mothers relying on AFDC, had the most children (2.5 on average); the costs of child care were likely an important factor in these parents’ lower work hours.

Extended and Complex Families

As discussed earlier, the increase in the proportion of single-parent families in recent years has concerned policymakers. Our findings indicate, however, that the term “single mother” does not necessarily mean a mother living only with her children. Nor does the term “two-parent family” mean that the parents are the only adults in the household. As shown in **Tables 3.2** and **3.3**, almost half (48 percent) of low-income, single-parent families and about one-fifth of the two-parent families lived with other adults. These single parents spent an average of 11.5 out of the 24 months living with other adults, such as grandparents, or related and

unrelated adults of the same generation, such as boyfriends, roommates, and siblings.

Single-Parent Families

Half the job-reliant single mothers lived with other adults, more than any of the other single mothers. In contrast, mothers who received AFDC were the least likely single parents to live with other adults (43 percent of the welfare-reliant mothers and 44 percent of the job/welfare-reliant mothers). The job-reliant single-mothers are also the most likely of the single-mothers to live with adults of the same generation (almost one-third). For some of these working mothers, the financial support of other adults may have supplemented their own wages and child support income, enabling them to survive without welfare. If these other adults provided child care, it would also have enabled these women to work. The single AFDC mothers who lived with other adults could have called on the social and economic resources of these other adults to supplement low AFDC payments and their very limited earnings (Edin and Lein 1997; Edin 1994; Hao 1995).

Married-Couple Families

Low-income, married-couple families were less likely than single-parent families to live with other adults. Nevertheless, 21 percent lived with other adults, for an average of five months (compared with 11.5 months for the single mothers). The marginal-earner couples were the highest proportion living with other adults (32 percent), which may occur because they had the lowest incomes of the two-parent families and/or because they were older and sometimes lived with their own adult children.

Three-Generation Families

Some, but not most, of the other adults living with families were grandparents. According to the Census Bureau, 18 percent of mother-only families, 20 percent of father-only families, and 3 percent of two-parent families had a grandparent living with them in 1990.⁶ The statistics are similar

⁶ These are unpublished data from the U.S. Bureau of the Census. According to Donald Hernandez, the Census Bureau’s collection procedures for gathering information on three-generation families were refined so that they found a substantial increase in the number of grandparents living

for this population of low-income families. Excluding those families in which the grandparents were guardians,⁷ 16 percent of low-income, single-mother families had a grandparent living with them, as did 2.3 percent of the low-income, married-couple families.

Among the single-mother families in our study, those who relied on jobs were least likely to live with their parents in three-generation families (14 percent), but the differences among the categories of single-mother families are not great. Among all single-mother families, the largest proportion of three-generation families (almost one out of five) is found among the welfare-reliant, single-mother families, most likely because this family type includes the largest share of young mothers who, with their children, sometimes constituted sub-families in their own parents' households.

Single mothers were more likely than single fathers to live with their own parents, perhaps because the mothers were younger and poorer and had more younger children to care for. Only 10 percent of the low-income single fathers in this study lived in three-generation families. This figure differs markedly from the 20-percent figure provided by the Census Bureau for all single fathers—perhaps low-income single fathers differ significantly from higher income fathers in this regard, or perhaps the small sample size for single fathers in this study is distorting the true proportion.

Guardian-Child Families

The increasing diversity of family and household arrangements during the last several decades includes more families in which the children are cared for by a guardian instead of by one of their own parents. In a small number of cases, a parent

also lives in the household without having guardianship of his or her own children. According to the AARP, approximately one million children, representing about one-third of those living in households headed by their grandparents, are in households where neither parent is present and the grandparent has assumed the primary care-giving or guardian role (Mullen 1995). Guardians tend to be older than parents, primarily because so many are grandparents. Moreover, they are more likely than single-parent families, on average, to live in extended families with other adult children, on average (data not shown). The findings in **Tables 3.2** and **3.3** suggest that grandparents are more likely to be household members in single-mother families than in two-parent families, either as the third generation in the family or as guardians of their grandchildren.

About 15 percent of the 5.7 million low-income, female-headed families were guardian-child families. Guardians were somewhat more likely than single mothers to rely on job earnings instead of AFDC. Surprisingly, about one-quarter of the “fathers” in single-father families in this study were not the biological or adoptive fathers or even step-fathers of the child(ren) but rather were male guardians. (This high percentage of male guardians in this small sample may not be representative, however.) On average, approximately 6 percent of the “parents” in two-parent families were, in fact, guardians instead of the biological or adoptive parents of the children, and many were the grandparents. To be categorized as a two-parent family, the guardians must be married. There were more guardian-child families among the families that worked the least (AFDC-UP and marginal-earner families, who were also the older families) than among the primary/secondary-earner or equitable-earner families.

with their children and grandchildren. Hernandez is unsure if this increase can be attributed to improvements in data collection methods or to an increase in grandparent co-habitation. There are very few guardian-child families in which the parent also lives in the household so their deletion from the total should not be very significant.

⁷ There are very few guardian-child families in which the parent also lives in the household, so their deletion from the total should not be very significant.

Variations in Family Structure by Race and Ethnicity

The debate surrounding family structure and family formation in communities of color has a long history and remains full of disagreement and contention (see Tucker and Mitchell-Kernan 1995 for an overview). Most positions in the current public policy debate can be categorized as adhering to either “post-industrial dislocation” models, which focus on social and economic forces seen to determine family structure (see, for example, Darity and Myers 1995), or “cultural deviance” models, which focus on the “social pathology” of certain group behavioral patterns. These behavioral patterns, such as having children outside of marriage, are generally seen to be fostered by welfare dependence (Bowman 1995; Patterson 1995).

In recent years, we have seen increased policy interest in the cultural deviance model, as welfare reform legislation increasingly attempts to alter the reproductive and marital behavior of welfare recipients. Given the policy significance of this de-

bate, it is instructive to examine the actual family structure characteristics of different groups. Although our descriptive data cannot confirm or refute behavioral hypotheses, they do paint a far more complex picture than that suggested by many behavioral theories.

As **Table 3.4** shows, 54 percent of our sample of stable, low-income families were married-couple families, but this proportion varied by race and ethnicity. Married couples were found in six out of ten white and Hispanic families, three out of ten African American families, and seven out of ten families of other races (Asian American, Pacific Islander, and Native American). African Americans were over-represented among female-headed families, although these families were not necessarily composed of only a mother and her children. As illustrated in **Table 3.5**, African American single mothers were more likely than other race/ethnic groups to live in three-generation households.⁸ These varying family structures result in differences in the potential sources of in-

⁸ All the findings in this section are based on data from Month 12 of the study.

Table 3.4
Stable Low-Income Families, by Family Type and Race/Ethnicity

Family Type	Sample Size (Unweighted)	Sample Size (Weighted)	Race and Ethnicity				
			All	White	African American	Hispanic	Other ²
All Families¹	6,353	13,441,293	100%	100%	100%	100%	100%
Single-Parent Families¹							
All Single Mothers	2,554	5,735,793	42.7%	32.3%	71.7%	40.1%	26.7%
Welfare Reliants	688	1,536,332	11.4%	6.5%	23.0%	13.0%	8.2%
Job/Welfare Reliants	474	1,117,029	8.3%	6.1%	15.1%	6.3%	5.5%
Job Reliants	1,392	3,082,432	22.9%	19.6%	33.6%	20.7%	13.0%
Single Fathers	216	482,771	3.6%	4.1%	2.5%	3.6%	2.2%
Married-Couple Families¹							
All Married Couples	3,583	7,222,729	53.7%	63.6%	25.8%	56.3%	71.1%
AFDC-UP Recipients	257	528,903	3.9%	3.8%	2.8%	3.1%	16.1%
Marginal Earners	220	425,028	3.2%	3.8%	1.4%	3.7%	2.8%
Primary/Secondary Earners	1,898	3,792,660	28.2%	34.1%	11.2%	32.2%	31.9%
Equitable Earners	1,208	2,476,138	18.4%	22.0%	10.3%	17.3%	20.3%

¹ The marital status of these families did not change during the entire survey period.

² Asian American, Pacific Islander, and Native American.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Table 3.5
Demographic, Family Structure, Human Capital, and Economic
Characteristics of Single Mothers Living in Extended Families, Month 12

	Single-Mother Families by Type of Living Arrangement			
	Total	3-Generation	With Other Adults	Without Other Adults
Sample Size (Unweighted)	2,566	393	691	1,482
Sample Size (Weighted)	5,733,451	995,983	1,505,022	3,232,447
Percentage (Weighted)	100.0%	17.4%	26.2%	56.4%
Demographic Characteristics				
Mother's Age	32.8	26.2	35.6	33.5
Teenage (age 19 or less)	4.8%	17.5%	3.2%	1.6%
Youth (age 20-24)	15.7%	31.1%	14.4%	11.6%
Young (age 25-34)	42.0%	36.2%	31.1%	48.8%
Prime (age 35+)	37.6%	15.3%	51.4%	38.0%
Race and Ethnicity				
White	45.4%	34.7%	45.0%	48.9%
AfricanAmerican	37.8%	48.7%	35.5%	36.4%
Hispanic of All Races	14.2%	13.4%	17.2%	13.0%
Asian and Other Americans	2.6%	3.2%	4.3%	1.7%
Marital History				
Percent Previously Married	61.3%	36.4%	66.8%	66.4%
Percent Never Married	38.7%	63.6%	33.2%	33.6%
Family and Household (HH) Structure				
Number of Children	1.8	1.5	1.7	2.0
Age of Children				
Percent of Children Under Age 3	30.6%	54.8%	25.1%	25.6%
Percent of Children Age 3 to 5	28.1%	31.3%	20.5%	30.7%
Percent of Children Age 6 to 12	51.3%	31.8%	44.3%	60.5%
Percent of Children Age 13 to 17	32.0%	10.9%	43.2%	33.3%
Size of HH and Living Arrangement				
Number of People in HH	3.8	5.5	4.3	3.0
Percent with Other Men in HH	30.6%	66.4%	72.5%	0.0%
Percent with Other Women in HH	27.5%	96.0%	41.3%	0.0%
Human Capital				
Education				
Years of Schooling	11.4	11.5	11.1	11.5
Educational Attainment				
Percent Junior High School or Less	9.0%	5.6%	13.2%	8.1%
Percent High School Drop-Out	26.9%	29.2%	28.5%	25.5%
Percent High School Diploma	45.2%	47.5%	40.3%	46.8%
Percent Some College	15.5%	14.3%	14.5%	16.3%
Percent 4 Year College or More	3.4%	3.4%	3.5%	3.3%
School Enrollment				
Percent Enrolled in School	9.9%	15.1%	7.3%	9.5%
Physical Limitation on Work				
Percent Disabled	16.6%	11.6%	18.6%	17.3%
Income¹				
Mother's Earnings	\$518	\$417	\$511	\$551
Family Earnings	\$851	\$1,817	\$851	\$553
Mother's Income	\$861	\$623	\$854	\$937
Family Income	\$1,307	\$2,459	\$1,301	\$954
Household Income	\$1,503	\$2,540	\$1,986	\$958
Family Transfer	\$213	\$244	\$220	\$200
Percent Under Poverty (standard measure)	54.0%	35.3%	53.5%	59.9%
Percent Under Poverty (modified measure)	51.4%	34.0%	51.2%	56.9%
Welfare Status				
Percent on AFDC	36.3%	37.0%	29.8%	39.2%
Percent on Food Stamps	44.6%	30.9%	38.6%	51.6%
Percent in Public Housing	13.9%	5.4%	9.9%	18.3%

¹All Figures are in 1994 dollars

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation. Data are from Month 12 of each panel.

come for these families and have implications for their economic well-being.

Single-Mother Families

Regardless of race or ethnicity, single-mother families tended to rely on income from their own earnings and/or government benefits. Among single-mother families, about 54 percent relied on earnings, including 61 percent of white single mothers, 52 percent of Hispanic single mothers, 47 percent of African American single mothers, and 49 percent of single mothers from other racial groups (see **Figure 3.3**). Within the context of all stable family types (including married-couple families), the largest family type among African American, low-income families is the job-reliant, single-mother family (34 percent), whereas the primary/secondary-earner, two-parent family predominates among the other race/ethnic groups (see **Table 3.4**).

Welfare is the primary source of support for far fewer white single mothers. Only two out of ten low-income, white single mothers relied pri-

marily on welfare, compared with three out of ten African American, Hispanic, or other-race single mothers. Approximately one out of five single mothers of all race and ethnic groups combined welfare payments with their own earnings: 21 percent of African American, 19 percent of white, 16 percent of Hispanic, and 21 percent of single mothers of other races (see **Figure 3.3**).

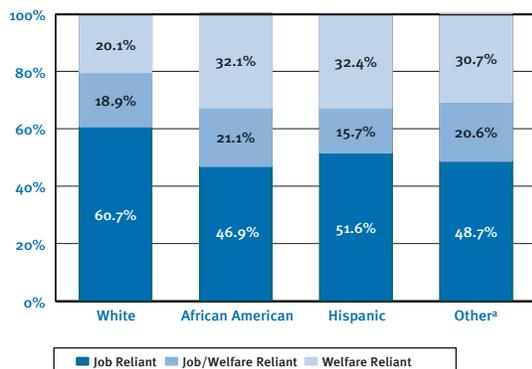
Of all low-income families, almost 4 percent were headed by single fathers, with African American families and families from other racial groups the least likely to be headed by single fathers (2.5 percent and 2.2 percent, respectively).

Married-Couple Families

Figure 3.4 shows the distribution of racial and ethnic groups across the four types of married-couple families (primary/secondary earners, equitable earners, marginal earners, and AFDC-UP recipients). Among the stable, low-income married couples, primary/secondary-earner families are the largest of these four groups, regardless of race

Figure 3.3

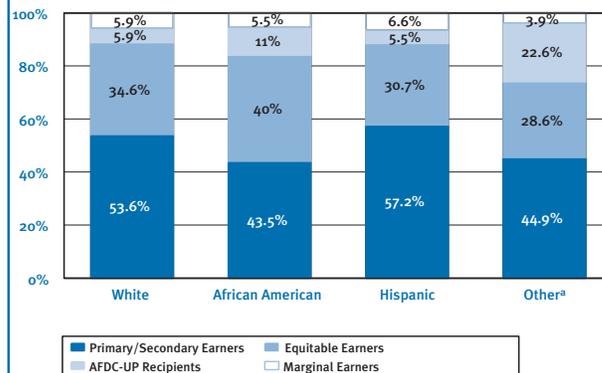
Single-Mother Families, by Income-Package Type and Race/Ethnicity



^a Asian American, Pacific Islander, and Native American.
Source: IWPR calculations based on the 1986, 1988, and 1990 Panels of the U.S. Bureau of the Census Survey of Income and Program Participation.

Figure 3.4

Married-Couple Families by Income -Package Type and Race/Ethnicity



^a Asian American, Pacific Islander, and Native American.
Source: IWPR calculations based on the 1986, 1988, and 1990 Panels of the U.S. Bureau of the Census Survey of Income and Program Participation.

and ethnicity. Hispanic married couples are the most likely to fall into the primary/secondary-earner category (57 percent), closely followed by whites (54 percent); African American married couples with children are the least likely to have primary secondary earners (44 percent). Equitable-earner families are also prevalent among all racial and ethnic groups. African American married couples are the most likely among all racial and ethnic groups to be equitable earners (40 percent), which is consistent with previous research indicating that African American wives tend to contribute a greater proportion to their family's incomes than white wives do (Cancian, Danziger, and Gottschalk 1993). Marginal earners and AFDC-UP-recipient families constitute a much smaller share of all family types among all racial and ethnic groups.

In sum, these findings show considerable variation by race and ethnicity among single-parent and two-parent families. Although we find that nearly three-quarters of low-income African American families with children were headed by women, we also find that approximately 50-60 percent of low-income single mothers of all racial and ethnic groups relied on earnings, and an additional 20-30 percent relied on earnings combined with welfare. Only 20 percent relied predominantly on welfare.

Supplement: Single Mothers in Extended Families

Single mothers provide most of the economic and emotional support for their children. Although they face major barriers to employment, such as low wages and lack of affordable child care, most of these low-income single mothers did not receive welfare, even before the recent changes made welfare less available. Nevertheless, government benefits and the help of family members are important to many low-income families, including those who rely primarily on work. Conversely, previous research clearly shows that even the single-mother families that relied on AFDC also relied on extended families and other sources of income (Edin and Lein 1997; Spalter-Roth, Burr, Hartmann, and Shaw 1995).

Almost half (47 percent) of single mothers lived with other adults (see **Table 3.2**), apparently benefiting from a private support network. These networks included the grandmothers and grandfathers of their children, adult siblings, their own adult children, and non-kin networks of boyfriends, girlfriends, and roommates. Researchers have concluded that the risks of single parenthood are reduced when single mothers do not live in isolation but are instead able to use the social and economic resources provided by these private safety nets (Hao 1995; Jayakody Charles, and Taylor 1993).

As **Table 3.5** shows, three-generation families contained the youngest single mothers—almost half (49 percent) were under age 25 and 18 percent were teenagers; they were disproportionately African American. In contrast, of the single mothers living with other adults, only 18 percent were under 25 and more than half were 35 or older; these families were most likely to be Hispanic. Those living without other adults were the least likely to be under 25 and the most likely to be white. Probably as a result of their younger age, single mothers in three-generation families were the least likely to have been married. Two-thirds of the low-income single mothers in three-generation households had never been married, in contrast to only one-third of the total population of low-income single mothers (data not shown).

These younger mothers also had the youngest children. Fifty-five percent were under age three, in contrast to approximately a quarter of the children in each of the other two types of single-mother families. The mothers in the three-generation households were also the most likely to be in school (15 percent), which is not surprising given their younger age. Because of the young age of their children and the likelihood of their being in school, it is not surprising that a smaller percentage (40 percent) of single mothers living in three-generation families were in the labor force, compared with more than half of the mothers living with other adults or alone with their children.

The financial resources provided in three-generation families appear to partially substitute for means-tested benefits, but do not replace them.

Families containing only single mothers and their children had the highest percentages of mothers receiving AFDC and Food Stamps and living in public housing (39 percent, 52 percent, and 18 percent, respectively); the three-generation, single-mother families were almost as likely to receive AFDC (37 percent), but considerably less likely to receive Food Stamps (31 percent) or live in public housing (5 percent). Only 30 percent of the mothers living with other adults received AFDC, but their use of Food Stamps (39 percent) and public housing (10 percent) fell between the other single-mother groups. (These findings are consistent with Hao's [1995] finding that kin support is inversely related to the daughter's income or level of benefits.)

Single mothers living only with their children had average monthly family incomes of \$954, compared with \$1,301 for those with other adults in their families, and \$2,459 in three-generation families. Those living with other adults had average monthly household incomes of \$1,986. Six out of

ten of the solo single mothers' families were poor when judged by the standard poverty measure and almost as many (57 percent) were poor when the cash value of Food Stamps and WIC is added to their family incomes. Those single mothers and their children living with other adults were almost as likely to be poor (54 percent, using the standard poverty measure) when the income of only family members is included. But income increases by about half (from \$1,301 to \$1,986) when the income of other *household* members (such as boyfriends) is included. Finally, single mothers living in extended families were the least likely to be poor—slightly more than one-third were. Other family members' income and earnings were 67 percent of the total family income, on average, and may have acted as a “private safety net,” subsidizing the low earnings or lack of earnings of these mothers as does the public safety net of AFDC, Food Stamps, and public housing. Unlike income from the public safety net, income from other family members often does not go directly to the single mother.

HOW LOW-INCOME FAMILIES PACKAGE RESOURCES TO SURVIVE

Each family in this study drew upon a pool of various cash and cash-like resources that we refer to as an “income package.” Income-packaging strategies are influenced by the quality of available jobs, eligibility rules and benefit levels for government programs, and availability of additional resources from family members and other sources. Income packages vary greatly, resulting in higher or lower family incomes, which influence the quality of food, shelter, clothing, neighborhoods, and schools available to family members. These varying levels of living also provide differential opportunities and experiences that foster the cognitive and social development of family members (Thompson, Hanson, and McLanahan 1994).

In our analysis, we assume a single income package for each family (in other words, we assume that family members pool all their resources), although we do not have empirical evidence that this is the case.⁹ The SIPP does not ask questions about whether families pool income; instead, it collects information on the kinds and amount of income obtained by each adult family member. For example, we know who earns how much, who collects what kinds of benefits, and who obtains income from sources such as child support. Thus, we can tell what portion of the potential income pool comes from each family member and how that family member obtains that share. Although this study categorizes income as coming from the labor market (earnings), the state (government benefits), or family members (including spousal earnings), other researchers use different schema. Edin and Lein (1997), for example, examine income packages in terms of work-based strategies, network-based strategies, and agency-based strategies.

Individuals’ contributions to the family income package are constrained by gender. Mothers are, on average, more likely to receive means-tested

benefits whereas fathers are more likely to receive non-means-tested benefits. Unemployment insurance (UI) is an example of a higher-benefit/non-means-tested program in which unemployed women are less likely than unemployed men to receive benefits (Yoon, Spalter-Roth, and Baldwin 1995). AFDC is an example of a lower-benefit/means-tested program in which impoverished women are substantially more likely than impoverished men to receive benefits (because men are less likely to be the primary caretakers of children). Gender and race or ethnicity constrain market and family alternatives as well as government benefits. Within these constraints, mothers, fathers, grandparents, and guardians attempt to make the most of their family income by using different strategies and a variety of income sources.

In this chapter, we examine family (but not household) income of single-parent and married-couple families. Limiting income to family income probably underestimates the total income available to these families, because it excludes the contributions of non-related individuals living in the household. In addition, we do not consider the impact of the Earned Income Tax Credit (EITC), which means that we probably underestimate the income available to job-reliant, low-income families (see, for example, Burkhauser, Couch, and Glenn 1995).

Single-Parent Families

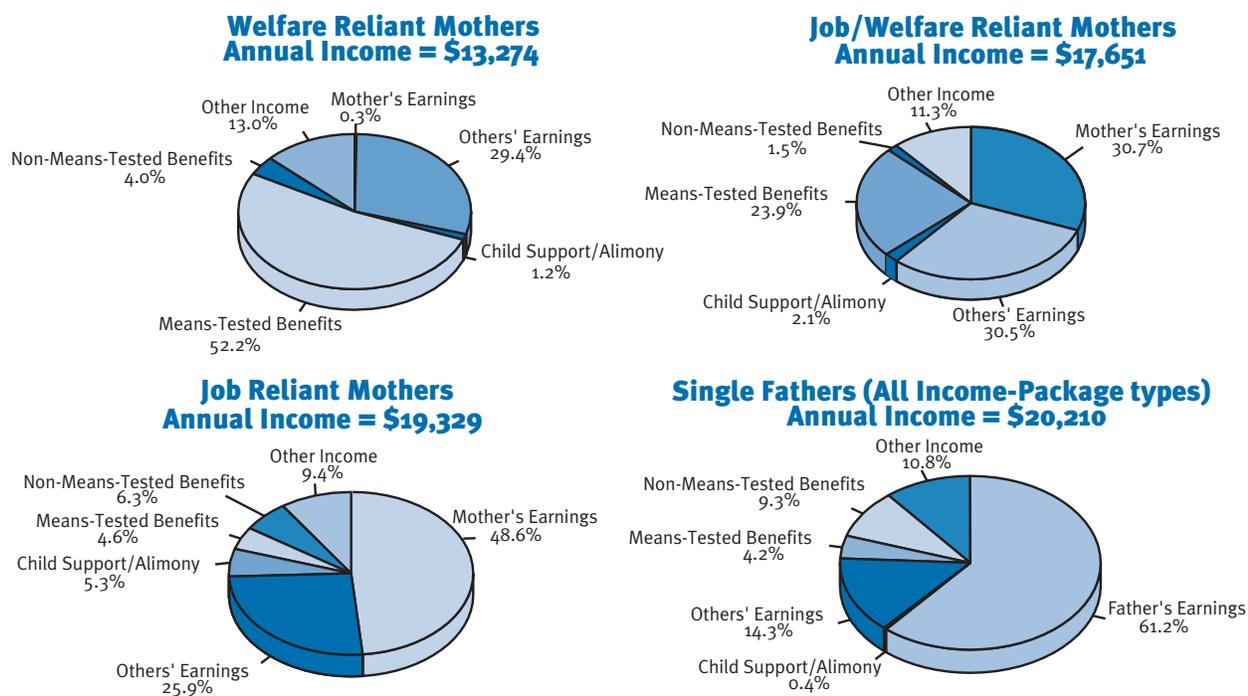
By definition, single-parent families do not have access to the earnings of a live-in spouse, although they may have access to the income of a live-in cohabitor.¹⁰ In general, single-mother families are more likely than two-parent families to depend on the earnings of the mother, on the earnings and income of family members other than spouses, on government benefits, and on child support. Single-father families are the most likely

⁹Although most researchers assume the notion of “family income,” some families separate “his” and “her” money (Blumstein and Schwartz, 1991; Fuchs, 1986); especially in cases of extended families, not all income may be put into a single family income package.

¹⁰Edin and Lein (1997) estimate that 29 percent of welfare-reliant mothers receive about \$50 per month from boyfriends and 27 percent of job-reliant mothers receive about \$60 per month from this source.

Figure 4.1

Annualized Income Sources of Single-Parent Families



Notes:
 (1) Annual Income includes the cash value of WIC and Food Stamps.
 (2) Non-Means-Tested Benefits include Government Employment benefits.
 (3) Other Income includes private sector benefits, income from assets, informal income, and other income.
 Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

single-parent families to rely on the parent's own earnings. We will focus first on the single-parent families that relied most heavily on earnings and then provide comparable information about the single-parent families that relied more heavily on government benefits. We will then turn to the married-couple families.

Single-Father Families

The average annual family income of low-income single fathers was \$20,210 when the cash value of Food Stamps is included, and \$19,978 when Food Stamps are not included. These single-father families were the most job reliant of all single-

parent families; the father's earnings were 61 percent of the family's income package (see **Figure 4.1**). Still, these families also relied on other family members and on government benefits for their income packages. Fourteen percent of family income came from other family members' earnings, an additional 14 percent from the father's government benefits (both means- and non-means-tested), and approximately 11 percent from other income, such as family members' private sector benefits. Single fathers received more income from non-means-tested-benefits and less income from means-tested benefits than single mothers did, a gender pattern that we will see again.

Seventeen percent of low-income single fathers received UI benefits and 11 percent received Social Security benefits (Social Security is probably received most often by guardian-child families). The 34 percent of the single fathers who received non-means-tested benefits received an annual average of \$4,841 from them (see **Table 4.1**). These families also had a higher level of income from assets than single-mother families did (see **Table 4.2**).

Single-Mother Families: Job Reliants

The largest group of low-income single mothers is job reliant, which means that these mothers' own earnings constituted the largest share of their family income packages. The annual gross family income of job-reliant single mothers averaged approximately \$19,300, including the cash value of Food Stamps and WIC benefits, and approximately \$18,900 without the cash value of these benefits (about \$1,000 less in both cases than the average income of single-father families). Although these single mothers relied on earnings, only 49 percent of their family income (\$9,393) came from their own earnings and 26 percent from the earnings of others (see **Figure 4.1**). This is somewhat different from the findings of Edin and Lein's (1997) study of the income packages of low-wage single mothers in four cities, which found that job-reliant single mothers earned 63 percent of their income packages and received 20 percent from the earnings of other family members.

As noted in the previous chapter, job-reliant single mothers were the most likely single-mother families to live with other adults. Thus, it is not surprising that one-quarter of their family income came from the earnings of other family members (\$4,998), and approximately 9 percent (\$1,336) came from other sources. Although these mothers were the most likely group of single mothers to receive child support, only 35 percent actually did so (Table 4.1). On average, child support amounted to less than 6 percent of the job reliants' family income, but those who did receive child support increased their family incomes by nearly \$3,000 (the most of any single-mother family type). The remaining 11 percent of family income came from means- and non-means-

tested government benefits (see **Figure 4.1**). Only 1.2 percent of these families received any AFDC, whereas one-third received Food Stamps and other non-cash benefits for an average of about \$1,200 per year (see **Table 4.1**).

Compared with welfare reliants and mixed job/welfare reliants, a higher percentage of the job-reliant single mothers received non-means-tested benefits (28 percent compared with 14 percent for welfare reliants and 19 percent for job/welfare reliants). On average, those who received such benefits received larger amounts (\$4,184 compared with \$3,719 for welfare-reliants and \$1,378 for those who combined work and welfare). Social Security is the largest source of these benefits. Despite their comparatively long spells of employment and weeks of unemployment, only 11 percent of these working single mothers received UI benefits compared with 17 percent of single fathers.

Single-Mother Families: Job/Welfare Reliants

Job/welfare reliants are single-mothers whose income comes both from their own earnings and from means-tested benefits; however, our findings show that a substantial portion came from the income and earnings of other family members as well. Job/welfare reliants had the most equally divided income packages among all eight family types in the study (see **Figure 4.1**). The annual gross income of these families was slightly over \$16,000 or nearly \$17,700 when the cash value of Food Stamps and WIC is added to their income package (see **Table 4.1**). As Figure 4.1 shows, 31 percent (about \$5,400) of this money came from the mother's own earnings in the paid labor market, which shows that these families relied much less than the job-reliant, single-mother families on the mother's earnings. An equal share of these single mothers' income packages came from the earnings of other family members (31 percent). Income from other sources contributed another 11 percent. For the 31 percent of job/welfare reliants who received child support and alimony, this additional income source added approximately \$1,185 dollars per year (see **Table 4.1**).

Table 4.1
**Various Types of Benefits and Child Support or Alimony Received
by Stable Single-Parent Families**

	Single-Parent Families					
	TOTAL	Mothers				Fathers
		Total	AFDC Recipients		Non-AFDC	Welfare or Job Reliant
			Welfare Reliant	Job/Welfare Reliant	Job Reliant	
Sample Size (Unweighted)	2,770	2554	688	474	1,392	216
Sample Size (Weighted)	6,218,564	5,735,793	1,536,332	1,117,029	3,082,432	482,771
Income Aggregates						
Total Gross Family Income (standard definition) ¹	\$16,566	\$16,279	\$11,084	\$16,113	\$18,929	\$19,978
Total Gross Family Income (modified definition) ²	\$17,600	\$17,380	\$13,274	\$17,652	\$19,328	\$20,210
Benefit Receipt						
Percent with Means-Tested Benefits	62.7%	65.7%	98.8%	98.6%	37.4%	26.2%
Amount of Means-Tested Benefits³	\$3,922	\$3,981	\$7,009	\$4,284	\$2,362	\$3,215
Percent with AFDC	43.2%	45.9%	98.0%	97.7%	1.2%	11.7%
AFDC	\$1,839	\$1,762	\$4,316	\$2,639	\$172	\$2,751
Percent with Other Means-Tested Cash Benefits	14.5%	14.9%	19.7%	9.8%	14.3%	9.9%
Other Means-Tested Cash Benefits	\$2,724	\$2,710	\$2,570	\$1,095	\$3,365	\$2,893
Percent with Other Means-Tested Non-Cash Benefits	57.1%	60.2%	92.9%	89.2%	33.3%	21.3%
Other Means-Tested Non-Cash Benefits	\$1,571	\$1,612	\$2,357	\$1,725	\$1,199	\$1,092
Percent with Non-Means-Tested Benefits	23.2%	22.2%	14.4%	18.6%	27.5%	34.3%
Amount of Non-Means-Tested Benefits³	\$3,616	\$3,513	\$3,719	\$1,378	\$4,184	\$4,841
Percent with Unemployment Benefits	9.3%	8.7%	1.0%	12.0%	11.3%	16.7%
Unemployment Benefits	\$954	\$922	\$818	\$838	\$1,004	\$1,342
Percent with Social Security	11.5%	11.5%	12.4%	4.1%	13.8%	10.8%
Social Security	\$5,459	\$5,206	\$4,002	\$2,931	\$6,630	\$8,470
Percent with Other Non-Means -Tested Benefits	4.4%	3.8%	1.2%	4.0%	5.1%	11.6%
Other Non-Means-Tested Benefits	\$2,296	\$2,112	\$2,520	\$840	\$2,370	\$4,478
Percent with Government Employment Benefits⁴	1.0%	0.8%	0.0%	0.2%	1.4%	3.3%
Government Employment Benefits ³	\$2,875	\$2,561	\$0	\$1,448	\$4,240	\$6,604
Percent with Private-Sector Benefits	2.1%	1.9%	0.6%	1.9%	2.6%	4.2%
Private-Sector Benefits ³	\$2,827	\$2,794	\$2,562	\$894	\$3,598	\$3,224
Percent with Child Support and Alimony	28.4%	30.2%	20.2%	30.6%	35.0%	6.5%
Child Support and Alimony ³	\$1,949	\$2,021	\$778	\$1,185	\$2,943	\$1,102

¹ All figures are in January 1994 dollars. ² The modified definition includes the cash value of WIC and food stamps.

³ Those cases where the value is zero have been excluded from the calculations.

⁴ Government employment benefits includes military retirement pay, G.I. Bill education benefits, other veteran benefits, national guard or reserves pay, state and local government pensions, and federal civil service pensions.

Source: IWPR calculations are based on the 1986, 1987 1988, and 1990 panels of the Survey of Income and Program Participation.

Although the earnings of mothers and other family members contributed substantial shares to the family income, these families also depended on means- and non-means-tested government benefits for their well-being. About one-quarter of family income (\$4,223) came from means-tested benefits, about two-thirds of which was from AFDC (see **Table 4.2**). These families received AFDC for an average of 14 months and food stamps for an average of 17 months (data not shown). Less than 2 percent of family income came from non-means-tested benefits, but those benefits added almost \$1,400 to the income packages of the 19 percent of the job/welfare reliant who received them (the largest amount is from Social Security, most likely received by the grandparents in these families).

Single-Mother Families: Welfare Reliants

The average annual gross family income of welfare-reliant single mothers was just above \$11,000, or \$13,300 if the cash value of Food Stamps and WIC are included in their income package. These families are labeled as welfare reliant because means-tested benefits, such as AFDC and Food Stamps, constituted the largest and most stable source of family income, accounting for about half of a family's income package. On average, they received \$4,229 annually from AFDC, for an average of 21 out of 24 months, and \$2,060 in Food Stamps (see **Table 4.2**). In contrast, earnings from the mother's paid employment amounted to less than 1 percent of the family's income package. On average, a very small portion of the family's income (4 percent) came from the mother's receipt of non-means-tested benefits (\$534). For the 14 percent of welfare reliant who received them, however, non-means-tested benefits added substantially to the family income package—\$3,719, principally from Social Security (see **Table 4.1**). Twelve percent of the welfare reliant received Social Security, primarily those who were guardians or grandmothers.

The remaining 44 percent of the family's income came from family members other than the mother (including the earnings and benefits of

grandparents, adult siblings, older children, and other sources) (see **Figure 4.1**). This income included child support and alimony, but such payments represented less than 2 percent of these mothers' income packages. For the one in five welfare-reliant single mothers who received child support and alimony, the payments totaled approximately \$800 per year (see **Table 4.1**).¹¹ On average, only \$5 per year came from charity (see **Table 4.2**), which casts some doubt on how likely charities will be to replace government means-tested benefits.

In a study of welfare mothers in four cities, Edin and Lein (1997) found that welfare benefits covered only three-fifths of family expenditures and that single mothers who relied on welfare used a series of strategies to increase their family income. Our findings, based on a national sample, corroborate this. We find that welfare-reliant families had about the same income (\$11,084) as that reported in the Edin and Lein study (\$10,512) and that income from other family members supplemented AFDC income. Both studies show how important it is for the families to rely on more than one income source to survive. Even with income-packaging, families suffer from hardships including lack of food, eviction, shut-off utilities, shortages of winter clothing, and homelessness (Edin and Lein 1997).

Married-Couple Families

The majority of stable, low-income families are married-couple families, which tend to be better-off financially than single-parent families. Compared with single-parent families, married-couple families are less likely to rely on government benefits and on income from other family members. However, the income packages of different types of married-couple families vary considerably.

Although the husband's earnings were generally the largest source of income for married-couple families, their families depended on other income sources as well. It is important to note that these families have borne the brunt of declining male wages during the 1980s (Burtless 1995), whereas

¹¹ Because of the \$50 pass through rule in effect during the time covered by this study, welfare recipients receive only \$50 of monthly child support income collected by the state. The remainder goes to state coffers as reimbursement for welfare payments.

Table 4.2
Income Sources of Stable Single-Parent Families
over 24 Months (Annual Averages)¹

	Single-Parent Families				
	Mothers			All Single Mothers	Fathers
	AFDC Recipients		Non-AFDC		Welfare or Job Reliant
	Welfare Reliant	Job/Welfare Reliant	Job Reliant		
Sample Size (Unweighted)	688	474	1,392	2,554	216
Sample Size (Weighted)	1,536,332	1,117,029	3,082,432	5,735,793	482,771
Income Aggregates					
Total Gross Family Income¹ (standard definition)	\$11,084	\$16,113	\$18,929	\$16,279	\$19,978
Total Gross Family Income (modified definition)	\$13,276	\$17,651	\$19,329	\$17,381	\$20,210
Income by Source					
Family Earnings	\$3,932	\$10,808	\$14,385	\$10,889	\$15,246
Mother's Earnings as % of Family Income	0.3%	33.6%	49.6%	37.5%	0.0%
Father's Earnings as % of Family Income	0.0%	0.0%	0.0%	0.0%	61.9%
Mother's or Father's Earnings	\$35	\$5,419	\$9,387	\$6,109	\$12,362
Other Family Members' Earnings as % of Family Income	35.2%	33.4%	26.4%	30.1%	14.4%
Other Family Members' Earnings	\$3,897	\$5,389	\$4,998	\$4,779	\$2,884
Means-Tested Benefits	\$6,928	\$4,223	\$883	\$3,152	\$841
AFDC	4,229	2,578	2	\$1,636	323
Other Means-Tested Cash Benefits	507	107	481	\$415	286
General Assistance	55	15	217	\$134	32
Supplemental Security	419	63	179	\$221	208
Other Welfare	33	29	85	\$60	46
Other Means-Tested Non-Cash Benefits	2,191	1,539	400	\$1,101	232
WIC	131	123	40	\$80	15
Food Stamps	2,060	1,416	360	\$1,021	217
Non-Means-Tested Benefits	\$534	\$256	\$1,151	\$811	\$1,659
Unemployment Benefits	9	101	114	\$83	224
Workers Compensation	15	23	42	\$31	202
Social Security	495	121	916	\$649	916
Veterans Compensation	11	4	53	\$33	260
Other Government Benefits (incl. Railroad Retirement)	4	7	25	\$16	56
Government Employment Benefits²	\$0	\$3	\$60	\$33	\$216
Private Sector Benefits	\$14	\$17	\$93	\$57	\$136
Employer Temporary Sickness & Other Sick Benefits	0	7	24	\$14	41
Company Pension & Other Retirement Benefits	14	10	69	\$43	95
Child Support and Alimony	\$157	\$362	\$1,031	\$667	\$72
Foster Care Payments	7	7	15	\$11	0
Private Child Support	148	320	899	\$585	72
Alimony	2	35	117	\$70	0
Income from Assets	\$6	\$44	\$159	\$96	\$222
Income from Life Insurance Policies, Annuities, Estates & Trusts	0	5	9	\$6	14
Interest from Savings Accounts ³	6	7	76	\$44	105
From Other Assets ⁴	-1	32	74	\$46	102
Informal Income	\$69	\$115	\$230	\$165	\$128
Charity	5	13	2	\$5	1
Money from Friends	13	29	113	\$70	29
Lump Sum Payments	8	22	31	\$23	18
Income from Boarders	1	5	8	\$5	6
Casual Earnings and Other Cash	43	47	76	\$62	74
Other Income (everything else not included in above categories)	\$1,634	\$1,824	\$1,336	\$1,511	\$1,690

¹All figures are in January 1994 dollars. ²Government employment benefits includes military retirement pay, G.I. bill education benefits, other veteran benefits, national guard or reserves pay, state and local government pensions, and federal civil-service pensions.

³Includes interest from money market deposit accounts, cds, and interest-bearing checking accounts.

⁴Includes income from money market funds, government securities, municipal bonds, stocks and mutual shares, income from mortgages held, net rental property, royalties, and other financial investments.

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

the women's wages in these families have fallen less or remained reasonably stable (Blank 1995). The mothers in the equitable-earner families in this study contributed about 30 percent of family income through their earnings (see **Table 4.3**), about the same amount as all wives contributed in 1991 (Hayghe 1993).

Important variations exist as well in the receipt of government benefits. Some married-couple families relied heavily on government benefits, but they received a smaller share of their family income from government benefits than the most welfare-reliant of single-parent families did. AFDC-UP families relied more on means-tested benefits, whereas families with only marginal earners relied more on non-means-tested benefits. In addition, families with fathers were more likely to obtain non-means-tested benefits.

Equitable Earners

Among all low-income families with children, equitable earners are only the third-largest family type (following primary/secondary-earner couples and job-reliant, single-mother families). Equitable-earner families are under-represented among low-income families because families with two earners are the least likely to be poor or near poor. In fact, the mean earnings of all two-earner families (even including those with secondary earners) in the United States in 1996 were \$64,796, and the median earnings were \$56,442 (U.S. Bureau of the Census 1997). In comparison, the median income for all families in 1996 was \$42,300 (U.S. Bureau of the Census 1999).

Among the low-income families studied here, equitable-earner families had the highest average income, \$32,051, which increased to \$32,131 when the cash value of Food Stamps and WIC is added. These families relied the most on the labor market for their earnings, with 94 percent of the family income coming from this source. A large share (58 percent) of the family income came from the father's earnings, 30 percent came from the

mother's earnings, and an additional, small portion (6 percent) came from other family members' earnings. Although the mother's earnings typically constituted a smaller share of family income than the father's earnings, her earnings added substantially to her family's living standard and could provide a safety net if the husband experienced unemployment.

Of all low-income families with children, equitable-earner families received the fewest dollars from means- and non-means-tested government benefits, which together represented just more than 2 percent of family income (see **Figure 4.2**). For these families, only \$182, on average, was from the parents' means-tested benefits (see **Table 4.3**). Slightly more of the family income (\$671) came from non-means-tested benefits. Among equitable earners, 23 percent of fathers received non-means-tested benefits whereas 16 percent of mothers received such benefits. Fathers received more from this type of benefit than mothers did (\$1,560 compared with \$1,287, see **Tables 4.4** and **4.5**). UI is the non-means-tested benefit that both mothers and fathers are most likely to receive; 17 percent of fathers and 11 percent of mothers received unemployment benefits (see **Tables 4.4** and **4.5**). Here, again, fathers received more money than mothers did (\$1,299 compared with \$948). Small percentages of families gained additional income from other sources of government benefits including veteran's compensation and pensions. Finally, an additional, small amount (\$1,107 or 3 percent) of family income came from private benefits, assets, and informal and other sources of income.

Primary/Secondary Earners

The most important difference between the primary/secondary-earner couples and the equitable-earner couples is the amount earned by the mothers in these families. Whereas mothers in equitable-earner couples contributed about 30 percent of family income, those in primary/secondary-earner couples contributed about 10 percent of family income through their earnings.¹² Fathers

¹² The 10 percent share of wives' contributions is only an average. Some wives in these primary/secondary families are actually the primary or only earners in these families, and the husband is the secondary earner; in 4 percent of these families, the husbands have no earnings.

Table 4.3
Income Sources of Stable Married-Couple Families
over 24 Months (Annual Averages)¹

	Married-Couple Families			
	AFDC	Non-AFDC		
	AFDC-UP Recipients	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	257	220	1,898	1,208
Sample Size (Weighted)	528,903	425,028	3,792,660	2,476,138
Income Aggregates				
Total Gross Family Income (standard definition)	\$19,957	\$17,884	\$25,522	\$32,050
Total Gross Family Income (modified definition)	\$21,046	\$18,208	\$25,719	\$32,130
Income by Source				
Family Earnings	\$12,696	\$6,670	\$22,908	\$30,054
Mother's Earnings as % of Family Income ²	11.1%	3.5%	9.9%	29.6%
Father's Earnings as % of Family Income ²	39.9%	16.9%	73.6%	58.4%
Mother's and Father's Earnings	\$10,188	\$3,662	\$21,309	\$28,180
Other Family Members' Earnings as % of Family Income ²	12.6%	16.8%	6.3%	5.9%
Other Family Members' Earnings	\$2,508	\$3,008	\$1,599	\$1,875
Mother's Means-Tested Benefits	\$3,578	\$553	\$262	\$117
AFDC	2,067	0	2	0
Other Means-Tested Cash Benefits	423	229	64	37
General Assistance	64	116	14	3
Supplemental Security	356	81	47	30
Other Welfare	4	32	2	3
Other Means-Tested Non-Cash Benefits	1,089	324	197	80
WIC	139	42	52	34
Food Stamps	949	282	145	46
Father's Means-Tested Benefits	\$3,228	\$737	\$147	\$65
Mother's Non-Means-Tested Benefits	\$328	\$1,556	\$244	\$204
Unemployment Benefits	49	70	62	108
Workers Compensation	22	0	33	23
Social Security	232	1,447	135	52
Veterans Compensation	0	23	1	5
Other Government Benefits (incl. Railroad Retirement)	25	16	13	145
Mother's Government Employment Benefits³	\$2	\$0	\$5	\$5
Father's Non-Means-Tested and Government Benefits	\$1,091	\$5,195	\$942	\$462
Mother's Private Sector Benefits	\$11	\$24	\$11	\$21
Employer Temporary Sickness & Other Sick Benefits	6	8	3	11
Company Pension & Other Retirement Benefits	4	17	8	11
Father's Private Sector Benefits	\$86	\$1,111	\$71	\$31
Mother's Child Support and Alimony	\$131	\$212	\$146	\$116
Foster Care Payments	61	173	28	16
Private Child Support	70	39	118	99
Alimony	0	0	0	1
Father's Child Support and Alimony	\$0	\$0	\$2	\$8
Mother's Income from Assets	\$34	\$381	\$154	\$107
Income from Life Insurance Policies, Annuities, Estates & Trusts	0	47	3	0
Interest from Savings Accounts ⁴	15	238	72	80
From Other Assets ⁵	19	97	79	26
Father's Income from Assets	\$45	\$502	\$184	\$125
Mother's Informal Income	\$55	\$158	\$166	\$80
Charity	0	0	1	0
Money from Friends	9	20	21	8
Lump Sum Payments	7	10	21	17
Income from Boarders	1	0	8	1
Casual Earnings and Other Cash	37	128	115	54
Father's Informal Income	\$124	\$585	\$162	\$136
Other Income (everything else not included in above categories)	(\$362)	\$523	\$315	\$600

¹ All figures are in January 1994 dollars.

² Taken as a percent of the standard family income measure, not the modified measure.

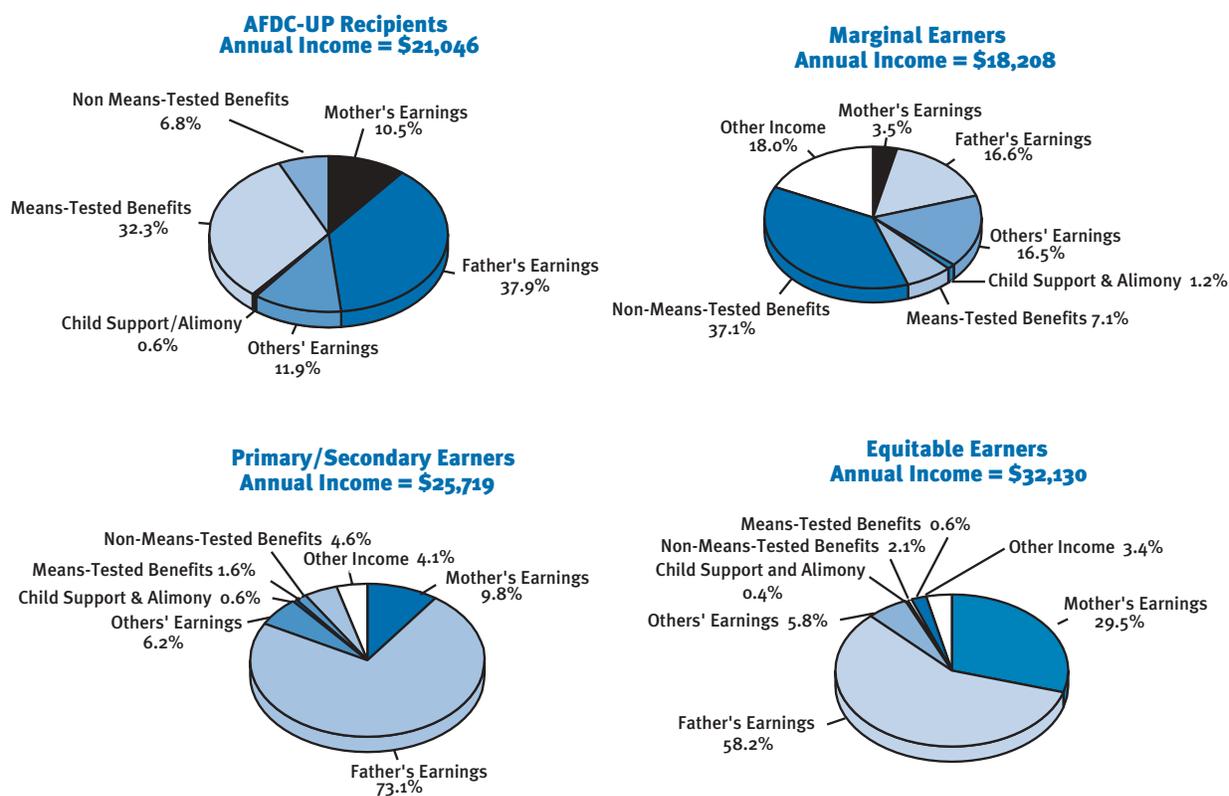
³ Government employment benefits includes military retirement pay, G.I. bill education benefits, other veteran benefits, national guard or reserves pay, state and local government pensions, and federal civil-service pensions.

⁴ Includes interest from money market deposit accounts, cds, and interest-bearing checking accounts. ⁵ Includes income from money market funds, government securities, municipal bonds, stocks and mutual shares, income from mortgages held, net rental property, royalties and other financial investments.

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Figure 4.2

Annualized Income Sources of Stable Married-Couple Families



Notes:

- (1) Annual Income includes the cash value of WIC and Food Stamps.
- (2) Non-Means-Tested Benefits includes Government Employment benefits.
- (3) Other Income includes private sector benefits, income from assets, informal income, and other income.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

also earned slightly less in dollar terms in these families than in equitable-earner families, but contributed a larger proportion of family income (73 percent). In this study of families below 200 percent of the poverty level, primary/secondary-earner families averaged \$25,522 annually, without the cash value of Food Stamps and WIC, and \$25,719 with the value of these benefits included.

Despite the important contribution of the husband's earnings to the family's income package, the family also relied on the mother's earnings and other income, and these probably served as financial cushions during periods of unemployment. Fewer than 2 percent of the family income came from means-tested benefits and less than 5 percent from non-means-tested benefits (see **Figure**

4.2). Wives were more likely than husbands to receive means-tested benefits (23 percent compared with 13 percent); however, the benefit dollars were virtually equal for those who received these benefits (\$1,131 for mothers, and \$1,106 for fathers; see **Tables 4.4** and **4.5**).

For both husbands and wives, the largest share of means-tested benefits came from Food Stamps and WIC, although smaller percentages received larger amounts of benefits such as General Assistance and Supplemental Security Income (SSI).

As is the case in other comparisons, fathers were substantially more likely than mothers to receive higher non-means-tested benefits. More than one of four fathers (28 percent) in primary/sec-

ondary-earner families received an average of \$2,776 in non-means-tested benefits; approximately one-fifth of the fathers received unemployment benefits (see **Table 4.5**). Only 12 percent of mothers in these families received non-means-tested benefits, and they received fewer dollars, on average (\$2,049), than their husbands did. These families also relied on the earnings of other family members for an additional \$1,599 and on even smaller amounts of income from assets and informal and miscellaneous sources.

Marginal Earners

The 3.2 percent of stable, married-couple families that we refer to as marginal earners, who spent the most survey months out of the labor market, had the lowest family incomes of all married-couple families. Their family incomes averaged \$17,883, or \$18,207 if the cash value of Food Stamps and WIC is included. Their family income was especially low compared with the other low-income, two-parent families in the study, who averaged \$6,670 more.

Table 4.4
Various Types of Benefits and Child Support or Alimony Received by Mothers in Stable Married-Couple Families

	Mothers in Married-Couple Families				
	TOTAL	AFDC		Non-AFDC	
		AFDC-UP Recipients	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Income Aggregates					
Total Gross Family Income (standard definition) ¹	\$26,894	\$19,957	\$17,885	\$25,514	\$32,037
Total Gross Family Income (modified definition) ²	\$27,124	\$21,047	\$18,209	\$25,711	\$32,117
Benefit Receipt					
Percent with Means-Tested Benefits	24.5%	78.0%	23.0%	23.2%	15.4%
Amount of Means-Tested Benefits³	\$1,332	\$4,587	\$2,406	\$1,131	\$760
Percent with AFDC	5.2%	65.2%	0.0%	0.6%	0.3%
AFDC	\$419	\$3,168	\$0	\$262	\$145
Percent with Other Means-Tested Cash Benefits	3.5%	13.8%	6.4%	3.0%	1.6%
Other Means-Tested Cash Benefits	\$2,358	\$3,070	\$3,567	\$2,130	\$2,348
Percent with Other Means-Tested Non-Cash Benefits	21.9%	61.4%	21.1%	21.4%	14.3%
Other Means-Tested Non-Cash Benefits	\$894	\$1,774	\$1,535	\$917	\$562
Percent with Non-Means-Tested Benefits	15.3%	19.3%	38.2%	11.9%	15.8%
Amount of Non-Means-Tested Benefits³	\$1,881	\$1,695	\$4,073	\$2,049	\$1,287
Percent with Unemployment Benefits	8.3%	6.7%	5.0%	6.9%	11.4%
Unemployment Benefits	\$933	\$732	\$1,403	\$899	\$948
Percent with Social Security	5.1%	9.7%	34.0%	3.6%	1.4%
Social Security	\$3,627	\$2,387	\$4,256	\$3,703	\$3,667
Percent with Other Non-Means-Tested Benefits	3.1%	4.1%	1.4%	2.5%	4.1%
Other Non-Means-Tested Benefits	\$1,598	\$1,134	\$2,743	\$1,882	\$1,066
Percent with Government Employment Benefits⁴	0.2%	0.3%	0.0%	0.2%	0.2%
Amount of Government Employment Benefits ³	\$2,293	\$554	\$0	\$2,270	\$3,094
Percent with Private Sector Benefits	1.2%	1.0%	1.7%	0.6%	2.0%
Amount of Private Sector Benefits ³	\$1,430	\$1,018	\$1,464	\$1,719	\$1,069
Percent with Child Support and Alimony	5.9%	8.7%	6.5%	5.5%	5.8%
Amount of Child Support and Alimony ³	\$2,383	\$1,500	\$3,249	\$2,657	\$2,004

¹ All figures are in January 1994 dollars. ² The modified definition includes the cash value of WIC and food stamps.

³ Those cases where the value is zero have been excluded from the calculations.

⁴ Government employment benefits include military retirement pay, G.I. bill education benefits, other veteran benefits, national guard or reserves pay, state and local government pensions, and federal civil-service pensions.

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

For marginal-earner couples, the largest share of family income, about 37 percent, came from mother's or father's non-means-tested benefits, including UI, Social Security, veteran's compensation, and other government benefits (see **Figure 4.2**). Fathers (63 percent) were more likely than mothers to have access to these benefits (38 percent; see **Tables 4.4** and **4.5**). Fathers who received these benefits contribute an average of \$7,163 to family income, the largest share from Social Security benefits. In contrast, mothers who received these benefits received an average of \$4,072, which is 57 percent of what their husbands received. An addi-

tional, small share of family income (7 percent or \$1,290, annually) came from means-tested benefits (see **Figure 4.2**). In this family type, 26 percent of the fathers and 23 percent of the mothers received means-tested benefits. All government benefits together contributed more than 44 percent of these families' income packages, on average.

Earnings, especially when others' earnings are included with those of the mother and father, were the next largest source of family income, after government benefits. Most of the family's earnings came from the father (17 percent of income) or

Table 4.5
Various Types of Benefits and Child Support or Alimony Received by Fathers in Stable Married-Couple Families

	Fathers in Married-Couple Families				
	TOTAL	AFDC		Non-AFDC	
		AFDC-UP Recipients	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Income Aggregates					
Total Gross Family Income (standard definition) ¹	\$26,894	\$19,957	\$17,883	\$25,522	\$32,051
Total Gross Family Income (modified definition) ²	\$27,133	\$21,047	\$18,207	\$25,719	\$32,131
Benefit Receipt					
Percent with Means-tested Benefits	15.5%	58.0%	25.5%	13.3%	8.6%
Amount of Means-tested Benefits³	\$2,448	\$5,568	\$3,269	\$1,106	\$751
Percent with AFDC	3.0%	39.8%	0.0%	0.2%	0.1%
AFDC	\$3,847	\$4,008	\$0	\$151	\$71
Percent with Other Means-Tested Cash Benefits	3.6%	21.8%	9.5%	2.0%	1.1%
Other Means-Tested Cash Benefits	\$2,434	\$3,205	\$3,007	\$1,509	\$904
Percent with Other Means-Tested Non-Cash Benefits	13.5%	42.8%	19.9%	12.4%	7.7%
Other Means-Tested Non-Cash Benefits	\$1,296	\$2,184	\$2,269	\$935	\$704
Percent with Non Means-Tested Benefits	29.2%	40.8%	62.6%	27.9%	22.9%
Amount of Non Means-Tested Benefits³	\$2,974	\$2,497	\$7,163	\$2,776	\$1,560
Percent with Unemployment Benefits	18.3%	20.5%	17.6%	18.6%	17.4%
Unemployment Benefits	\$1,574	\$1,112	\$3,535	\$1,605	\$1,299
Percent with Social Security	5.7%	13.2%	39.0%	4.0%	1.1%
Social Security	\$5,783	\$3,213	\$7,374	\$5,936	\$1,822
Percent with Other Non-Means-Tested Benefits	8.1%	9.9%	15.5%	8.2%	6.2%
Other Non-Means-Tested Benefits	\$3,098	\$3,693	\$6,360	\$2,894	\$1,799
Percent with Government Employment Benefits⁴	3.2%	1.6%	6.1%	3.3%	3.0%
Amount of Government Employment Benefits ³	\$5,336	\$4,564	\$11,759	\$5,148	\$3,503
Percent with Private Sector Benefits	3.7%	3.5%	18.2%	3.1%	2.1%
Amount of Private Sector Benefits ³	\$3,233	\$2,446	\$6,113	\$2,269	\$1,465
Percent with Child Support and Alimony	0.2%	0.0%	0.0%	0.2%	0.4%
Amount of Child Support and Alimony ³	\$1,984	\$0	\$0	\$1,099	\$2,107

Note: Numbers may not add due to rounding.
¹All figures are in January 1994 dollars. ²The modified definition includes the cash value of WIC and food stamps. ³Those cases where the value is zero have been excluded from the calculations. ⁴Government employment benefits include military retirement pay, G.I. bill education benefits, other veteran benefits, national guard or reserves pay, state and local government pensions, and federal civil-service pensions.
Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

from other family members (also 17 percent), who were often the adult children of these older, two-parent families; mothers contributed less than 4 percent of income through their own earnings. All earnings together contributed about 37 percent of family income. **Figure 4.2** shows that, in addition to the major income sources, 19 percent of the family's income came from other sources, including child support, assets, and charity. These families received more from these other sources (\$3,496) than all the other stable, two-parent families in the study.

AFDC-UP Recipients

Married-couple, AFDC-UP families represent about 4 percent of all the stable, low-income, married-couple families in this sample. Although by definition AFDC is the primary source of income for these families, parents in the AFDC-UP program worked more hours and earned a larger share of family income than parents in marginal-earner families did. One reason for the longer work hours could be that to meet AFDC-UP eligibility requirements at least one parent had to have a strong attachment to the labor market. Originally, states were permitted to give AFDC to needy children only in one-parent homes unless the second parent was incapacitated. In 1961, the law was changed as an anti-recession measure to allow families with jobless fathers at home to qualify for benefits. Starting in 1990, all states operating AFDC programs were required to have AFDC-UP programs, and benefits were available after the jobless father had been employed for at least six out of the prior 13 quarters or had established eligibility for UI (U.S. House of Representatives, Committee on Ways and Means 1994).

AFDC-UP families had incomes of \$19,957, on average—\$21,047 when the cash value of Food Stamps and WIC are added to the family income package. Given the work requirements for AFDC-UP program eligibility, it is not surprising that more than one-third (38 percent) or about \$8,000 of the family income came from the fathers' earnings; an additional 11 percent came from the mother's earnings, and 12 percent from other family members' (see **Figure 4.2**). All together, earnings accounted for 60 percent of total family income, on average. Means-tested benefits also contributed a substan-

tial amount to these families' income packages—32 percent or about \$6,800 annually. More mothers (78 percent) than fathers (58 percent) received means-tested benefits (primarily AFDC and Food Stamps; see Tables 4.4 and 4.5). Among the AFDC-UP parents receiving means-tested benefits, however, the fathers received about \$1,000 more in benefit dollars than the mothers (\$5,600 versus \$4,600, on average).

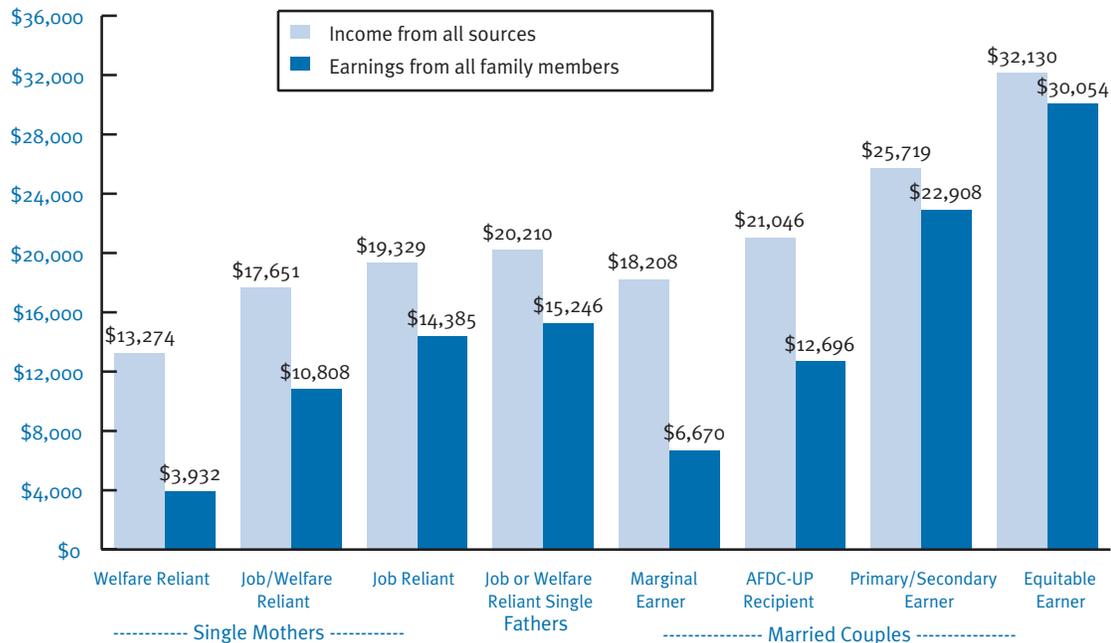
Figure 4.2 shows that, on average, only 7 percent of the family's income was from non-means-tested benefits (for an annual average of \$1,421), although 41 percent of the fathers in these families (compared with only 19 percent of the mothers) received these benefits (see **Tables 4.4** and **4.5**). Those fathers who collected non-means-tested benefits were most likely to receive unemployment benefits; of the 21 percent who did, they received an average of \$1,112, usually before the family began receiving AFDC. Approximately 13 percent of the fathers and 10 percent of the mothers collected Social Security. Fathers who collected Social Security (probably because of disability), received an average of \$3,213 (compared with \$2,387 for the mothers). Four percent of the AFDC-UP mothers compared with 10 percent of the fathers collected other non-means-tested benefits, such as veteran's compensation, which provided \$3,693 for the fathers, \$1,134 for the mothers.

Means- and non-means-tested benefits together accounted for nearly 40 percent of total family income. Income from other sources such as child support, private sector benefits, assets, and charity contributed very small amounts to the average family income package (see **Table 4.3**). But these families do have higher incomes than the marginal-earner families, who tended to be older with older children. Whereas the younger families who relied on government benefits received means-tested benefits, the older families had greater access to non-means-tested benefits. The younger parents, too, were able to earn more and contribute more earnings to a slightly larger total income package.

Taken together, the two groups of low-earning, married-couple families—marginal earners and AFDC-UP recipients—are only 6.2 percent of all the low-income families with children in the study

Figure 4.3

Annual Income and Earnings of Stable Single-Parent and Married-Couple Families



Note: Income includes the cash value of WIC and Food Stamps. Earnings include earnings by all family members. Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

(and almost 7 percent of all the families that had no marital status change). Nevertheless, these families had more than two million children who, despite having two married parents or guardians, required government benefits to survive. These families remind us that “one size does not fit all”—families have diverse needs, and they struggle to meet them in a variety of ways, subject to a multitude of differing constraints.

As shown, the income packages of the low-income families with children included in this study varied considerably (see **Figure 4.3**). Among the eight family types identified, average family income for the type of family with the highest income (married couples with equitable earners) is more than twice the average income of the family type with the lowest income (welfare-reliant single mothers). And the proportion of total family income that comes from family members’ earnings varies from

just under 30 percent to nearly 94 percent. The gap between earnings and total income is filled in a variety of ways, most prominently by government benefits (both means-tested and non-means-tested), but also by “other” income, which includes gifts from friends and family members who are not co-residents.

For both single-parent and married-couple families, having a larger share of the income package coming from earnings is associated with higher total family income. Marriage also is associated with higher family income, but only in the context of substantial earnings. Marginal-earner married couples fare less well overall than at least two of the single-parent families. Although the income-packaging associated with marriage often contributes to lifting families out of poverty, marriage does not appear to be a completely reliable pathway out of poverty.

THE EMPLOYMENT PATTERNS OF LOW-INCOME MOTHERS AND FATHERS

This chapter examines in more detail the employment patterns and the jobs available to our sample of low-income mothers and fathers. The family types in our study are defined largely by their relative work effort and sources of income; we have already seen that the parents in some family types worked more hours and had more earnings than those in others. Here, we examine the human capital these mothers and fathers possess, investigating how their human capital affects their labor force participation and job opportunities. We shall see that disability and low education levels are a major factor among those family types with lower work hours. Increasing the employment of these parents would likely require greater investments in education and training. For those who are working, we explore their work patterns in greater detail (i.e., hours and weeks of employment and unemployment and the stability of their employment), as well as the types of jobs they hold and their earnings. In general, we find that the mothers and fathers in the study have different kinds of jobs and that the fathers' jobs pay higher wages.

The earnings of low-income working mothers, whether married or single, are rarely sufficient to bring their families out of poverty. Women, especially those with less than a college education, remain heavily concentrated in a relatively small number of largely sex-segregated occupations, in jobs that have never paid a wage high enough to support a family (Reskin 1993). In addition, women constitute the majority of minimum wage, part-time, and temporary workers (Spalter-Roth and Hartmann 1998). Although the pay gap between women and men narrowed throughout the 1980s and early-1990s, women with a high school diploma working full-time year-round in 1996 earned only 74 cents for every dollar earned by a man with comparable education (U.S. Bureau of the Census 2000). In our sample of low-income families, on average, the married working mothers earned about 62 percent of what the married working fathers earned, and the working single mothers earned about 71

percent of what the single fathers earned on an hourly basis.

Because of the recent policy focus on increasing the labor force participation of low-income single mothers, we examine the factors related to mothers' employment in more detail. Also, because of recent attention given to the role of marriage as an anti-poverty strategy, we analyze the employment status and earnings of husbands and wives as they vary by race and ethnicity, and we use this information to speculate about the relationship between employment and marriage.

Human Capital and Employment

Labor market studies generally find that workers with more "human capital"—that is, with more skill, education, and work experience—earn more from employment and are, therefore, more likely to work. The mothers and fathers in our sample of low-income families do not deviate from this general rule. As can be seen in **Tables 5.1** and **5.2**, the parents in the family types that showed more work effort generally had higher average levels of education, job training, work experience, and job tenure (which reflects the acquisition of specific, firm-based skills) than those who worked less. Those who worked more also earned considerably more per hour.

These findings also confirm earlier IWPR research that single mothers who receive welfare are more likely to work if they have more education and training, fewer and older children, and no disabilities (Spalter-Roth, Burr, Hartmann, and Shaw 1995). For example, the job-reliant single mothers in our sample had more human capital, in terms of education and job experience, than the other groups of single mothers (see **Table 5.1**) and had the second-highest level of education of all mothers, surpassed only by mothers in equitable-earner households (see **Table 5.2**). Welfare-reliant single mothers, in contrast, had relatively low education levels, with about 56 percent lacking a high school

diploma. These results suggest that jobs are more likely to provide adequate economic support among families with greater education and training and that men and women who rely more on government benefits may not have the skills they need to support themselves and their families on earnings alone.

We also find that a substantial portion of the single mothers in this sample were increasing their levels of human capital. In fact, many of these mothers appear to use welfare as a means to increase their human capital; almost one-third of the job/welfare reliant were enrolled in school at some point during the survey, and the same proportion received job training. The welfare-reliant single mothers also had a high rate of school enrollment (nearly 30 percent).

The parents in those family types with lower labor force participation were generally much more likely to have had work-related disabilities. For example, among single mothers, the welfare reliant reported a 27-percent disability rate, twice the rate reported by the two other groups of single mothers, both of whom worked more. Yet, many disabled parents did work; single fathers, who had the highest work participation of any single parents, reported just as much disability as the non-working single mothers. High rates of disability also figured prominently among the parents in married-couple families who worked the least, the marginal earners and the AFDC-UP recipients (see **Tables 5.2 and 5.3**). Indeed, there are notable differences in educational attainment, work experience, and disability among mothers and fathers in the different types of married-couple families. The parents

Table 5.1
Human Capital Characteristics of Mothers and Fathers in Stable Single-Parent Families

	Single-Parent Families					
	TOTAL	Mothers				Fathers
		Total	AFDC Recipients		Non-AFDC	Welfare or Job Reliant
			Welfare Reliant	Job/Welfare Reliant	Job Reliant	
Sample Size (Unweighted)	2,770	2554	688	474	1,392	216
Sample Size (Weighted)	6,218,564	5,735,793	1,536,332	1,117,029	3,082,432	482,771
Education						
Years of Schooling	11.3	11.3	10.6	11.4	11.6	11.5
Educational Attainment						
Percent Junior High School or Less	10.3%	10.0%	14.8%	8.1%	8.3%	14.0%
Percent High School Drop-Out	27.4%	28.1%	40.7%	27.9%	21.9%	19.0%
Percent High School Diploma	41.0%	41.0%	31.8%	43.4%	44.7%	40.0%
Percent Some College	17.9%	17.7%	11.4%	18.8%	20.5%	19.6%
Percent 4 Years of College or More	3.4%	3.1%	1.3%	1.8%	4.6%	6.7%
School Enrollment During Survey						
Percent Enrolled in School During Survey	24.9%	26.1%	29.4%	32.7%	22.1%	10.7%
Job Training						
Percent Ever Received Job Training	27.4%	27.1%	22.5%	33.3%	27.1%	30.6%
Percent Ever Received Federal Job Training	9.6%	9.7%	11.0%	15.2%	7.1%	8.1%
Work Experience (for those with work experience)						
Years of Work Experience	7.9	7.2	3.7	5.8	9.4	15.7
Current Job Tenure (years)	3.2	3.0	1.3	2.1	4.2	5.4
Physical Limitation on Work						
Percent Disabled	17.9%	17.0%	27.2%	13.9%	13.0%	29.3%

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

who are more self-sufficient are usually more likely to have higher education, job skills, and work experience, and usually less likely to be physically disabled. The data also suggest that parents with more human capital are likely to marry each other, and vice versa. For example, high proportions of both the mothers and the fathers in the equitable-earner and primary/secondary-earner couples had some college education (24 to 30 percent).

Whereas more of the better-educated parents are clustered in the high work-effort family types, many of the disabled are found in the low work-effort family types. In the AFDC-UP families, 47 percent of the fathers reported disabilities, as did 50 percent of the fathers in the marginal-earner

families.¹³ The marginal-earner mothers and fathers were not likely to have been in school during the survey period or to have had federal or other job training. These fathers also had the highest levels of work experience in the low-income population (about 19 years) and it is likely that many of them were not currently working because of their disability status. Many of the AFDC-UP parents, however, were trying to improve their human capital; approximately one in five of the mothers and fathers were enrolled in school for some part of the survey period and approximately the same proportion had some job training. The data on these parents suggest that many of the fathers may be former workers who lost their jobs or have work-limiting disabilities.

¹³ This is not surprising since disabilities are one of the criteria for AFDC-UP eligibility.

Table 5.2
Human Capital Characteristics of Mothers in Stable Married-Couple Families

	Mothers in Married-Couple Families				
	TOTAL	AFDC		Non-AFDC	
		AFDC-UP Recipients	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Education					
Years of Schooling	11.5	10.6	10.5	11.5	11.8
Educational Attainment					
Percent Junior High School or Less	11.1%	19.7%	22.4%	10.9%	7.6%
Percent High School Drop-Out	18.6%	27.9%	27.0%	17.3%	17.2%
Percent High School Diploma	45.9%	40.3%	35.2%	48.0%	45.7%
Percent Some College	18.7%	10.8%	12.1%	17.7%	23.1%
Percent 4 Years of College or More	5.7%	1.3%	3.4%	6.0%	6.4%
School Enrollment During Survey	15.0%	18.7%	9.1%	14.1%	16.7%
Job Training					
Percent Ever Received Job Training	20.3%	21.4%	14.1%	19.8%	22.0%
Percent Ever Received Federal Job Training	3.5%	6.4%	3.3%	3.6%	2.7%
Work Experience (for those with work experience)					
Years of Work Experience	6.9	4.5	5.2	5.9	9.3
Current Job Tenure (years)	3.3	2.5	3.4	3.3	3.6
Physical Limitation on Work					
Percent Disabled	11.9%	25.7%	23.3%	12.1%	6.8%

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Table 5.3**Human Capital Characteristics of Fathers in Stable Married-Couple Families**

	Fathers in Married-Couple Families				
	TOTAL	AFDC		Non-AFDC	
		AFDC-UP Recipients	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Education					
Years of Schooling	11.5	10.3	10.4	11.7	11.8
Educational Attainment					
Percent Junior High School or Less	13.6%	21.4%	28.3%	13.1%	10.2%
Percent High School Drop-Out	18.4%	31.5%	21.9%	17.0%	17.3%
Percent High School Diploma	39.9%	29.8%	32.5%	39.6%	43.9%
Percent Some College	19.0%	13.9%	9.7%	20.7%	19.3%
Percent 4 Years of College or More	9.0%	3.4%	7.6%	9.7%	9.4%
School Enrollment During Survey	14.5%	22.7%	10.3%	15.1%	12.6%
Job Training					
Percent Ever Received Job Training	26.3%	28.1%	20.6%	26.6%	26.4%
Percent Ever Received Federal Job Training	5.0%	12.7%	7.8%	4.5%	3.6%
Work Experience (for those with work experience)					
Years of Work Experience	14.1	12.3	18.8	13.8	14.1
Current Job Tenure (years)	6.0	3.6	8.0	6.1	6.0
Physical Limitation on Work					
Percent Disabled	17.2%	46.1%	49.9%	14.1%	10.3%

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Labor Force Participation and Hours of Work

The extent of participation in the labor market by the parents in the study is shown in **Tables 5.4, 5.5, and 5.6**. There are significant differences in participation across family types, because many of these family types were defined by the parents' relative levels of labor force participation. For example, the welfare-reliant single mothers had the lowest levels of labor force participation, 11.3 percent, whereas the job-reliant single mothers had some of the highest, at 73.5 percent. Only the married mothers in the equitable-earner families had a higher participation rate, at 88 percent.

Single Parents

The job-reliant single mothers and the single fathers, whose average years of schooling were very similar (11.5 and 11.6 years respectively), had very

similar work profiles (see **Table 5.4**). On average, they worked 82-84 weeks out of the 104-week survey period, working 75-77 weeks in their primary job and working 7-9 weeks at a second job. They held almost the same number of jobs on average over the survey period, about 1.7. They spent 57 weeks working full-time, and 19-20 weeks working part-time. These single mothers and fathers both patched together jobs during the survey period without, on average, working full-time, full-year. Still, several differences between the single mothers and fathers stand out. The fathers reported much more self-employment (twelve weeks for the fathers versus six weeks for the mothers); the mothers were more likely to report time out of the labor market. The fathers also reported working 380 hours more over the two-year period than the mothers. Apparently, because their weeks worked were about the same, the fathers must have worked more intensely, perhaps working more hours per week

(whether full time or part time) than the mothers did. Perhaps the single mothers had younger children than the single fathers and, thus, needed to limit their hours.

Those single mothers who packaged welfare with work tended to have more education than those who did not, and they also had high labor force participation, on average. In any given month, about half were working and another 14 percent were looking for work. These mothers worked an average of 1,862 hours during the two years of the survey, almost half-time. As **Table 5.4** shows, however, they were not steadily employed on a part-time basis. Rather, they worked about half the weeks, spending an average of 29 weeks working full time at their primary jobs and about 18 weeks part time. They also spent about four weeks holding more than one job. Like the other working single parents, they held an average of 1.7 jobs over

the survey period. They were unemployed for 14 weeks on average and considered themselves “out of the labor force” for 36 weeks. In addition to the instability of their work schedule, many of these job/welfare-reliant single mothers either lost or left their jobs and went on welfare.

The welfare-reliant single mothers, who have the lowest average years of schooling (10.6 years), had low levels of employment, because by definition they worked fewer than 300 hours over the two-year period. These women did, however, spend a great deal of time looking for work, 20 weeks out of the 104 weeks in the survey period. Only 11 percent ever found paid employment during the two-year survey period, and they worked an average of only 140 hours over 8 weeks, or less than 20 hours per week. They reported being out of the labor force for an average of 76 weeks.

Table 5.4
Labor Force Participation and Employment Duration of Mothers and Fathers in Stable Single-Parent Families, over 24 Months

	Single-Parent Families					
	TOTAL	Mothers				Fathers
		Total	AFDC Recipients		Non-AFDC	
		Welfare Reliant	Job/Welfare Reliant	Job Reliant	Welfare or Job Reliant	
Sample Size (Unweighted)	2,770	2,554	688	474	1,392	216
Sample Size (Weighted)	6,218,564	5,735,793	1,536,332	1,117,029	3,082,432	482,771
Labor Force Participation (all in the sample)						
Percent in the Labor Force During Survey (monthly average)	56.7%	55.1%	11.3%	64.8%	73.5%	75.1%
Percent Ever Worked During Survey	68.8%	67.6%	10.7%	100.0%	84.3%	82.7%
Percent Working During Survey (monthly average)	48.0%	46.6%	0.09%	51.3%	68.0%	65.0%
Employment and Unemployment Characteristics (among ever worked during survey)						
Type of Employment (for those with jobs)						
Percent Had at Least One Wage and Salary Job	96.0%	96.7%	94.9%	98.5%	96.9%	87.8%
Percent Had at Least One Self-Employment Job	8.7%	7.6%	7.3%	5.8%	8.5%	22.0%
Total Number of Jobs During Survey	1.55	1.53	1.09	1.71	1.69	1.74
Number of Wage and Salary Jobs	1.46	1.45	1.02	1.66	1.60	1.50
Number of Self-Employment Jobs	0.09	0.08	0.07	0.06	0.09	0.24
Time Worked (over 24-month period)						
Total Hours Worked	2,252	2,137	140	1,862	3,232	3,612
Total Hours in Primary Job	1,964	1,868	134	1,577	2,837	3,105
Total Weeks Worked	60	58	8	53	84	82
Weeks in Primary Job	54	53	9	47	77	75
Weeks Full-Time at the Primary Job	38	36	1	29	57	57
Weeks Part-Time at the Primary Job	17	16	8	18	20	19
Total Weeks Holding More Than One Job	4.8	4.4	0.5	3.8	6.6	8.8
Labor Force Patterns						
Weeks of Employment	60	58	8	53	84	82
Weeks of Unemployment	11	11	20	14	6	12
Weeks Out of the Labor Force	33	35	76	36	14	10
Number of Spells of Unemployment	1.5	1.5	2.4	1.9	0.9	1.2

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Married Mothers

The labor force participation of married mothers across family types ranged from 17 to 88 percent, similar to the range of single mothers' participation across family types (11 percent to 74 percent). Consistent with the pattern for single mothers, those with more education tended to work more hours. Compared with single mothers, married mothers were employed less than single mothers who relied on jobs and more than those who relied on welfare (see **Table 5.5**). This finding suggests that marriage may provide an alternative to employment for some poor and near-poor women, but most women combine marriage and employment. Except for the mothers in the equitable-earner families (who by definition have high labor force participation), the married mothers all worked almost the same number of hours (between 1,400 and 1,550) over the two-year period, slightly less than the job/welfare packagers. These hours were

distributed differently among the married mothers, however: The marginal-earner mothers worked only 39 weeks on average while the AFDC-UP-reliant mothers worked 49 weeks. Most of the mothers averaged the same number of weeks at full-time work as at part-time work in their primary jobs; in contrast, the marginal-earner mothers worked part time much more (27 weeks part time compared with 8 weeks full time). Except for the high labor force participation of mothers in the equitable-earner couples, the married mothers spent substantially more weeks out of the labor force than single mothers.

Despite the general similarity between the married and single mothers, another difference stands out: the married mothers were much more likely to have tried self-employment. Between 13 percent and 44 percent of married mothers who worked during the survey period had held at least one self-employment job. In contrast, among the

Table 5.5
Labor Force Participation and Employment Duration of Mothers in Stable Married-Couple Families, over 24 Months

	Mothers in Married-Couple Families				
	TOTAL	Non-AFDC			
		AFDC-UP Recipient	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Labor Force Participation (all in the sample)					
Percent in the Labor Force During Survey (monthly average)	48.7%	30.0%	17.2%	29.1%	88.0%
Percent Ever Worked During Survey	69.0%	49.0%	31.6%	55.8%	100.0%
Percent Working During Survey (monthly average)	44.0%	23.1%	11.8%	24.1%	84.4%
Employment and Unemployment Characteristics (among ever worked during survey)					
Type of Employment					
Percent Had at Least One Wage and Salary Job	90.4%	95.6%	69.9%	89.8%	93.8%
Percent Had at Least One Self-Employment Job	19.9%	13.1%	44.0%	19.9%	17.1%
Total Number of Jobs During Survey	1.56	1.79	1.43	1.49	1.64
Number of Wage and Salary Jobs	1.35	1.65	0.94	1.28	1.46
Number of Self-Employment Jobs	0.21	0.14	0.50	0.21	0.18
Time worked (over 24-month period)					
Total Hours Worked	2,057	1,533	1,414	1,574	3,018
Total Hours in Primary Job	1,810	1,240	1,217	1,397	2,666
Total Weeks Worked	60	49	39	45	88
Weeks in Primary Job	55	42	35	42	81
Weeks Full-Time at the Primary Job	28	21	8	22	44
Weeks Part-Time at the Primary Job	26	21	27	20	37
Total Weeks holding More than One Job	5.4	5.3	4.4	4.2	7.3
Labor Force Patterns					
Weeks of Employment	60	49	39	45	88
Weeks of Unemployment	6	11	8	7	4
Weeks Out of the Labor Force	38	44	57	52	12
Spells of Unemployment	1.0	1.7	1.0	1.1	0.7

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

single mothers, the percentage of workers who had ever tried self-employment averaged from 6 percent to 9 percent. This is consistent with other findings and probably reflects the fact that self-employment generally requires assets and an income cushion to carry one through periods of unstable revenues, and these are likely more available to married women than to single women (Devine 1994; Spalter-Roth, Soto and Zandnaipour 1994). Self-employment also seems to be correlated with disability status. For example, among marginal earners, who reported high rates of disability, both the mothers and fathers reported high rates of self-employment (more than 40 percent had held at least one self-employment job).

Married Fathers

Among the low-income, married-couple families in our sample, fathers still generally play the role of major earners, working more hours and spending more hours looking for work (see **Table 5.6**). In the AFDC-UP and marginal-earner couples, the couples with the lowest work hours overall, fathers worked about twice as many hours as mothers did. The AFDC-UP husbands worked more than 2,700 hours during the study period, compared with 1,500 hours for the wives. The marginal-earner fathers worked the least hours of all low-income fathers (2,500 hours), while their wives worked only 1,400 on average—the fewest hours of all groups of mothers except the single

	Fathers in Married-Couple Families				
	TOTAL	Non-AFDC			
		AFDC-UP Reliant	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Labor Force Participation (all in the sample)					
Percent in the Labor Force During Survey (monthly average)	87.3%	58.5%	38.3%	90.5%	97.0%
Percent Ever Worked During Survey	92.0%	66.8%	45.8%	95.5%	100.0%
Percent Working During Survey (monthly average)	80.4%	41.7%	22.5%	84.1%	92.8%
Employment Characteristics (among ever worked during survey)					
Type of Employment (for those with jobs)					
Percent Had at Least One Wage and Salary Job	88.3%	94.2%	68.5%	88.9%	89.4%
Percent Had at Least One Self-Employment Job	23.8%	10.3%	42.0%	22.6%	25.3%
Total Number of Jobs During Survey	1.71	1.81	1.53	1.68	1.77
Number of Wage & Salary Jobs	1.44	1.70	1.08	1.42	1.48
Number of Self-Employment Jobs	0.27	0.11	0.46	0.25	0.29
Time Worked (over 24-month period)					
Total Hours Worked	4,148	2,710	2,492	4,362	4,414
Total Hours in Primary Job	3,617	2,287	2,228	3,830	3,812
Total Weeks Worked	89	65	51	92	97
Weeks in Primary Job	81	57	49	84	87
Weeks Full-Time at the Primary Job	63	42	15	67	69
Weeks Part-Time at the Primary Job	18	14	33	17	18
Total Weeks Holding More than One Job	7.4	4.3	5.4	7.1	8.7
Labor Force Patterns					
Weeks of Employment	89	65	51	92	97
Weeks of Unemployment	7	17	25	6	4
Weeks Out of the Labor Force	7	22	27	6	3
Number of Spells of Unemployment	0.9	2.0	1.6	0.8	0.7

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

mothers who relied on welfare. Whereas the mothers in these families spent about half the total number of weeks out of the labor force, the fathers were out of the labor force about a quarter of the weeks.

By definition, primary/secondary-earner married couples displayed large gender disparity in hours worked, with fathers working almost 4,400 hours. Employed mothers worked only about 1,600 hours on average. Almost all (95 percent) of the fathers in primary/secondary-earner families worked at some point during the survey, compared with just over half (56 percent) of the mothers. (In a few cases, the primary earner was the mother, not the father.) The fathers reported 92 weeks of work on average, with six weeks of unemployment and six weeks out of the labor market. They worked two or more jobs for seven weeks, and their wives held two or more jobs for four weeks.

Finally, all of the fathers and mothers in equitable-earner families worked during the survey period, by definition, and they had the least disparity in work hours: 4,400 hours for fathers compared with 3,000 for mothers. These mothers worked almost as much as the job-reliant single mothers. They spent about six weeks out of the labor force each year, slightly more than the job-reliant single mothers. Overall, the married fathers had about the same average number of jobs as the married mothers did, between 1.5 and 1.8 over the survey period. These fathers reported working 97 weeks, being unemployed for four weeks, and being out of the labor force for three weeks. They worked at least two jobs for nine weeks, while their wives held two (or more) jobs for seven weeks.

In married-couple families, fathers were much less likely than the mothers to work part-time, although the average number of weeks in part-time employment was surprisingly high, especially among the marginal-earner fathers. Equitable-earner, primary/secondary-earner, and AFDC-UP fathers worked part-time about a fifth of the weeks in their primary job, whereas mothers spent half their hours part time. The marginal earners followed the same gender pattern, but about two-thirds of the weeks worked by the fathers, compared with almost three-quarters for the mothers, were part-time.

Jobs and Earnings

As we have seen, parents with more education and other forms of human capital tend to work more. This section shows they also tend to have better-paying jobs. But, all the groups of low-income mothers, even those with more education, tend to be in women's occupations that do not pay enough to support families above the poverty level, even when they work nearly full time, full year. Even the job-reliant single mothers, the mothers who worked the most, still earned only about \$11,000 per year (as we saw in Chapter 4). Despite a similar educational profile, the married low-income fathers with substantial labor market commitment in the study averaged \$20,000 annually in earnings (primary/secondary and equitable-earner married-couple families). Even if the mothers worked as many hours as these fathers, at their relative rates of pay, there would still be an annual earnings gap of about \$5,000.

Single Mothers

The job-reliant single mothers, who had nine years of work experience on average, received a higher wage than the other single mothers—an average of \$6.60 per hour in the primary jobs with average annual earnings of \$11,134 over the two-year period (see **Table 5.7**). This income still falls considerably short of Edin and Lein's (1997) estimate of the amount required to meet a single mother's expenses. Even if these single mothers worked full time, full year at \$6.60 per hour, they would not bring their families out of poverty on their wages alone. They were less likely than other single mothers to be in service occupations although they were still highly concentrated in this field (32 percent compared with more than 40 percent). Their higher levels of human capital (than those of other single mothers) are reflected in their somewhat higher probability of being in managerial, professional, and technical slots (10 percent) or administrative support and clerical positions (24 percent), relative to the other single mothers. Still, approximately 14 percent were in sales and related occupations, and 18 percent worked as operators, fabricators, or laborers, relatively low-paying jobs. Only 5 percent were self-employed as their primary job.

The job/welfare-reliant single mothers, who had six years of work experience on average, had hourly earnings that were \$1.30 less than those earned by the job-reliant single mothers. Their average hourly rate at their primary job was only \$5.29, and they earned a total of only \$4,713, on average, each year from their primary job. The low wages earned by the job/welfare-reliant mothers are consistent with the types of jobs they held and their relatively low levels of education. Approximately 12 percent were employed in sales and related occupations (more than half of which were cashiers) and 18 percent as operators, fabricators,

or laborers, proportions that are similar to those of the job-reliant single mothers. Like the welfare-reliant mothers, however, more than 40 percent were employed in a service occupation for their primary job, including personal services, food preparation, and cleaning services. This is a higher rate of participation in service occupations than is found among the job-reliant single mothers or the equitable-earner married mothers. Although the compensation for these jobs varies considerably, these fields include many unskilled, unstable, low-paid jobs. Another 19 percent were in administrative support and clerical jobs. Given their earn-

Table 5.7
Jobs and Earnings of Single Mothers and Fathers
Who Worked at Any Point During the 24-Month Study Period

Single-Parent Families						
	TOTAL	Mothers				Father
		Total	AFDC Recipients		Non-AFDC	
			Welfare Reliant	Job/Welfare Reliant	Job Reliant	
						Welfare or Job Reliant
Sample Size (Unweighted)	2,770	2,554	688	474	1,392	216
Sample Size (Weighted)	6,218,564	5,735,793	1,536,332	1,117,029	3,082,432	482,771
Annual Earnings¹						
Total Earnings in Jan. 1994 dollars	\$7,733	\$7,127	\$327	\$5,419	\$11,134	\$14,940
Earnings in Primary Job	\$6,876	\$6,351	\$309	\$4,713	\$9,955	\$13,122
Hourly Rate at Primary Job	\$5.95	\$5.76	\$4.42	\$5.29	\$6.60	\$8.13
Type of Primary Job						
Percent in Wage/Salary Jobs	93%	94%	93%	97%	94%	82%
Occupation of Primary Job						
Managerial/Executive	3%	3%	0%	3%	5%	6%
Professional	3%	3%	2%	3%	4%	3%
Technician	1%	1%	0%	1%	1%	3%
Sales and Related	15%	15%	21%	12%	14%	7%
Cashier	7%	8%	12%	7%	6%	0%
Administrative Support and Clerical Service	19%	20%	12%	19%	24%	8%
Personal Services	35%	37%	44%	41%	32%	12%
Food Preparation	6%	6%	6%	8%	5%	1%
Cleaning Service	11%	12%	14%	13%	10%	3%
Farming and Forestry Occupations	12%	13%	23%	10%	8%	4%
Precision Production, Craft, and Repair	2%	2%	5%	2%	1%	7%
Operators, Fabricators, and Laborers	4%	2%	1%	3%	2%	27%
Armed Forces	18%	17%	16%	18%	18%	28%
Armed Forces	0%	0%	0%	0%	0%	0%
Industry of Primary Job						
Mining	0%	0%	0%	0%	0%	0%
Manufacturing - Nondurables	9%	9%	7%	9%	10%	6%
Manufacturing - Durables	7%	6%	3%	6%	8%	21%
Construction	2%	1%	1%	0%	0%	14%
Transportation	3%	3%	2%	2%	3%	5%
Wholesale Trade	4%	4%	6%	2%	3%	6%
Retail Trade	24%	25%	30%	24%	23%	13%
Services	41%	43%	44%	46%	40%	21%
Finance, Insurance, and Real Estate	5%	5%	2%	4%	7%	3%
Public Administration	4%	4%	1%	4%	5%	5%
Agriculture, Forestry, and Fisheries	2%	2%	5%	2%	1%	6%
Armed Forces	0%	0%	0%	0%	0%	0%

¹ Those cases where the value is zero have been excluded from the calculations.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

ings, these women are unlikely to be able to support themselves and their families without further education or training, even if they were to become employed full time, full year.

The welfare-reliant single mothers had much less work experience on average (3.7 years). For the small number of welfare-reliant single mothers who found employment, most found wage on salary work (93 percent) and earned an average of \$4.42 per hour. The low wages for those who gained employment reflect their high rate of participation in the lowest paid female occupations; 44 percent of their jobs were in service occupations, about half of which were cleaning jobs. Clearly, work at these hourly wages would not be sufficient to support even a small family, even if worked full time, year round.

Single Fathers

When we look at wages, we see a considerable difference between the job-reliant single mothers and the single fathers. Single fathers, welfare reliant or job reliant, had an average of 16 years of work experience, which is much higher than that for even job-reliant single mothers. The fathers earned an average wage of \$8.13 per hour compared with \$6.60 per hour for the mothers (see **Table 5.7**). The fathers' average annual earnings were \$14,940. Fathers were, therefore, the only single-parent group with an average wage high enough to meet Edin and Lein's (1997) estimate of the amount needed to meet a single-parent family's expenses.

As one would expect, given occupational segregation, single fathers were more likely to be in the kinds of jobs that pay higher wages. About 27 percent were in precision production, craft, and repair jobs, which tend to be relatively well-paid, compared with fewer than 2 percent of the job-reliant mothers. Less than 12 percent were in the often-poorly paid service occupations (compared with 32 percent of the job-reliant single mothers). These fathers earned substantially more than working single mothers and were more likely to be able to support their families at a minimum subsistence level.

Married Mothers

As with single mothers, those married mothers with more human capital worked more hours also earned more per hour (see **Table 5.8**). The equitable earners earned the highest hourly rate of \$6.19, somewhat lower than the \$6.60 earned by the job-reliant single mothers, although they had similar amounts of work experience (about nine years, on average). The primary/secondary earners and the AFDC-UP-reliant mothers (with average job experience of six and four years, respectively) both earned slightly more than \$5 per hour on average, similar to the job/welfare-reliant single mothers. The marginal earners (with average job experience of five years) earned only \$3.82, even less than the welfare-reliant single mothers.

Like the single mothers, the married mothers were concentrated in four occupational categories: sales; administrative support and clerical; service; and operators, fabricators, and laborers. Mothers who did not receive AFDC were less likely to work in the lowest-paid service occupations and more likely to work in the higher-paying administrative support jobs. In contrast, 12 percent of marginal earners were in farming and forestry, probably working on farms as laborers or as small farm owners, possibly partially explaining the relatively large proportion of self-employment. The AFDC-UP-reliant mothers were most likely to work in service jobs: fully 42 percent did so, considerably more than the other married mothers, but similar to the proportions for single mothers receiving welfare.

Married Fathers

In all married couples, the father had considerably more work experience and earned a higher hourly wage than the mother, on average (see **Table 5.8**). The AFDC-UP fathers, who had 12 years of work experience on average, earned an average of \$7.90 per hour, compared with \$5.08 for their wives (64 cents for every dollar earned by the fathers). The marginal earners' hourly rate for fathers, who had 19 years of work experience on average, was nearly \$7.00, as opposed to less than \$4.00 for their wives (56 cents for every dollar earned by their husbands). Primary/secondary-earner fathers, who had 14 years of work experience on average, were

Table 5.8

Jobs and Earnings of Married Mothers and Fathers Who Worked at Any Point During the 24-Month Study Period

	Total Mothers	Mothers in Married-Couple Families				Total Fathers	Fathers in Married-Couple Families			
		AFDC		Non-AFDC			AFDC		Non-AFDC	
		AFDC-UP Reliant	Marginal Earners	Primary/Secondary Earners	Equitable Earners		AFDC-UP Reliant	Marginal Earners	Primary Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138	7,222,729	528,903	425,028	3,792,660	2,476,138
Annual Earnings¹										
Total Earnings in Jan. 1994 dollars	\$6,067	\$4,529	\$1,999	\$4,514	\$9,474	\$18,036	\$11,938	\$6,617	\$19,731	\$18,704
Earnings in Primary Job	\$5,436	\$3,902	\$1,712	\$4,059	\$8,511	\$15,994	\$10,401	\$5,882	\$17,607	\$16,454
Hourly Rate at Primary Job	\$5.47	\$5.08	\$3.82	\$5.24	\$6.19	\$8.84	\$7.90	\$6.88	\$9.27	\$8.71
Type of Primary Job										
Percent in Wage/Salary Jobs	85.1%	91.6%	62.8%	84.5%	88.4%	83.1%	91.8%	64.3%	83.3%	84.1%
Occupation of Primary Job										
Managerial/Executive	5%	3%	8%	5%	5%	7%	4%	6%	7%	8%
Professional	6%	6%	5%	5%	7%	5%	3%	3%	5%	5%
Technician	2%	0%	0%	2%	2%	2%	1%	0%	2%	2%
Sales and Related	14%	15%	16%	14%	14%	8%	2%	7%	9%	9%
Cashier	5%	5%	0%	5%	5%	0%	0%	1%	1%	0%
Administrative Support & Clerical	20%	15%	10%	22%	21%	4%	5%	5%	3%	4%
Service	32%	42%	28%	33%	30%	9%	17%	6%	8%	10%
Personal Services	10%	7%	12%	10%	9%	0%	1%	0%	0%	0%
Food Preparation	10%	15%	5%	10%	9%	2%	6%	0%	2%	3%
Cleaning Service	8%	15%	8%	7%	7%	4%	8%	6%	4%	4%
Farming and Forestry Occupations	3%	2%	12%	3%	2%	8%	8%	18%	9%	6%
Precision Production, Craft, & Repair	3%	1%	2%	3%	3%	25%	20%	21%	26%	25%
Operators, Fabricators, & Laborers	15%	15%	20%	14%	16%	30%	41%	34%	29%	29%
Armed Forces	0%	0%	0%	0%	0%	2%	1%	0%	3%	2
Industry of Primary Job										
Mining	0%	0%	0%	0%	0%	2%	3%	0%	2%	1%
Manufacturing - Nondurables	8%	7%	12%	8%	9%	7%	7%	3%	6%	8%
Manufacturing - Durables	5%	3%	2%	5%	7%	15%	14%	13%	15%	16%
Construction	1%	1%	5%	2%	1%	14%	11%	13%	15%	14%
Transportation	2%	1%	4%	2%	2%	9%	12%	9%	9%	8%
Wholesale Trade	3%	1%	3%	4%	2%	5%	2%	7%	5%	5%
Retail Trade	25%	29%	22%	26%	23%	13%	15%	15%	12%	14%
Services	44%	49%	36%	43%	45%	18%	22%	17%	17%	20%
Finance, Insurance, and Real Estate	4%	2%	2%	5%	5%	3%	4%	2%	3%	2%
Public Administration	2%	3%	2%	2%	3%	4%	1%	5%	4%	5%
Agriculture, Forestry, and Fisheries	4%	2%	12%	4%	3%	8%	7%	17%	8%	6%
Armed Forces	0%	0%	0%	0%	0%	2%	1%	0%	3%	2%

¹ Those cases where the value is zero have been excluded from the calculations.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

the highest paid, at \$9.27 per hour, compared with \$5.24 for the working mothers in these families (also 56 cents for every dollar earned by their husbands). Equitable-earner fathers, who had 14 years of work experience on average, also made much more per hour than their wives, although the gender difference here is the smallest of any married-couple families: the men made \$8.71 and their wives \$6.19 (71 cents for every dollar earned by their husbands). With their longer work hours and higher wages, it is not surprising that married fathers earned more annually than their wives on average: about three times as much for the AFDC-UP and marginal earners, more than four times as much for the primary/secondary earners, and about twice as much for the equitable earners.

Married fathers' occupational profiles were quite different from those of their wives and quite similar to those of single fathers. More than half of the fathers in each group were blue collar workers, concentrated in the fields of precision production; craft and repair (which pay relatively well); and operators, fabricators, and laborers. Their wives were much less likely to be in these fields. There were some differences between groups of fathers; for example, the equitable earners had a surprisingly high (8 percent) representation in managerial/executive positions—these are probably lower-level managerial positions in food service and other low-paid industries, or these are young families with starting salaries. The marginal earners, like their wives, were the most likely (18 percent) to be in farming and forestry occupations. The AFDC-UP fathers were more likely (17 percent) than the other fathers to be in low-paid service occupations.

Overall, because fathers in these low-income families had only slightly more human capital than mothers, gender differences in occupational distribution and in pay levels among occupations must account for much of the earnings differences between low-income fathers and low-income mothers. Unfortunately, a detailed analysis of these earnings differences is beyond the scope of this report. The substantial sex segregation in the low-wage labor market, however, has serious implications for policies emphasizing employment as the path to “self-sufficiency” for poor mothers.

Factors Related to Mothers' Employment

Thus far, we have looked at various demographic and human capital characteristics to try to understand why some mothers and fathers are better able to support their families primarily on earnings and others must rely more on government benefits and other income sources. Hours of employment and hourly wages are obviously critical, and these are closely tied to demographic and human capital characteristics. In addition, there are important barriers to parents' employment, like the need for child care, especially for single mothers who do not have the potential of sharing child care responsibilities with husbands.

In this section, we focus on low-income mothers, examining the factors that increase or decrease their employment. (Although employment status varies for low-income fathers as well, our study does not have a sufficiently large sample of non-employed fathers to study). We examine how the probability of a mother's employment is predicted by a number of demographic and economic factors using logistic regression analysis. This analysis includes the mother's age, education and other human capital variables, the age of children (measuring the need for child care), marital status, living arrangements, race and ethnicity, other family income,¹⁴ region of the country, and state unemployment rates as explanatory variables. Because we want to predict employment for both types of mothers examined in this report—single and married—we estimate separate logistic regression models for each type of mother, with employment status in month 12 as the dependent variable. (Detailed regression results are presented in Appendix **Tables A.1** and **A.2**.)

The probabilities of employment for low-income single and married mothers with certain characteristics (i.e., the baseline scenario) and the effects of factors that increase or decrease the probability of employment from the baseline case are

¹⁴ For the regression analysis in this section, the variable “other family income” is defined as an aggregate of family income from all sources except the mother's own earnings. This measure may include government benefits, some of which are received only by individuals who are not employed.

reported in **Table 5.9**. The baseline case is a white woman who is 30 years old, has eleven years of schooling and no job training, has no physical limitations, has one child (age 6-12), does not live with any other adults, has no other family income, is a U.S. citizen, and lives in the Midwest region in a state with a relatively low (for the time period under consideration) unemployment rate. For single mothers with these characteristics, the probability of being employed is 79 percent; for married mothers, it is 67 percent.

Single Mothers

Among single mothers, the ability to work is the most important factor in determining the probability that they will be employed: the presence of a physical limitation reduces the probability that they will be employed from 79 percent to 41 percent. Having an infant and/or pre-school age children (ages 0-2 and ages 3-5) also reduces their probability of employment (to 62 percent and 69 percent, respectively). The economic conditions of

Scenario	Probability of Being Employed	
	Single Mothers	Married Mothers
BASELINE	0.79	0.67
30-years of age		
11-years of schooling		
No job training		
No physical limitation		
One child age 6-12		
No children age 0-2		
No children age 3-5		
No children age 13-17		
Without other adults in living arrangement		
Citizen		
No other family income (\$0)		
Midwest region		
Low state unemployment rate (7.0%)		
White		
WORSENING THE BASELINE		
Physical limitation	0.41	0.50
Additional child age 0-2	0.62	0.56
Additional child age 3-5	0.69	0.62
Additional child age 6-12	—	0.65
Additional \$100 in other family income	0.02	—
North region	0.72	0.52
1% increase in state unemployment rate	0.77	0.65
Black	0.70	—
Hispanic	0.68	—
Other race	0.62	—
IMPROVING THE BASELINE		
One-year increase in age	0.80	0.71
One-year increase in years of schooling	0.82	0.69
Job training	0.83	0.74
Additional child age 6-12	0.86	—
Other adults living in arrangement	—	0.73
South region	0.84	—
Black	—	0.77
WORST-CASE SCENARIO	0.14	0.19
Physical limitation		
Child age 0-2		
North region		
High state unemployment rate (10.0%)		
BEST-CASE SCENARIO	0.95	0.77
16 years of schooling		
Job training		
West region		

Source: Calculations based on logistic regression results presented in appendix Tables A.1 and A.2 (statistically insignificant results not shown here).

the single mother's state and region of residence are also significant, with an increase in the state unemployment rate and living in the North both associated with a decrease in the probability of employment compared to the baseline. Among single mothers, race and ethnicity are also important factors: single mothers who are African American, Hispanic, or from other racial groups (Asian American, Pacific Islander, and Native American) have a lower probability of employment compared with other single mothers with similar characteristics who are white.

One surprising result is the effect of income from other sources. In an earlier study of single AFDC recipients, IWPR found that the presence of another earner in the household was positively related to the likelihood that the single mother was employed (Spalter-Roth, Burr, Hartmann, and Shaw 1995). Yet, in this study, the results indicate that \$100 in additional income substantially reduces the probability that a single mother will be employed. In addition, in this study the effect of other adults in the living arrangement is not statistically significant. Clearly, these findings require additional research, with alternative specifications of the effects of the presence of other adults and of other income on single mothers' employment status.

As expected, our findings illustrate that increases in human capital characteristics are associated with increases in the probability of employment: single mothers who are one year older, have one more year of schooling, or have job training experience have a higher probability of employment than the baseline case. Although having very young children reduces the probability of employment among single mothers, having an additional school-age child (age 6-12) increases their probability of employment. Single mothers living in the South are also more likely to be employed than those living in the Midwest. Examining the "worst case" and "best case" employment scenarios for the single mothers in our sample, we find that a single mother with the lowest probability of employment has a physical limitation and a child aged 0-2 and lives in the North in a state with a high (10 percent) unemployment rate. A single mother with the highest probability of employment has 16 years of schooling and job training and lives in the West.

Married Mothers

Among married mothers, the presence of a physical limitation is also the most significant negative factor, reducing the probability of employment from 67 percent to 50 percent. As with single mothers, the presence of infants and/or pre-school-age children also reduces the probability of employment substantially. Unlike single mothers, the married mothers in this sample have a lower probability of employment if they have an additional child age 6-12. The probability of employment for married mothers is also sensitive to economic conditions, showing a decline for those mothers living in the North and those living in a state with a high unemployment rate. For married mothers, additional family income does not have a statistically significant effect on the probability of employment; however, the presence of other adults in the household has a significant positive effect on their probability of being employed.

Unlike single mothers, a married mother identified as Hispanic or from other racial groups does not see a statistically significant impact on her probability of employment. Being African American is statistically significant, but it is positive, not negative, as it was for single mothers. That is, African American married mothers have an employment probability of 77 percent, compared with 67 percent for white married mothers in the baseline scenario. Human capital characteristics also increase the probability of employment among married mothers, as they do for single mothers. An increase in the mother's age, an increase in her years of schooling, and an increase in job training are all associated with a higher probability that she will be employed. The factors determining the "worst case" and "best case" scenarios are similar for married and single mothers.

As shown, these findings illustrate that despite some differences in the employment probabilities of single and married mothers, the ability to work (not having a physical limitation), the availability of jobs (living in a region and/or state with lower unemployment rates), the absence of infants and pre-school age children, and greater amounts of human capital (such as education or job training) are the critical factors in predicting the likelihood of employment for low-income mothers.

Employment and Marriage

Recent discussions of welfare reform focus on the marital status of single mothers receiving welfare, as if marriage would be a secure route out of poverty for them. In contrast, the obvious relationship between marriage and economic well-being should focus increasing attention on the question: Does employment increase the likelihood that people marry? Although fully addressing this question is beyond the scope of this study, our findings cast doubt on “marriage as the solution” for many single mothers. We find that, overall, many fewer African American single mothers married during the two-year time period of the study and that an African American mother’s employment was associated with her getting married during the two-year time period of this study. Thus, for African American mothers, but not for whites, employment tends to precede marriage.

We examined the employment characteristics of mothers who remained single and mothers who married during the 24 months of the survey. **Table 5.10** illustrates that 40 percent of the single mothers in our sample are African American and 43 percent are white; yet, in the group who married, African American mothers constituted only 14 percent of the total, compared with white mothers,

who constituted 68 percent of the total. In addition, whites were the only racial/ethnic group in which the mothers who married were less likely than the mothers who remained single to be employed. Among those who married, 70 percent of African American mothers were employed before marrying. Only about 44 percent of African American single mothers who did not marry were employed in month 12, the middle of the survey period. For other racial and ethnic groups, the mothers who married also had higher employment rates than those who remained single, but the gap is much smaller than that for the African American mothers.

These results suggest, as other researchers have argued, that employment (and the income an employed mother brings to a family) is associated with the likelihood of marriage for African American women (Burbridge 1995; Lichter, McLaughlin, Kephart, and Laundry 1992). In fact, the employment of the mothers in these families may do more to encourage marriage than to discourage it. This finding suggests that if increasing marriage is to be a policy goal, employability programs should target both women and men instead of favoring men over women, as some suggest (see, for example, Offner 1995). The connection between

Table 5.10

Comparison of Employment Characteristics of Single Mothers and Mothers Who Married During the Study Period, by Race/Ethnicity, over 24 Months

	Total	White	African American	Hispanic	Other
Single Mothers¹	100.0%	43.2%	40.4%	13.9%	2.4%
Percent Employed in Month 12	48.7%	56.5%	44.1%	40.5%	39.8%
Mothers Who Married	100.0%	67.7%	14.2%	14.5%	3.6%
Percent Employed in the Month Prior to Marriage	51.7%	51.0%	70.1%	47.0%	51.5%
Monthly Earnings for all Mothers	\$492	\$492	\$632	\$460	\$574
Monthly Earnings for Employed Mothers ²	\$995	\$993	\$955	\$983	\$1,115

¹ Single mothers remained single for the entire 24-month study period.

² Those cases where the value is zero have been excluded from the calculations.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

women's improved employment outcomes and marriage also raises questions about the emphasis placed on "fatherhood" programs in current welfare-reform discussions (see, for example, Haskins, Sawhill, and Weaver 2001). Such programs tend to emphasize marriage as a solution to welfare dependence for poor single-parent families. However, single-parent families do not make up the majority of poor families, and many families headed by married couples still live in poverty. Instead of diverting scarce resources to promoting marriage, funding should be targeted at reducing work barriers and increasing job training and education.¹⁵ Improving women's employment opportunities will help families whether they are single, cohabitating, or married-couple families, and it may even improve women's likelihood of marriage.

Analysis of married-couple families shows that the fathers in minority racial and ethnic groups have lower education levels, higher unemployment

rates, and lower monthly earnings than the white fathers (see **Table 5.11**). African American husbands experience the highest unemployment rates (8.5 percent) among all husbands and are the only group who have lower education (on average, 11.3 years) than their wives (on average, 11.8 years). They have the lowest earnings on average (\$1,203 per month) among all husbands. In contrast, African American wives have the highest employment rate (55 percent) and the highest monthly earnings (\$529). Their paid employment contributes about 25 percent of the total family income, the largest share among wives of all the racial or ethnic groups in this study. These findings suggest that African American mothers are less likely than white mothers to use marriage as a route out of poverty. Instead, paid employment appears not only to increase their chances of marrying but also to decrease the likelihood of poverty for their families after they marry.

¹⁵ Programs to encourage education and training to improve the human capital and potential earnings would be helpful for all low-income families. Nevertheless, given the likely inadequacy of TANF funds to meet the needs of welfare recipients, welfare funds should not be diverted to non-recipients

Table 5.11

Comparison of Employment Characteristics of Wives and Husbands in Stable Married-Couple Families, by Race/Ethnicity, Month 12

	Total	White	African American	Hispanic	Other
Married Couple Families	100.0%	68.0%	11.4%	15.6%	5.1%
Family Income	\$2,217	\$2,245	\$2,118	\$2,079	\$2,474
Wives					
Years of Education	11.5	12.0	11.8	9.5	11.0
Percent Employed	46.2%	46.6%	55.3%	38.7%	43.6%
Earnings	\$387	\$372	\$529	\$335	\$429
As Percent of Family Income ¹	17.5%	16.6%	25.0%	16.1%	17.3%
Husbands					
Years of Education	11.6	12.1	11.3	9.7	11.2
Percent Employed	84.3%	86.0%	78.3%	84.0%	76.4%
Percent Unemployed	6.0%	5.4%	8.5%	7.4%	3.4%
Earnings	\$1,439	\$1,530	\$1,203	\$1,263	\$1,290
As Percent of Family Income ¹	64.9%	68.2%	56.8%	60.8%	52.1%

¹ Note that the earnings of husbands and wives among low-income families do not add to 100 percent of family income because these families also rely on government benefits and income from other family members.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

HOW LOW-INCOME FAMILIES MEET THEIR CHILD CARE NEEDS

Research has shown that child care obligations are a major obstacle to mothers' labor force participation (Blau, Ferber, and Winkler 1998). Findings from this study (discussed in the previous chapter) also confirm that the presence of young children is negatively associated with low-income mothers' participation in paid work. It is likely that a major reason for this disparity is the lack of affordable, quality child care (Kimmel 1994; Hofferth 1995). In fact, many researchers, advocates, and policy-makers consider subsidized child care essential to helping low-income mothers participate in the labor force on a more continuous basis. This policy issue has become even more critical, given the increased emphasis contained in recent welfare reform law on the employment of single mothers with young children.

To shed more light on the child care constraints faced by low-income mothers, we examine the employed mother's use of child care and its costs in our sample. The analysis in this chapter examines the various types of child care arrangements used by low-income families and the cost to parents among different family types. Special attention is paid to the relationship between child care costs and the earnings of mothers. In the following chapter, we will examine the impact of child care subsidies on family poverty.

The data used in the analysis are from relevant years of the SIPP's special topical modules on child care arrangements and costs. These modules offer detailed information on child care used by parents or guardians who worked or were enrolled in school during the month before the interview and who had children under 15 years of age living with them. For our analysis, we use the third topical modules of the 1988 and 1990 SIPP, because the child care questions were very limited before 1988. Because the child care module questions refer to only one month, these analyses takes the corresponding month, i.e., month 12, during each panel survey, as the time frame.

Types of Child Care Arrangements

We begin by looking at child care use among working mothers in low-income families. Children under age six are the critical age group whose presence significantly reduces a mother's likelihood of working. Our analysis of types of child care arrangements, therefore, focuses on this age group. Table 6.1 presents the primary child care arrangements for all children under age six for three groups of employed, low-income mothers: married, single, and AFDC recipients. The AFDC group includes all three family types that received welfare for at least two months of the 24-month study-welfare-reliant single mothers, job/welfare-reliant single mothers, and AFDC-UP-recipient married-couple families. The majority of employed AFDC mothers are single parents, and approximately one-fifth is married.

As **Table 6.1** shows, about one-quarter of children in low-income, married-couple families were cared for by their fathers when their mothers were working. This is the most prevalent form of child care for children in these two-parent families; it is possible that many husbands and wives work different shifts to manage the costs and availability of child care (Presser 1995). Care by non-relatives and organized child care facilities were the next most prevalent forms of child care arrangements, with almost one out of five of these families using each form of child care. Grandparents and other relatives also provided primary care for another fifth of the young children of married couples.

In contrast to married-couple families, single (job-reliant) mothers were most likely to use organized child care facilities (see **Table 6.1**). About 30 percent of the children in job-reliant, single-mother families were cared for by day/group care centers or nursery schools/preschools during most of the hours that their mothers worked. In addition, more than one quarter of the children of single mothers were cared for by their grandparents and other relatives (26 percent), probably re-

flecting the large number of single mothers who lived in households with their own parents or other adults. Non-relatives provided primary care for about 21 percent of the young children. Moreover, about one in ten children (8.9 percent) in single-mother households were in the care of their fathers while their mothers were working.

For employed mothers who received AFDC, grandparents were the most prevalent care givers. More than one-quarter (26 percent) of the children in these families were cared for by their grandparents during most of the hours their mothers worked. An additional 17 percent were cared for by other relatives. Although a mother living with her own parents in a three-generation household is not a significant factor in predicting the likeli-

hood of her employment (see the results of the statistical analyses in the previous chapter), adults who provide child care do facilitate the mother's ability to work. Because the majority of mothers who received AFDC were single, their access to father's care was similar to that of the single-mother group (10 percent compared with 9 percent for the single mothers). Their use of organized care was much lower than that of the non-AFDC single mothers (20 percent of the AFDC mothers' children compared with 30 percent of the single mothers' children), however.

In addition to the major types of child care arrangements mentioned above, mothers of about 11 percent of the young children (mainly five-year olds) worked during the hours their children were

Table 6.1
Child Care Arrangements for Children Under Age Six of Working Mothers in Low-Income Families, Month 12

	Total	Working Mothers		
		AFDC	Non-AFDC	
			Married	Single
Sample Size (Unweighted)	712	78	426	208
Sample Size (Weighted)	2,631,609	306,007	1,526,026	799,579
Percentage (Weighted)	100.0%	11.6%	58.0%	30.4%
Average Number of Children Under Age Six	1.3	1.3	1.4	1.2
Primary Care Arrangements (percent of children)				
Other Parent	19.1%	10.4%	25.3%	8.9%
Siblings	0.8%	0.6%	0.5%	1.5%
Grandparents	16.0%	25.7%	13.5%	17.5%
Percent Paid For	33.8%	33.5%	41.5%	20.6%
Percent Not Paid For	66.2%	66.5%	58.5%	79.4%
Other Relatives	8.8%	16.7%	7.4%	8.8%
Percent Paid For	75.9%	70.7%	86.5%	60.2%
Percent Not Paid For	24.1%	29.3%	13.5%	39.8%
Non-Relatives	19.6%	16.5%	19.6%	20.9%
Percent Paid For	96.4%	77.0%	99.0%	96.7%
Percent Not Paid For	3.6%	23.0%	1.0%	3.3%
Center-Based Care	21.8%	19.8%	18.5%	30.0%
Percent Paid For	82.5%	68.2%	87.6%	79.3%
Percent Not Paid For	17.5%	31.8%	12.4%	20.7%
Child in School	11.2%	10.2%	10.9%	12.4%
Child Cares for Self	0.4%	0.0%	0.6%	0.0%
Mother Cares for Child While Working	2.2%	0.0%	3.7%	0.0%
Percent of Children in Paid Care	49.0%	46.7%	47.6%	52.9%
Percent of Children with More Than One Arrangement	33.1%	19.1%	37.4%	30.5%

Source: IWPR calculations based on the 1988 and 1990 panels of the Survey of Income and Program Participation.

in school or kindergarten. This pattern holds true for all three groups of working mothers.

Our findings confirm those of other researchers, that low-income, employed single mothers are more likely to rely on other relatives for child care than low-income married mothers who can rely on their husbands (U.S. House of Representatives, Committee on Ways and Means 1994; Brayfield, Deich and Hofferth 1993). This is especially true among the single mothers who relied on welfare or who combined welfare and jobs. These findings also show that job-reliant single mothers are the most likely to use organized child care, which many single mothers prefer, but cannot always afford (Hofferth 1995). It is important to note, however, that increased use of relative care does not necessarily mean more access to free child care, since relatives may charge for this service.

As shown in **Table 6.1**, almost half of the young children (49 percent) of employed mothers in low-income families were in paid care. Most of the non-relative and organized care and a substantial proportion of the care provided by grandparents and other relatives required payment. For example, a third (34 percent) of the grandparents who cared for the children of the working welfare mothers were paid, compared with 21 percent of the grandparents who cared for the children of single, job-reliant mothers. All three groups of mothers were about twice as likely to pay for child care provided by relatives other than grandparents. Among the working AFDC mothers, 17 percent of their young children were cared for by other relatives, seven out of ten children's care of whom were paid for their caregiving work. The percentage of care provided by other relatives who received payment was even higher for married mothers (87 percent of other relatives received payment). Single mothers ended up with the highest proportion of young children in paid care because they often paid relatives (other than fathers) for care and had a greater propensity to use non-relative or center-based child care. The proportion of the children of AFDC recipients in paid care was only slightly lower than that of the children of the non-AFDC single mothers (47 percent versus 53 percent, respectively).

Costs of Child Care

Table 6.2 presents the results of our analysis of the costs of child care for all of the families in our sample with children under age 13. Although the presence of older children does not discourage a mother's employment to the same extent as the presence of younger children, older children still need substitute care when they are not in school, and such costs are relevant to assessing economic well-being in low-income families. To determine the burden of child care cost to these families, we analyzed the cost in relation to mothers' earnings and total family incomes.

In general, working mothers who earn more and, therefore, can afford to pay for child care use paid child care more frequently. On average, mothers who pay for child care earn \$7.30 per hour at their primary job, whereas mothers who use free child care earn \$6.49 per hour at their primary job. This pattern holds true across all three groups, although the wage difference between paying and non-paying mothers is extremely small among the welfare group (\$5.92 and \$5.81 per hour, respectively). This pattern suggests that, if mothers earn more money, they are more able to afford paid child care; the mothers with low-earning ability are more likely to work when they have access to free child care. It may also suggest that paid child care is more reliable (on average) than unpaid child care, leading to more continuous employment of paying mothers and thus contributing to their higher hourly wages.

All three groups of mothers are equally likely to pay for child care (ranging from 39 percent to 41 percent); single mothers do not have better access to free child care, even if they rely on welfare.¹⁶ Furthermore, among those who use paid child care, there are only slight differences in the average monthly amount paid for care (ranging from \$204 to \$222 per month), regardless of the marital or the welfare status of the parent.

To analyze the burden of child care costs in relation to mothers' earnings, we created a ratio cost-per-hour-worked for the mothers who paid for child care. We find that job-reliant single mothers paid the lowest price (\$1.36) for each hour

¹⁶ The percentages using paid care in Table 6.2 differ from those in Table 6.1 for several reasons. Table 6.2 refers to all children up to age 12, whereas Table 6.1 refers to children up to age 5, and older children, who are less likely to need full-time care, are easier to find care for from relatives or friends for free. Also, in Table 6.2, the unit of analysis is the family instead of the child.

worked, whereas the job-reliant married mothers and mothers on welfare paid substantially higher prices for child care (\$1.60 and \$1.72 per hour, respectively). These differences can be explained by the fact that the job-reliant single mothers, on average, had fewer children under age six (1.2) as well as fewer children under age 13 (1.6) than the other mothers. In addition, they worked more hours, an average of 164 hours per month, compared with 150 and 141 hours for the job-reliant married mothers and mothers receiving welfare, respectively, and there were likely economies of scale in child care. The job-reliant single mothers who paid for child care had the highest average wage rate, \$7.92 per hour, which makes their payment for child care more cost-effective than that of the other groups. Child care costs equal more than one-third of welfare mothers' earnings, about 30 percent of married mothers' earnings, and 20 percent of job-reliant single mothers' earnings. When the cost of child care is analyzed as a proportion of the total family income, the picture is somewhat different. Because married mothers tend to have higher total family income (because of the husbands' earnings), on average they spent the lowest percentage (9 percent) of the family income on child care, whereas

the job-reliant single mothers paid almost 13 percent and the welfare families paid 19 percent of family income for child care.

These findings on the costs of child care for low-income mothers who have been employed have important policy implications. Most important, policy-makers should not assume that mothers who are making the transition from welfare to work can rely on family members to provide free child care. Our findings indicate that most low-income mothers do not have access to free child care. Single mothers who have not been employed would be expected to have even lower earning potential than employed AFDC recipients, because they are likely to have disabilities, low educational attainment, and limited work experience. Child care costs, therefore, are likely to represent a relatively large financial burden for them. More important, with a high proportion of these mothers' earnings going toward child care costs, most of these former welfare-reliant families will not be able to escape poverty through employment. Our findings support the argument that child care subsidies are an important strategy to help low-income single mothers increase their labor force participation and earnings.

Table 6.2
Child Care Costs for Working Mothers with Children Under Age 13 in Low-Income Families, Month 12

	Total		Working Mothers ¹					
			AFDC ²		Non-AFDC			
	Not-Paying	Paying	Not-Paying	Paying	Married		Single	
				Not-Paying	Paying	Not-Paying	Paying	
Sample Size (Unweighted)	693	450	70	49	389	241	234	160
Sample Size (Weighted)	2,520,870	1,648,922	271,516	179,579	1,381,676	868,128	867,678	601,216
Household Size								
Average Number of Children Under Age 13	1.7	1.8	1.7	1.9	1.8	2.0	1.5	1.6
Average Size of Household	4.3	4.0	4.5	4.1	4.7	4.4	3.6	3.4
Distribution of Families by Paying and Not-Paying	60.5%	39.5%	60.2%	39.8%	61.4%	38.6%	59.1%	40.9%
Monthly Child Care Cost		\$214		\$222		\$220		\$204
Mothers' Hours								
Mother's Wage Rate ³	\$6.49	\$7.30	\$5.81	\$5.92	\$6.42	\$7.15	\$6.81	\$7.92
Mother's Hours Worked	146	153	132	141	139	150	161	164
Cost per Mother's Employment Hour		\$1.52		\$1.72		\$1.60		\$1.36
Mothers' Earnings								
Mother's Monthly Earnings	\$922	\$1,107	\$735	\$813	\$854	\$1,048	\$1,088	\$1,281
Cost as Percentage of Mother's Earnings		26.5%		34.4%		29.9%		19.2%
Family Income								
Monthly Family Income	\$2,093	\$2,353	\$1,491	\$1,586	\$2,541	\$2,839	\$1,089	\$1,881
Cost as a Percentage of Family Income		11.8%		19.1%		8.9%		12.8%
Poverty								
Percent in Poverty ⁵	24.6%	14.0%	48.7%	51.5%	17.5%	5.4%	28.4%	15.1%
Percent in Poverty if Child Care Costs Were Subsidized		8.5%		34.3%		3.3%		8.1%

¹ Mothers who were working as well as enrolled in school are not included in this table to avoid over-estimating child care costs when measured in relation to mother's earnings and family income. ² The AFDC group includes welfare recipients, job/welfare recipients, and AFDC-UP recipients as defined in this study. They may or may not be on AFDC in the specific month (i.e., in Month 12). ³ All cost, earnings, and income figures are in 1994 dollars. ⁴ Mother's wage rate is for her primary job, at the time. ⁵ Modified poverty measure for the reference month is used.
Source: IWPR calculations based on the 1988 and 1990 panels of the Survey of Income and Program Participation

THE ECONOMIC WELL-BEING OF LOW-INCOME FAMILIES WITH CHILDREN

In this chapter we investigate how the income packages that low-income families with children put together contribute to their economic well-being. As indicated in Chapter 1, poverty status is our primary indicator of economic well-being; therefore, we begin this chapter by discussing the measurement of poverty in the United States. We then examine the poverty status of each family type in our study, the amount of economic instability they experience, and the number of children in these families. In the second part of the chapter, we examine the percentage of families who escape poverty through income from various sources, including the parents' own earnings or other income (husband's earnings, wife's earnings, and child support), government benefits, and income (earnings and other resources) from other family members. Because of the importance of health to overall well-being and the high costs of obtaining health care services, we also examine the health insurance coverage of the low-income families in our sample. And, given the importance of paid child care for low-income working mothers (demonstrated in Chapter 6), we examine whether subsidized child care can bring families out of poverty. The chapter ends with a supplement examining the effect of changes in marital status on economic well-being.

Defining Poverty

The official poverty statistics in the United States are based on a definition of poverty established by the Social Security Administration in the early 1960s. This definition established a "poverty threshold" that is based on the cost of a minimally adequate diet (as defined by the Department of Agriculture in 1961) multiplied by three to allow for shelter, clothing, and other basic needs (at that time, it was thought that low-income families spent about one-third of their income on food). A family's cash income before taxes is then compared with the poverty threshold to determine their poverty status.

This definition of poverty has been criticized for many reasons. First, the definition of an adequate diet has changed greatly since 1961, and the cost of housing and other expenses vary greatly in different parts of the country. The use of gross cash income has been criticized for failing to take into account tax payments or work-related expenses (such as child care) that can push a family below a poverty-level living standard or in-kind benefits, such as Food Stamps or subsidized housing, that can lift them out of poverty. In addition, it is argued that the definition's failure to deduct taxes and employment-related expenditures (such as child care) especially underestimates the poverty rate for families with employed mothers (see Shaw 1999, Citro, and Michael 1995, and Renwick and Bergmann 1993 for a discussion of these criticisms and suggested modifications). Furthermore, the official measure of poverty can also be criticized for assuming that families are altruistic income-pooling units and that family members share the same living standards and the same level of poverty (Shaw 1999).

Although it is not possible to address all of these criticisms in this study, we use two different definitions of poverty—"standard" and "modified"—in calculating the number of poor families in our sample. (We are limited to examining poverty for the family unit as a whole, because our data do not provide information that would enable us to investigate differential experiences of poverty within families). The first "standard" measure is based on the official definition, which includes gross income and cash benefits only. The second "modified" measure includes gross income and cash benefits, with an adjustment for the cash value of two in-kind benefits—Food Stamps and WIC—which are the least contested additions to countable income.

An important difference between our poverty measures and official poverty statistics is that we

calculate poverty based on income for the length of the study period (two years), instead of for a point in time or for a single year. This calculation results in lower poverty numbers than estimates based on a one-year period. Thus, our results should be read with the knowledge that overall poverty rates would differ if alternative measures were used. In addition to calculating an average measure of poverty over a two-year period, we also measure the amount of time in poverty, because previous research shows that many families are not constantly poor but cycle into and out of poverty over time (Citro and Michael 1995; Bane and Ellwood 1985).

Families in Poverty

A total of 4.6 million families, or 30 percent of all the low-income families with children in this study, were below the poverty line when the standard measure is used; this decreases to 4.3 million families, or 28 percent, when the modified measure is used. Approximately 32 percent of the children in this study were in poverty under the modified measure. Poverty varies greatly across the different types of families in the study. Using the modified poverty measure, we find that single-parent families in our sample were much more likely to be poor (45 percent) than married-couple families (15 percent). Single-mother families that re-

Table 7.1
Economic Well-Being of Stable Single-Parent Families

	Total	Single-Parent Families				
		Mothers			Fathers	
		Total	AFDC Recipients		Non-AFDC	
		Welfare Reliant	Job/Welfare Reliant	Job Reliant	Welfare or Job Reliant	
Sample Size (Unweighted)	2,770	2,554	688	474	1,392	216
Sample Size (Weighted)	6,218,564	5,735,793	1,536,332	1,117,029	3,082,432	482,771
Family Poverty Status						
Official Poverty Line¹	\$13,542	\$13,676	\$14,527	\$14,198	\$13,063	\$11,954
Family Income (standard measure)	\$16,556	\$16,279	\$11,084	\$16,113	\$18,929	\$19,978
Average Family Income to Poverty Line Ratio	1.22	1.19	0.76	1.13	1.45	1.67
Percent at 0 - 49% of Poverty Line	18.5%	19.5%	40.8%	18.4%	9.2%	6.7%
Percent at 50 - 99% of Poverty Line	29.5%	30.8%	42.2%	41.0%	21.5%	13.4%
Percent at 100 - 149% of Poverty Line	20.7%	20.4%	8.5%	19.7%	26.5%	24.6%
Percent at 150-200% of Poverty Line	31.4%	29.3%	8.5%	20.9%	42.8%	55.3%
Family Income (modified measure)	\$17,607	\$17,387	\$13,274	\$17,651	\$19,329	\$20,210
Modified Family Income to Poverty Ratio²	1.30	1.27	0.91	1.24	1.48	1.69
Percent at 0 - 49% of Poverty Line			12.7%	4.7%	6.0%	4.7%
Percent at 50 - 99% of Poverty Line			66.4%	48.0%	23.2%	14.2%
Children in Poverty (modified measure)						
Number of Children in Poverty	5,352,735	5,226,226	2,516,038	1,283,164	1,427,024	126,510
Percent of Children in Poverty	53.7%	65.1%	84.0%	64.4%	32.5%	21.3%
Economic Mobility						
Percent with Income Gains in Year Two³	48.9%	49.3%	44.5%	55.1%	49.5%	45.0%
Percent with < 5% Gain	7.5%	7.6%	9.1%	3.7%	8.3%	6.4%
5 - 9% Gain	7.2%	7.1%	8.3%	4.5%	7.4%	8.1%
10 - 14% Gain	5.2%	5.2%	4.9%	6.2%	4.9%	6.0%
15 - 19% Gain	3.4%	3.6%	2.9%	4.1%	3.7%	1.5%
Percent with > 20% Gain	25.6%	25.9%	19.2%	36.6%	25.3%	22.9%
Percent with Income Loss in Year 2	51.0%	50.7%	55.5%	44.9%	50.5%	55.0%
Percent with < 5% Loss	10.6%	10.7%	19.7%	3.8%	8.8%	8.7%
5 - 9% Loss	7.3%	7.4%	8.8%	6.1%	7.1%	6.2%
10 - 14% Loss	4.9%	4.8%	3.8%	5.4%	5.0%	6.0%
15 - 19% Loss	4.4%	4.4%	3.6%	2.5%	5.4%	5.4%
Percent with > 20% Loss	23.8%	23.4%	19.5%	27.1%	24.0%	28.7%
Economic Stability						
Months in Poverty (standard measure)	12.2	12.7	19.8	14.7	8.4	6.6
Number of Observed Entries into Poverty	0.9	0.8	0.4	1.1	1.0	1.0
Number of Drops of Family Monthly Income by 10%	4.8	4.6	2.5	5.3	5.4	6.2
Number of Drops of Family Monthly Income by 20%	3.2	3.1	1.6	3.6	3.6	4.6

¹Average value of the official poverty line for the families in each type, as provided by the SIPP; all figures are in January 1994 dollars.

²The modified family income-to-poverty ratio includes the cash value of WIC and Food Stamps. ³ Compared with Year One.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

lied on welfare were the most impoverished group in this low-income population of families with children. Married couples and single parents with earnings were less likely to be poor, but many of the parents who relied on earnings, or who combined jobs and welfare, were still poor or fell into and out of poverty over the two-year survey period. Paid employment, by itself, was not a route out of poverty for many low-income parents.

Single-Parent Families

As illustrated in **Table 7.1**, job-reliant single mothers had the highest income of the single mothers, with an average income of \$18,929 (by the standard measure) or 45 percent above the poverty line for this group. Nearly one million (30.7 percent) of these families were poor, with 9.2 percent in “dire poverty” (defined as having income below 50 percent of the poverty line). The percentage of poor families drops to 29.2 percent when we use the modified poverty measure. These families spent an average of eight months in poverty, of the 24 months of the survey, despite the fact that the job-reliant single mothers worked an average of 26 hours per week.¹⁷ In addition, more than one out of every four of these families (27 percent) were living between 100 to 150 percent of the poverty level, which is still a low level of income.

Single mothers who package welfare, work, and other income sources (the “job/welfare reliant”) had family incomes that were significantly less than those of the job-reliant single mothers but significantly more than the families supported by welfare-reliant single mothers. Their average family income was \$16,113, which is 13 percent above the average poverty line for this group. Almost 60 percent of these families were poor and 18 percent were living in dire poverty. This group spent an average of 15 months in poverty over the 24-month study period, which was less than the welfare-reliant group but more than any other group. The inclusion of Food Stamps and WIC in their family income packages decreased the percent poor by 7 percentage points (to 53 percent).

As expected, single mothers who relied on welfare were the most impoverished group in the

study, with an average annual income of \$11,084, which is 76 percent of the average official poverty threshold for these families. Using this definition, more than 80 percent of the welfare-reliant, single-mother families were living in poverty, with half of this group (41 percent of all welfare-reliant families) living in dire poverty. These families spent an average of 20 of the 24 months in poverty, by far the longest of all the subgroups. When the cash value of Food Stamps and WIC is included in the family income, the percentage of welfare-reliant families in poverty declined only slightly (4 percentage points), but these benefits did keep a large proportion of welfare-reliant single-mother families from the direst poverty: dire poverty fell from 41 percent to 13 percent.

The single fathers were the least impoverished of all groups, except for the married couples with similarly strong involvement in paid employment. Using the standard poverty measure, their average income was 67 percent above the poverty line. One out of every five of these families was poor when the standard definition is used; 7 percent of them were living in dire poverty. The modified definition reduced the poverty rate by about 1 percentage point and the dire poverty rate by about 2 percentage points. Yet, despite their relatively high income level, these families were in poverty for an average of 7 out of the 24 months studied. As we will see, these families experienced the greatest fluctuations in family income, suggesting that they had little economic security despite their strong employment participation.

Married-Couple Families

Equitable-earner families—married-couple families in which both parents worked substantial hours—were the best-off among the low-income families with children in this study, with average family incomes that were nearly double the poverty line (see **Table 7.2**). Only 6 percent of these families had incomes below the poverty line; 4 percent were poor when the modified poverty measure is used. Dire poverty fell from 1 percent to 0.1 percent when the standard measure is modified. On average, low-income, married-couple

¹⁷ This number includes all job-reliant single mothers, including those with 0 work hours. Excluding those who were not employed, but relied on the job earnings of other family members, the average number of hours worked increases to 31 hours per week.

families spent three months in poverty. One of every four, however, still had incomes below 150 percent of the poverty line.

The primary/secondary-earner, married-couple families were also among the better-off families, following equitable earners in terms of average family income. Their average standard income was 60 percent above the poverty line (which is similar to that for single-father families) and relatively few of these families were in dire poverty. They spent somewhat less time in poverty than the single fathers (six instead of seven months), with slightly fewer drops in monthly income, although

their average family income to poverty ratios were similar. Although only 15 percent were in poverty, nearly 30 percent were living at the very modest standard of less than 150 percent of the poverty level. Their poverty rates fell slightly when in-kind benefits are included.

The marginal-earner, married-couple families had average incomes that were 14 percent above the poverty level, slightly lower than that of married couples who received AFDC as part of their income packages. Less than half fell below the poverty level-44 percent compared with 57 percent for the AFDC-UP families. More fell just above

Table 7.2
Economic Well-Being of Stable Married-Couple Families

	Total	Married-Couple Families			
		AFDC		Non-AFDC	
		AFDC-UP Recipient	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Sample Size (Unweighted)	3,583	257	220	1,898	1,208
Sample Size (Weighted)	7,222,729	528,903	425,028	3,792,660	2,476,138
Family Poverty Status					
Official Poverty Line¹	\$16,064	\$16,958	\$15,714	\$15,920	\$16,155
Family Income (standard measure)	\$26,894	\$19,957	\$17,885	\$25,514	\$32,037
Average Family Income to Poverty Line Ratio	1.67	1.18	1.14	1.60	1.98
Percent at 0 - 49% of Poverty Line	3.2%	12.8%	18.0%	1.7%	1.0%
Percent at 50 - 99% of Poverty Line	13.6%	44.4%	26.4%	13.7%	4.8%
Percent at 100 - 149% of Poverty Line	24.4%	16.4%	26.8%	28.8%	19.1%
Percent at 150-200% of Poverty Line	59.0%	26.3%	28.9%	55.8%	76.0%
Family Income (modified measure)	\$27,084	\$21,046	\$18,208	\$25,719	\$32,130
Modified Family Income to Poverty Ratio²	1.69	1.24	1.16	1.62	1.99
Percent at 0 - 49% of Poverty Line		8.1%	15.0%	1.2%	0.1%
Percent at 50 - 99% of Poverty Line		44.3%	27.2%	13.0%	4.2%
Children in Poverty (modified measure)					
Number of Children in Poverty	2,953,312	793,586	341,919	1,491,435	326,372
Percent of Children in Poverty	19.0%	61.2%	46.4%	18.2%	6.2%
Economic Mobility					
Percent with Income Gains in Year 2	52.3%	58.9%	53.7%	51.5%	51.9%
Percent with 5% Gain	7.4%	10.7%	8.5%	7.5%	6.4%
5 - 9% Gain	7.1%	4.7%	7.8%	6.7%	8.2%
10 - 14% Gain	6.0%	7.2%	6.3%	5.7%	6.2%
15 - 19% Gain	3.9%	3.7%	1.8%	3.6%	4.7%
Percent with 20% Gain	27.8%	32.7%	29.2%	27.9%	26.4%
Percent with Income Loss in Year 2	47.7%	41.1%	46.3%	48.5%	48.1%
Percent with 5% Loss	7.9%	8.4%	7.9%	7.4%	8.5%
5 - 9% Loss	6.6%	3.9%	6.5%	7.5%	5.9%
10 - 14% Loss	6.4%	4.6%	5.1%	6.4%	7.0%
15 - 19% Loss	5.7%	3.7%	3.9%	5.7%	6.4%
Percent with 20% Loss	21.1%	20.5%	22.9%	21.5%	20.4%
Economic Stability					
Months in Poverty (standard measure)	5.6	14.2	12.3	5.5	2.7
Observed Entries into Poverty	1.0	1.0	1.0	1.1	0.8
Number of Drops of Family Monthly Income by 10%	5.8	4.6	5.1	6.0	6.1
Number of Drops of Family Monthly Income by 20%	3.8	3.0	4.1	4.1	3.4

¹ Average value of the official poverty line for the families in each type, as provided by the SIPP; all figures are in January 1994 dollars.

² The modified family income-to-poverty ratio includes the cash value of WIC and Food Stamps.

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

the poverty line, 27 percent had family incomes below 150 percent of the poverty line compared with 16 percent of AFDC-UP families. More of the marginal-earner families were in dire poverty, however, with 18 percent reporting incomes of less than half of the poverty line, as compared with 13 percent of the AFDC-UP families. The results are similar when the modified poverty measure is used. Dire poverty fell for both types of low-earning families, to 15 percent for marginal earners and to 8 percent for the AFDC-UP families. On average, the marginal-earner families spent half the survey period (12 months) in poverty, two months less than the AFDC-UP families.

The AFDC-UP, married-couple families, although only slightly better off than the marginal-earner couples on average, were considerably better-off financially than their single-mother counterparts, with average family incomes 18 percent above the poverty level. Nevertheless, more than half of these families were in poverty (57 percent at the standard definition, and 52 percent at the modified poverty measure). These families spent an average of 14 months in poverty over the two-year period, five months less than the welfare-reliant single mothers.

As we have seen, these families were a good deal less reliant than the welfare-reliant single mothers on government benefits such as AFDC, and the earnings of both the fathers and the mothers were important sources of income, which helps account for their lower poverty rates compared with those of single mothers. But, like the job/welfare-reliant single mothers, they were still a relatively impoverished group, for whom welfare and work combined did not usually allow an escape from poverty.

Economic Instability

All of the groups studied had rather high levels of economic instability (measured in terms of increases and decreases in income) during the two-year study period, as **Tables 7.1** and **7.2** illustrate. Approximately one quarter of these families experienced income gains of at least 20 percent between year one and year two of the survey, and about one out of five experienced losses of the same magnitude. Government benefits seemed to provide

somewhat more economic stability, with welfare-reliant families experiencing the lowest rates of income losses among these families. Additionally, these families had the fewest number of poverty spells (using the standard measure), tending to stay in poverty instead of move in and out. This suggests that although means-tested benefits provide a relatively stable income floor, it is often a floor below poverty. All families, with the exception of those that relied on welfare (who were poor most of the time), experienced at least one entry (on average) into poverty in the 24 months of the survey. Of all single-parent and married-couple families, welfare recipients had the fewest 20 percent drops in family monthly income, because their income was likely to remain low. All of the remaining family types experienced drops of at least 20 percent of their family monthly income between three and five times during the survey period, with single fathers experiencing the most drops (five drops), followed by primary/secondary-earner, two-parent families and by marginal earners (with four drops each).

Children in Poverty

Tables 7.1 and **7.2** show the numbers of children in the different family types who were poor based on their average family income over the two-year period under study, using the modified poverty measure. We estimate a total of 8.3 million children were poor in the stable single- and two-parent, low-income families in our sample (9 million including children from families that experienced a marital status change during the 24 months of the survey). This is a much lower estimate of the number of children in poverty than that derived from the Current Population Survey, which produced an estimate of 12.5 million in 1988 and 13.4 million in 1990. This difference can be attributed to two factors. Our data include as poor only those who were poor over a two-year period. Secondly, we include the value of Food Stamps and WIC benefits in the family incomes that were used to calculate poverty rates (the modified poverty measure), thereby counting fewer families as poor.

As **Table 7.1** illustrates, 5.3 million children lived in single-parent families with below-poverty-level incomes over the two-year survey period. Poor children were over-represented in stable, single-

parent families, which constitute only 46 percent of all stable families in this study, yet have 64 percent of all poor children. Approximately 2.5 million children lived in single-parent families that relied on welfare, which is the largest sub-group of poor children, constituting 30 percent of all the poor children in both single and two-parent families. Poor children are greatly over-represented in single-mother, welfare-reliant families—such families represent 11 percent of all low-income families but include 30 percent of poor children. Another 1.3 million, or 16 percent of poor children, lived in single-parent families that combined welfare, earnings, and other sources. About 1.4 million, or 17 percent of poor children, lived with single mothers who relied on jobs. And finally, only 1.5 percent (126,510 children) lived with their fathers but not their mothers.

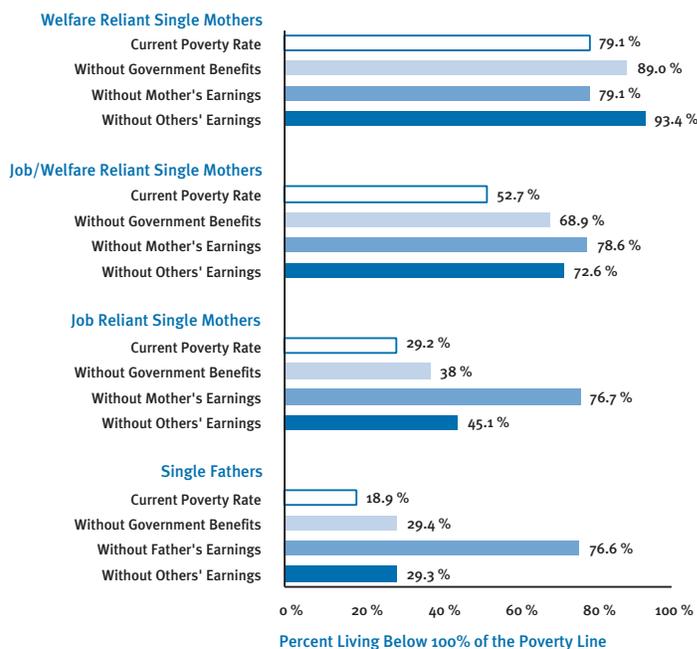
Likewise, poor children are under-represented in stable two-parent families. During the two years under study, approximately three million poor children (36 percent of those in stable families) were living in married-couple families, which represented 54 percent of all stable, low-income families in the United States. About half of these children (1.5 million) were living in the primary/secondary-earner families who did not receive welfare—the second-largest sub-group of poor children, following those in the welfare-reliant, single-mother families. Another 800,000, or 9 percent, of poor children were in AFDC-UP families, and 342,000, or 4 percent, lived in marginal-earner, married-couple families. Finally, about 326,000, also 4 percent, lived in families with equitable earners; poor children were equally under-represented in this group that represents 18 percent of all stable families. An additional 689,282 poor children lived in families who experienced a marital status change over the course of the survey.

Across all family types, our data show that more than half the total number of poor children (4.6 million) were in stable families that received welfare for at least two months (but most for much more than that) during the two-year period covered by this study. An additional 3.2 million poor children lived in stable families that were not receiving welfare and had at least one earner.

Effects of Various Income Sources on Well-Being

How much do each of the major income sources, such as earnings and government benefits, help families to escape poverty? This question is addressed in **Figures 7.1** through **7.4**, which show the impact of various family members' earnings and government benefits on the (modified) poverty rates of the different family types included in this study. For each family type, the effect on their poverty rates (using the modified poverty measure) is shown under four conditions: the current pov-

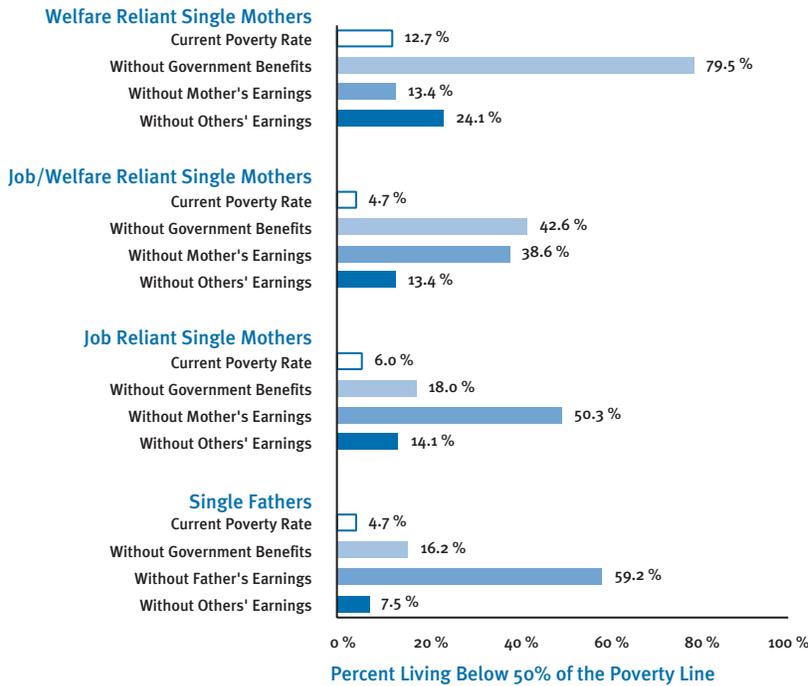
Figure 7.1
Impact of Government Benefits and Earnings on Poverty, Single-Parent Families



Note: All poverty rates use the modified income definition that includes the cash value of WIC and Food Stamps.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

Figure 7.2
Impact of Government Benefits and Earnings on Dire Poverty, Single-Parent Families



Note: All poverty rates use the modified income definition that includes the cash value of WIC and Food Stamps.
 Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

erty rate at which each family type had the average income from each identified source as calculated in this study; what the poverty rates would have been if the families had not received government benefits (means- and non-means-tested); what the poverty rates would have been if the mothers in these families had had no earnings; and what the poverty rates would have been if others (the fathers in two-parent families) had had no earnings.

These comparisons of the simulated and the actual poverty rates assess the individual effect that each of these income sources has on poverty status, assuming that the other income sources do not change.¹⁸ Figure 7.1 shows the impact of these various income sources on the proportion of single-

parent families living below 100 percent of the poverty level; Figure 7.2 shows the dire poverty rates (the proportions living below 50 percent of the poverty level) for these families. Figures 7.3 and 7.4 show the proportions of married-couple families living below these two poverty levels when various income sources are removed from their family budgets.

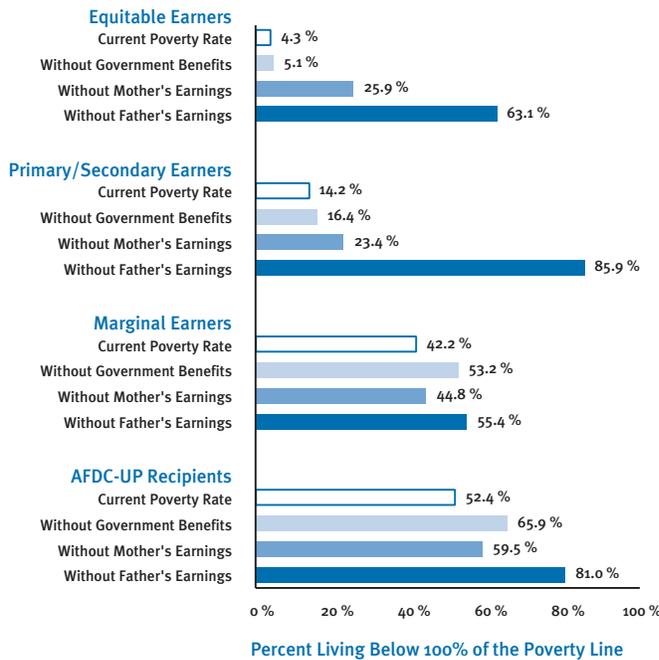
Our findings show that government benefits are vital to improving the economic well-being of the welfare-reliant and job/welfare-reliant, single-mother families as well as the AFDC-UP, married-couple families. These programs establish an income floor and move these families from dire poverty (between 0 and 49 percent of the poverty threshold) to at least 50 percent of the poverty threshold. Even for the job-reliant single mothers, government benefits played an important anti-poverty role. Without government benefits, both the

dire poverty and poverty rates for these single mother families would have been about 10 percentage points higher.

Earnings substantially reduce poverty, especially at the direst levels. Fathers' earnings are a major factor in preventing poverty for all of the married-couple families, even those relying on welfare (although less so for the marginal-earner families than for the other types), as well as for the single-father families. Mothers' earnings are critical in reducing the poverty of many single-parent families and dual-earner families. And, the earnings of other family members are a significant factor in bringing welfare-reliant, single-mother families out of extreme poverty. Finally, the income

¹⁸ The assumption of no change in other sources of income when one is eliminated is, of course, unrealistic. We use it only to illustrate the relative importance of each income source in keeping families above poverty. In reality, families may change their behavior and adjust their income packages in response to changes in circumstances.

Figure 7.3
Impact of Government Benefits and Earnings on Poverty, Married-Couple Families



Note: All poverty rates use the modified income definition that includes income from WIC and Food Stamps.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

from other family members, besides the custodial parents, provides a cushion, especially for single-mother families.

Single-Parent Families

By definition, job-reliant, single-mother families are supported primarily by earnings. Mothers' earnings were particularly significant for these families—without them, 76.7 percent would have been poor (see **Figure 7.1**), and 50.3 percent would have been in dire poverty (see **Figure 7.2**). Without the earnings of other family members, 45 percent of these families would have been poor. As one would expect, government benefits were not as important in bringing job-reliant, single-mother families out of poverty as they were for the other single-mother families because, by our definition, welfare benefits were relatively unimportant to these women. Nonetheless, government benefits served as an income subsidy and protected these families from falling into poverty, including the most dire

poverty. Without them, 38 percent would have been poor.

As we have seen, single-mother families that combine work and welfare create their income packages from almost equal amounts of government-provided benefits, earnings from employment, and income from other family members. Government benefits were vital in removing many of these families from dire poverty (see **Figure 7.2**), reducing their proportion from 43 percent to 5 percent. Government benefits also moved many families out of poverty, raising the percentage above poverty from 31 percent to 47 percent. Mothers' earnings were also critical in bringing these families out of poverty; without these earnings, almost 80 percent would have been poor, half of whom would have lived in dire poverty. The earnings of other family members were also important.

As one would expect, government benefits had an impact on the poverty rates of single-mother families who relied on welfare. **Figure 7.2** shows 13 percent were currently living below 50 percent of the poverty line, but about 80 percent of these families would have been living at that level in the absence of government benefits (if all other sources remained the same). Government benefits were less effective in moving these families above the poverty line: Roughly 20 percent lived above the poverty line with government benefits, a number that would have dropped to 11 percent without such benefits.

We have already noted the importance of other family members' earnings in the income packages of these families, so it is not surprising that these earnings have a noticeable effect in bringing them out of extreme poverty. The percentage of such families living at below half the poverty level would have been 24 percent without others' earn-

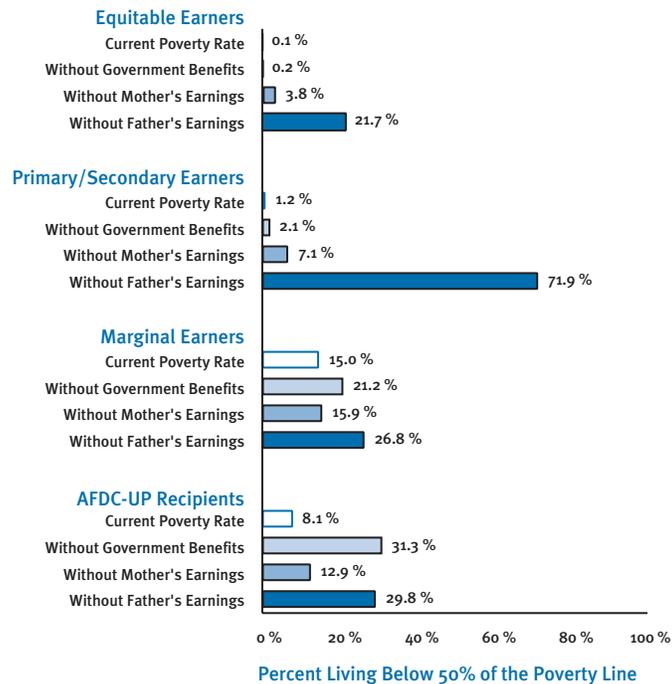
ings; with them it was 13 percent. These earnings also allowed welfare-reliant families to escape poverty: only 7 percent would have had incomes above the poverty threshold without others' earnings, compared with the 21 percent living above poverty when others' earnings are included. Given the small proportion of the income package that mothers' earnings provide to these families, it is not surprising that **Figure 7.1** shows that such earnings had no effect on their poverty rate.

We noted above that the fathers were the most job-reliant of all single parents. Nineteen percent of single-father families lived below poverty. Without the father's earnings, more than 76 percent would have been poor; without the help of the earnings of others, 29 percent of these families would have been poor. Likewise, without government benefits, 29 percent of these families would have fallen below the poverty line, and 16 percent would have been living in dire poverty.

Married-Couple Families

In equitable-earner families, the earnings of both parents play an essential role in moving these families out of poverty. The fathers had higher earnings and more hours of employment than the mothers. As **Figure 7.3** shows, almost two-thirds of these families would have been poor without the earnings of the fathers. In contrast, 26 percent of these families would have been poor without the mother's earnings (see **Figure 7.4**). The mother's earnings protected these families from the dire poverty that would have otherwise resulted from the loss of the father's earnings. If the father's earnings were lost, 22 percent of these families would have fallen into dire poverty, demonstrating the importance of women's earnings for their family's income stability. In contrast, in the primary/secondary-earner families, when father's earnings were lost, 86 percent of the families would

Figure 7.4
Impact of Government Benefits and Earnings on Dire Poverty, Married-Couple Families



Note: All poverty rates use the modified income definition which includes income from WIC and Food Stamps.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

have fallen into poverty, and 72 percent would have fallen into dire poverty. Income from government benefits had only a minor effect on poverty reduction in either of these two types of two-parent families with strong labor market attachment.

Government benefits and father's earnings similarly lifted the marginal-earner, married-couple families out of poverty, reducing the percentage in poverty from slightly over 50 percent to about 42 percent. Father's earnings, however, played a larger role than government benefits in reducing dire poverty. Compared with the AFDC-UP families, the father's earnings for these marginal-earner families had a smaller impact on poverty reduction, reflecting the fact that fathers in marginal-earner families worked fewer hours than fathers in AFDC-UP families. Mother's earnings did not have a large poverty-reducing role for these families.

AFDC-UP, married-couple families would not be as poor as their single-parent counterparts in

Table 7.3
Months and Sources of Health Insurance for Stable Single-Parent Families

	Single-Parent Families			
	Mothers			Fathers
	AFDC Recipients		Non-AFDC	Welfare or Job Reliant
	Welfare Reliant	Job/Welfare Reliant	Job Reliant	
Months of Health Insurance Coverage	22.9	20.0	15.1	14.4
Months of Public Health Insurance Coverage	22.7	16.7	4.2	4.7
Months of Private Health Insurance Coverage	0.9	4.8	11.5	10.0

Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.
Note: The total months of coverage by public and private health insurance do not sum up to the total number of months covered with health insurance because the two types of insurance may overlap in some months.

the absence of government benefits: 31 percent of them would have been in dire poverty without these benefits, compared with 80 percent of welfare-reliant, single-mother families. Government benefits substantially reduced the proportion of AFDC-UP, married-couple families living in dire poverty to only 8 percent and decreased the proportion of these families living below 100 percent of the poverty line from nearly 60 percent without benefits to 52 percent with government benefits.

Health Insurance

Health insurance is an important issue for all low-income families, especially those with children.

Many low-wage jobs do not provide health insurance (Mishel and Bernstein 1995). Although Medicaid covers some children who are not on welfare, many low-income children whose families do not receive welfare are currently not covered. Previous IWPR research found that the single mothers who worked the most were the least likely to have health insurance; many lost Medicaid benefits when they became employed, and many had jobs that did not provide health benefits (Spalter-Roth, Burr, Hartmann, and Shaw 1995).

Tables 7.3 and 7.4 illustrate that, in our sample, the families receiving welfare had health insurance for the largest proportion of the study

Table 7.4
Months and Sources of Health Insurance for Mothers in Stable Married-Couple Families

	Mothers in Married Couple Families			
	AFDC	Non-AFDC		
	AFDC Recipient	Marginal Earners	Primary/Secondary Earners	Equitable Earners
Months of Health Insurance Coverage	20.1	12.8	15.9	18.2
Months of Public Health Insurance Coverage	16.3	5.3	1.0	0.6
Months of Private Health Insurance Coverage	5.3	8.2	15.2	17.9

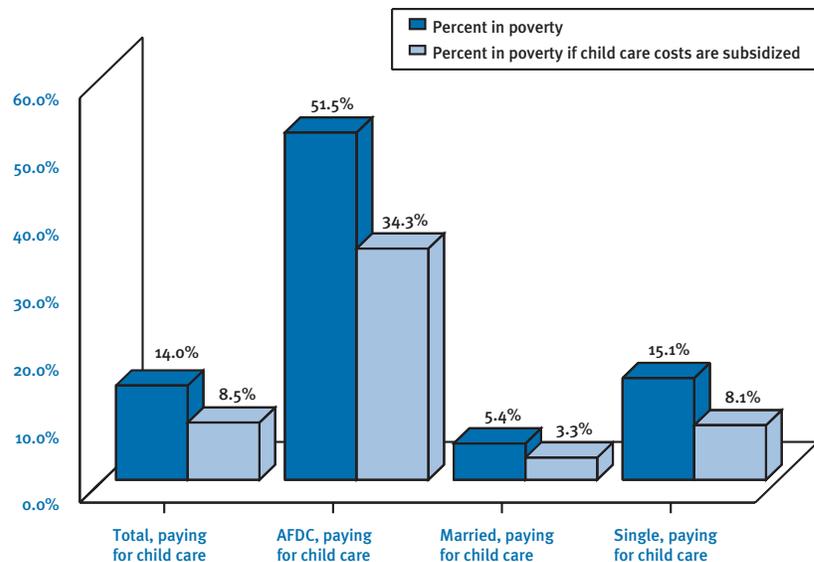
Source: IWPR calculations are based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.
Note: The total months of coverage by public and private health insurance do not sum up to the total number of months covered with health insurance because the two types of insurance may overlap in some months.

period. The welfare-reliant single mothers were covered for 23 out of the 24 months in the survey, almost exclusively by public insurance (see **Table 7.3**). The job/welfare-reliant mothers and the welfare-reliant, married-couple families were covered for an average of 20 months, mostly with public coverage but also with about five months of private coverage, which was less than half of their weeks of employment (54 weeks, on average). In contrast, the families that did not receive welfare spent many more months unprotected by health insurance. Worst-off were the marginal-earner married couples, who received welfare for fewer than two months and received earnings very sporadically. They spent an average of eleven months without any health insurance coverage (see **Table 7.4**). During the other months, they relied mainly on private coverage, presumably because their earnings caused them to lose Medicaid eligibility. The single fathers were the next most unprotected group, with an average of ten months without health insurance coverage; most of the coverage

they did receive was private. The job-reliant mothers had an average of 15 months of coverage, again mostly provided by the private sector. The married-couple families with primary/secondary earners had 16 months of coverage, with almost none provided by the public sector. The equitable-earner families succeeded in getting the most coverage (almost all private) of all the job-reliant families, but still had no insurance for an average of six months.

These data add to existing evidence demonstrating a serious societal problem—the lack of health insurance for many working poor and near-poor families with children. Without primary medical care, many children and adults may develop serious health problems that reduce their overall well-being and, over time, become increasingly expensive to treat. Children who lack health care may develop problems that impair their ability to learn in school and later participate in the labor force as adults.

Figure 7.5
Impact of Child Care Subsidies on Poverty Rates for Low-Income Mothers



Source: IWPR calculations based on the 1988 and 1990 panels of the Survey of Income and Program Participation.

Child Care Subsidies

As shown in Chapter 6, the low-income families in our sample spent a large proportion of their family incomes on child care, ranging from 9 percent to 19 percent. We also found that about 14 percent of all families that paid for child care lived in poverty (according to the modified poverty measure). These poor families were concentrated among the welfare recipients (both married and non-married) and the single-mother households (mostly job-reliant). Half (52 percent) of the families who paid for child care lived in poverty. Although job-reliant single mothers earned the highest wage rates of all the mothers studied, 15 percent of the job-reliant single mothers who paid for child care also lived in poverty. Because they were substantially less likely to be poor, only 5 percent

of the non-welfare married couples who paid for child care were poor.

To what degree would child care subsidies help poor, employed mothers escape poverty? As illustrated in **Figure 7.5**, we simulated the effect of child care subsidies up to the amount of these families' current child care cost (\$214, on average). To receive the full subsidy amount, the families' income deficit (i.e., the official poverty threshold minus current income including the cash value of Food Stamps and WIC) must be greater than the amount paid for child care. Based on this simulation, we found that about one-third of the below-poverty welfare families would have benefited from this child care subsidy and escaped poverty—reducing their poverty rate from 52 percent to 34 percent. The poverty rate for the families of single, non-welfare mothers would have decreased almost

Table 7.5
Changes in Economic Well-Being of Families after Mother's Marital Status Change

	Became Married		Became Single	
Sample Size (Unweighted)	198		212	
Sample Size (Weighted)	449,050		428,514	
Age at first month of interview	28.2		31.4	
Years of education	11.7		11.7	
First marriage	28.7%		NA	
Due to widowhood	NA		9.1%	
Race and Ethnicity				
White	70.3%		78.3%	
African American	14.1%		9.9%	
Hispanic	12.2%		8.7%	
Other	3.4%		3.1%	
Household Size & Living Arrangement	Before	After	Before	After
Number of children	1.7	1.8	2.0	1.8
Size of household	3.6	4.1	4.3	3.4
Percent in three-generation household	12.0%	4.3%	3.0%	11.5%
Income and Poverty Status¹				
Mother's monthly earnings	\$597	\$563	\$626	\$675
Family monthly income	\$1,157	\$2,432	\$2,646	\$1,443
Mother's earnings as a percentage of family income	51.6%	23.2%	23.7%	46.8%
Proportion of time in poverty	54.1%	20.8%	19.2%	40.1%
Welfare Reciprocity				
Proportion of time on AFDC	21.1%	7.7%	6.4%	18.9%
Proportion of time on food stamps	26.5%	16.8%	14.4%	26.5%
Health Insurance Coverage				
Proportion of time with health insurance	65.5%	70.4%	69.7%	69.0%
With public health insurance	31.3%	18.3%	13.7%	26.0%
With private health insurance	37.7%	54.5%	58.2%	45.0%

¹All figures are in January 1994 dollars.

Source: IWPR calculations based on the 1986, 1987, 1988, and 1990 panels of the Survey of Income and Program Participation.

by half, from 15 percent to 8 percent. Finally, married mothers, who were the least likely to be poor, would have seen their families' poverty rate decline from 5.4 percent to 3.3 percent. In addition to this simple effect on family well-being, child care subsidies might be even more effective, by helping mothers stabilize their employment and improve their earning abilities. The full impact of child care subsidies is an important topic for future research.

Supplement: Marital Status Changes and Economic Well-Being

In most of this report we have discussed findings for low-income families that retained their marital status over the 24-month study period. Approximately 13 percent of the families in our sample, however, changed their marital status during the 24 months (see **Table 7.5**). In this analysis, we discuss the changes in economic well-being that resulted from such changes.

Because children usually live with their mothers, regardless of the mother's marital status changes, access to a spouse's income is more important to mothers' and children's economic well-being than to that of fathers. As many researchers have found, family income increases a great deal for women and children after marriage and declines dramatically after divorce or widowhood because of the lost higher male earnings (Burkhauser and Duncan 1988). When they are not married, mothers package income from various sources to support their children and survive economically. This analysis of transitional families further illustrates how families use the survival strategy of packaging income from many sources: jobs, family members, and government benefits.

In this analysis, we select only those mothers who had children before the marital status change, because our central concern is families with children. We analyze only those whose marital status changed between month 5 to month 20 of the 24-month study period, to allow for at least four months of analysis on either end of the change. We categorize mothers into those who "became married" and those who "became single." Of the

mothers who married, about 29 percent married for the first time; the remainder remarried. Of the mothers who became single, about 9 percent were widowed while the rest (91 percent) divorced. Because of the small sample size, we could not analyze whether these differences in the reasons for the change in status had differential effects on well-being.

As **Table 7.5** shows, mothers who married were younger (on average, age 28 at the first month of the survey) than mothers who became single (age 31) and had slightly fewer children before their change in marital status (on average, 1.7 compared with 2.0 for the "became singles"). The number of children in these families did not change dramatically after the marital status changes. The "became married" mothers had 1.7 children before and 1.8 after the marriage, on average. The "became single" mothers had 2 children before and 1.8 after the divorce or widowhood. These numbers indicate that mothers' responsibility for their children did not change much despite their marital status change. In contrast, the composition of the families' income packages and the level of economic well-being of these families changed dramatically.

As we have seen, mothers relied more on husbands' earnings and resources during marriage, whereas they relied more on their own earnings, extended families, and public assistance when single. Among the "became married" mothers, total monthly family income more than doubled after marriage (from \$1,157 to \$2,432). At the same time, the monthly earnings of the mothers remained relatively stable (decreasing by 6 percent, from \$597 to \$563). The proportion of other resources in the income package declined, probably because the number of mothers sharing resources with their extended families declined; for example, mothers living in three-generational households decreased from 12 percent to 4 percent. Reflecting the criteria for receiving government benefits, the proportion of time spent receiving welfare was 21 percent before and 8 percent after marriage among these families, and the proportion of time on Food Stamps declined from 27 percent to 17 percent.

For mothers who “became single,” the changes to their income packages are the reverse of those of the mothers who married. The total monthly income in these families declined by almost half (from \$2,646 to \$1,443, on average) from the loss of the husband’s economic support (i.e., after divorce or widowhood). To achieve even these lower levels of income, the mothers had to develop a new income-packaging strategy for their families. On average, the mothers’ monthly earnings increased by 8 percent (from \$626 to \$675) after they became single. This relatively small increase suggests that as low-skilled workers and single mothers, they faced constraints in increasing earnings. The proportion of these families living in three-generational households increased from 3 percent to 12 percent. And, the proportion of time that these families spent on the welfare rolls tripled (from 6 percent to 19 percent) and the proportion of time spent on Food Stamps doubled (14 percent to 27 percent).

If families pool income, mothers and their children benefit economically from marriage or remarriage and suffer from divorce or widowhood. Before marriage, the families in the “became married” group spent more than half (54 percent) of the survey months in poverty (as measured by our modified poverty measure), but after marriage, their time in poverty decreased to only one-fifth (21 percent) of the months. The opposite was true for the “became single” group, whose months in poverty doubled from one-fifth (19 percent) of the

months when the mothers were married to 40 percent after the mothers became single.

Health insurance coverage did not change much with changes in marital status, but the source of health insurance changed dramatically. The “became married” mothers were covered by medical insurance in about 66 percent of the months before marriage and 70 percent of the months after marriage. Among the “became single” mothers, the proportion of time with coverage remained the same (around 70 percent) even after divorce or widowhood. When health insurance coverage is broken down into two types, private and public insurance (including Medicare and Medicaid), the “became married” mothers increased their time on private insurance from 38 percent to 55 percent, and their time on public insurance decreased from half their coverage to one-quarter. For the “became single” group, the time spent with coverage by private insurance declined (from 58 percent to 45 percent), which was almost entirely picked up by an increase coverage from 14 percent to 26 percent.

These results demonstrate, again, the complexity of the relationship between marital status and well-being and the ways in which families package a variety of possible resources to enhance their families’ well-being in different circumstances. Moreover, it shows the functioning of the social welfare system as a safety net, particularly for mothers in low-income families.

SUMMARY AND CONCLUSIONS

This study provides information on the income-packaging strategies and outcomes of low-income families with children in the United States before the historic welfare reform legislation of 1996. Our findings on the family diversity, income generating activities, and economic well-being of low-income families provide an important context for evaluating recent welfare reform policies, which seek to influence the labor market behavior, marital status, and family structure of poor single parents receiving public assistance.

Family Diversity

We find that when compared with the general population, mother-only families are over-represented in the low-income population, and married-couple families are under-represented. We also find, however, that married-couple families are the most prevalent low-income family type, constituting 47 percent of all low-income families with children. Half of these married-couple families are primary/secondary-earner families in which one parent, usually the father, earns most of the family income. One-third of them are equitable-earner families in which both parents contribute significant earnings. The rest of the married-couple families either supplement their income package with AFDC-UP or are marginal earners who spend less time employed than they spend out of the work force.

Forty percent of the low-income families in our sample are headed by single parents. Of these single-parent families, the majority (92 percent) are headed by single mothers, more than half of whom (54 percent) depend primarily on earnings from labor market activity. The remaining 46 percent either rely on AFDC as a major source of family income or combine AFDC with earnings from market work.

Despite persistent stereotypes of the high fertility rates of low-income single parents, we find that single mothers have fewer children than the

other family types. On average, the number of children (1.8 per family) in low-income families reflects the national trend toward smaller-sized families. Female-headed families had slightly fewer children (1.6 on average) than the average for all low-income families, whereas married-couple families had more children (2.1 on average) than the average. Those single-mother families who relied on employment have slightly fewer children than those who relied on AFDC, yet the majority of all single-mother families are rather small.

We also find that extended and complex families are important in the low-income population. Almost half of the single-parent families in the study lived with other adults at some point during the two-year survey period. On average, about 15 percent of the single-parent families lived in three-generation households. Single mothers who were African American, young, never married, with young children, and enrolled in school were most likely to live in three-generation households. Thus, the term “single-mother” families does not necessarily mean households composed only of a mother and her children. In addition, one-fifth of two-parent families lived with other adults (but the proportion living in three-generation households was very low). We also find that about 15 percent of the low-income single mothers and about 6 percent of the parents in two-parent families were guardians of the children, and many of these were the grandparents.

Thus, we see that low-income families, like all families, vary considerably in their structure. Although this diversity of family structure results in differences in the income packages parents can put together, we find that most of the single-parent and two-parent families in our sample depended on the labor market for a majority of their income. Among low-income married couples with children, whites and Hispanics were more likely to have primary/secondary-earner families; African Americans were the most likely to be equitable earners.

Income-Generating Activities

We find that, although income packages vary among different types of families, on average, all family types received income from at least two out of three sources: income from the mother's or father's paid employment, receipt of cash or cash-like means or non-means-tested government benefits, and income from other family members (earnings or government benefits received by other adult family members). The relative importance of each source, however, varies among family types. This reflects, in part, gender differences in both earnings and the receipt of benefits for means-tested and non-means tested government programs.

Overall, earnings were relatively more important in the income packages of married-couple families, whereas single mothers relied more on other income sources, such as means-tested government programs or income from other family members. The higher earnings of married-couple families reflects their ability to rely more on the earnings of higher-paid men as well as on mother's earnings. In addition, fathers not only have access to higher earnings but also are more likely to receive benefits from non-means-tested government benefit programs (such as UI), which generally provide higher benefits than means-tested programs (such as AFDC). Single mothers have lower earnings and are more likely to receive means-tested government benefits.

Following the passage of welfare reform legislation in 1996, the number of families receiving means-tested government benefits has declined dramatically, including the in-kind benefits from Food Stamps and Medicaid as well as cash public assistance (Greenberg et al., 2000). This raises concerns about single mothers' future access to these benefits, especially those who are working in low-wage jobs that do not provide health insurance, and suggests that women's access to non-means-tested programs, such as UI, is becoming even more important.

Some proponents of welfare reform have suggested that reform would encourage recipients to rely more on family members and non-profit social service agencies instead of on government benefits. Our results suggest, however, that wel-

fare recipients already rely on family members for a large proportion of their incomes. Further, our study shows that charities contribute little to these families' incomes. It is likely that charities will continue to provide resources and services to poor families, but will not be able to replace the income previously provided by welfare benefits.

Given the current policy emphasis on employment as the solution to poverty, we pay special attention to the employment characteristics of low-income parents and the factors affecting the employment status of low-income mothers. Our findings suggest that, although families with earnings are generally better-off economically than those without earnings, employment does not provide the entire solution for these families, especially given their human capital levels, the types of jobs in which they work, and the limited opportunities available to women.

We examine various aspects of human capital, including educational attainment, job training, work experience, and disability of mothers and fathers in the different family types and find that human capital characteristics are closely associated with the employment and earnings of the low-income parents in our sample. Parents who depended on employment instead of on welfare for their families' income packages had the highest levels of education and work experience and the lowest levels of disability. In addition, over one-third of single-mother, AFDC recipients were enrolled in school (part or full time) during the study period. Current welfare reform policies, restricting the time and activities that can be devoted to training and education for welfare recipients, may further erode single mothers' ability to build human capital and limit their ability to become economically self-sufficient through employment.

Human capital characteristics may also be a factor in determining who leaves welfare for employment under current welfare rules. The "success" of welfare reform (judged by the numbers of recipients who have left the rolls) may result from those with the greatest human capital more easily moving into the workforce in the context of a strong economy. Those with the lowest levels of education and work experience and the greater dis-

abilities will remain on welfare. When their benefits expire, these families will likely face the greatest hardships.

We also find a connection between human capital and marriage patterns that challenges the popular notion that marriage provides a secure route out of poverty for single mothers. Among the mothers and fathers in married-couple families, those with the highest earnings potential (i.e., those with more education and fewer disabilities) tended to marry each other, improving each others' job-reliant economic status instead of changing the lives of individuals who were previously on welfare. This appears to be a particularly important pattern among African American couples. The most economically successful African American women were the most likely to marry. African American husbands had the highest rates of unemployment and the lowest earnings of all husbands, meaning that marriage may not increase the incomes of poor African American single mothers as much as it might for white single mothers.

When we examine labor force participation, work patterns, and the characteristics of the jobs held by parents in poor and near-poor families, we find that men face a different job market than women do. On average, all of the fathers had higher hourly wages than the mothers and were in different types of jobs. Most mothers were concentrated in low-paid "women's" occupations and did not earn enough to support their families above the poverty level solely on their own earnings, even if they were employed full time, full year. This indicates that employment-based policies designed to move women and their children out of poverty must address gender-based occupational segregation and either provide the supports that can enable women to enter nontraditional, higher-paid jobs, or provide income support when women work in low-wage jobs.

Our detailed analysis of the factors affecting the probability of employment of low-income mothers also finds that human capital is critical to employment. Whether they were single or married, the probability of a low-income mother's employment falls if she has a physical limitation and increases if she is one year older, has an addi-

tional year of schooling, or has job training. Having children under the age of 6 and living in a state with poor economic conditions (i.e., higher unemployment rates) also reduces the probability of employment for both single and married mothers. The significance of race and ethnicity varies across single and married mothers: among single mothers, a white mother has a higher probability of employment, but among married mothers, African American mothers are more likely to be employed than those who are white.

The negative impact of the presence of young children on the probability of mothers' employment draws attention to the critical importance of child care. Our analysis shows that child care costs are a large financial burden to low-income working mothers. As commonly believed, employed single mothers were more likely than married couples to call on relatives for child care, but a substantial proportion of the care provided by grandparents and other relatives required payment. As a result, about the same proportion (40 percent) of working mothers paid about the same amount for child care whether married or single and whether or not they received AFDC. For those who used paid child care, the cost took more than one-third of AFDC mothers' earnings, about 30 percent of married mothers' earnings, and 20 percent of non-AFDC single mothers' earnings. This illustrates the importance of child care subsidies that assist low-income working mothers in obtaining the child care necessary to support their employment.

Economic Well-Being

Using poverty status as our measure of economic well-being, we find that 30 percent of the low-income families in our sample were poor (when their income is averaged over the two-year study period) according to the standard definition of poverty, and 28 percent were poor when the cash value of Food Stamps and WIC are included in income. Welfare-reliant, single-mother families were the most impoverished group in the low-income population, with over 80 percent living in poverty. Overall, about one-third of the children in this study lived in poverty (with the cash value of Food Stamps and WIC included in their family's

income). Although poor children were greatly over-represented in single-mother, welfare-reliant families, about 17 percent of all poor children in the low-income families in our sample lived with single mothers who were job reliant.

We also find a great deal of family income instability in terms of yearly and monthly income gains and losses and dips into poverty. About one quarter of all families experienced income gains of at least 20 percent between year one and year two of the survey, and about one out of five experienced losses of the same magnitude. The emphasis of recent welfare reform initiatives on “work first,” as opposed to education and training, assumes that work experience, even at so-called “dead-end” jobs, will lead to higher-paying jobs in the future. This assumption is challenged by these findings: a majority of families did not experience any significant gains from year one to year two of employment, and some even lost income.

Government benefits provided a relatively secure, although impoverished, income floor for the low-income families in our study, so that welfare-reliant families experienced the lowest rates of income losses among these families. They tended to stay in poverty, instead of slip in and out. All of the other family types experienced one or more entries into poverty, however, experiencing drops of at least 20 percent of their family monthly income between three and five times during the survey period. Single fathers experienced the most drops (five drops), followed by primary/secondary-earner, two-parent families and by marginal-earner married couples (with four drops each). The finding that all families (with the exception of the welfare reliant who stayed in poverty) experienced one or more entries into poverty over the study period demonstrates the vulnerability of these families to economic and labor market conditions. These results suggest that, even if welfare families become “more like other types of families” by getting married and working more hours, they are still likely to encounter poverty.

In examining the percentage of families who escaped poverty through employment, government benefits, and family-related resources (including earnings, other family members’ income, and child

support), we find that income from employment substantially reduced poverty. Fathers’ earnings were a major factor in alleviating the poverty of all of the married-couple families, even those relying on welfare (although less so for the marginal-earner families than for the other types), as well as for the single-father families. Mothers’ earnings were also critical for reducing the poverty of the single-parent families that did not rely on welfare and of equitable-earner families. Without these earnings, more than three-quarters of job-reliant single-mother families would have been poor and half would have lived in dire poverty. An additional 26 percent of equitable-earner families would have been poor without mothers’ earnings. For welfare-reliant, single-mother families, the earnings of other family members were important in moving them out of extreme poverty.

Income from government benefits is vital to the economic well-being of the welfare-reliant and job/welfare-reliant, single-mother families as well as to the AFDC-UP, married-couple families. These programs establish an income floor and move these families from dire poverty to at least 50 percent of the poverty threshold. Without these benefits, 80 percent of welfare-reliant single mothers and 31 percent of married welfare-reliant women would have been in dire poverty. Even for single parents who primarily relied on their job earnings, government benefits such as Food Stamps and Social Security played an important role in reducing poverty.

Although having adequate health insurance is a concern for all low-income families, we find differences in the sources of health insurance and the months of coverage for the families in this study. In particular, we find that families that did not receive AFDC often did not have health insurance for months at a time. In contrast, the welfare-reliant mothers were covered for 23 out of the 24 months in the survey, almost exclusively by public insurance. The job/welfare-reliant mothers and the welfare-reliant, married-couple families were covered for an average of 20 months, mostly with public coverage but with about five months of private coverage. The low number of low-income families with health insurance has important im-

plications for welfare reform, suggesting that those who move off welfare may lack health insurance.

Child care costs take a significant proportion of the incomes of poor working mothers, thus reducing their ability to escape poverty through paid employment. Simulating the effect of child care subsidies on the poverty status of poor employed mothers, we find that child care subsidies would have decreased the share of below-poverty working parents who also received welfare from 52 percent to 34 percent. The poverty rate for the families of single, job-reliant mothers would have decreased from 15 percent to 8 percent. Married mothers, who were the least likely to be poor, would have seen their families' poverty rate decline from 5.4 to 3.3 percent. The poverty-reducing effects of child care subsidies support the arguments made by poverty researchers and low-income women's advocates that such subsidies are critically important to work-based welfare reform strategies.

Recommendations

This study provides data on family survival strategies and well-being during a period before the passage of welfare reform strategies that require work and place time limits on the receipt of benefits. This research questions the extent to which such strategies can be successful in reducing poverty.

Overall, the low-income families in our study show a strong commitment to the labor market. Many combine long hours at low-wage jobs with the primary care of children. Their child care costs are high, and their health insurance coverage is striking in its absence. These realities continue to be reflected in the lives of many low-income families, post-welfare reform (Greenberg, et al. 2000). However, government can help to improve the well-being of low-income families by increasing funding for child care subsidies and expanding access to health insurance.

With women clustered in the lowest-wage jobs, single-mother families are even less likely to survive on the mother's earnings alone, even if she works full time and full year. Substantial sex-segregation and wage discrimination in the low-wage labor market have serious implications for policies emphasizing employment as a path to "self-sufficiency" for poor mothers. Employment-based policies designed to move women and children out of poverty must address gender-based occupational segregation by enabling women to enter non-traditional, higher paid jobs, both by combating discrimination in pay and hiring and supporting job training and education.

Some experts have expressed the hope that welfare reform will encourage marriage and that many welfare mothers will therefore "marry" their way out of poverty. Our findings show that married couples in which the fathers work full-time (about 85 percent of all married couples in this study of low-income families) had much higher incomes than single-mother families. But our findings also suggest that marriage is not always a reliable path out of poverty; for poor women, their own employment decreases the likelihood of poverty for their families and also appears to increase their chances of marrying.

Government benefits remain crucial to many of these low-income families, especially the parents who cannot find or maintain full-time employment because of disabilities, low skill levels, or other barriers to employment. Government can support the work efforts of low-income families by raising the minimum wage, supplementing low wages, and allowing eligible working families to receive cash assistance without using up their time-limited welfare benefits. Our research confirms that future welfare reform must recognize the efforts of low-income parents who work and provide the supports necessary for their efforts to lead to economic security, not merely survival at the bottom.

APPENDIX

Table A.1
Logistic Regression of Employment Status among Single Mothers

	ALL		WHITE		BLACK		HISPANIC	
	Logit	Odds Ratio ¹						
Age-squared	-.001**	(0.999)	-.002*	(0.998)	-.000	(1.000)	-.001	(0.999)
Age	.098**	(1.103)	.110*	(1.117)	.054	(1.056)	.131	(1.140)
Years of schooling	.214***	(1.239)	.178***	(1.194)	.304***	(1.355)	.258***	(1.295)
Job training	.298**	(1.347)	.266	(1.305)	.212	(1.236)	.343	(1.409)
Physical limitation	-1.674***	(0.187)	-1.688***	(0.185)	-1.685***	(-0.185)	-2.105***	(0.122)
Number of children								
Age 0-2	-.838***	(0.433)	-1.097***	(0.334)	-.829***	(0.437)	-.662*	(0.516)
Age 3-5	-.510***	(0.600)	-.640***	(0.527)	-.443**	(0.642)	-.516	(0.597)
Age 6-12	.458*	(1.580)	.178	(1.195)	.161	(1.175)	1.245*	(3.472)
Age 13-17	-.034	(0.967)	.043	(1.044)	-.058	(0.944)	.029	(1.029)
Living arrangement								
Three-generation	.010	(1.010)	-.338	(0.713)	.183	(1.200)	.443	(1.557)
With other adults (Omitted group: without other adults)	.015	(1.015)	-.065	(0.937)	-.007	(0.993)	.559*	(1.749)
Citizenship	-.339	(0.713)	.766	(2.150)	-.685	(0.504)	-.529	(0.589)
Other family income²	-.054*	(0.947)	-.030	(0.970)	-.123*	(0.884)	-.015	(0.985)
Region								
South	.336**	(1.399)	.423*	(1.526)	.411*	(1.508)	.297	(1.346)
West	.229	(1.257)	-.026	(0.975)	.763**	(2.144)	.294	(1.342)
North (Omitted group: Midwest)	-.391**	(0.676)	-.206	(0.814)	-.330	(0.719)	-.856	(0.425)
State unemployment rate	-.088**	(0.916)	-.079	(0.924)	-.094*	(0.910)	-.006	(0.994)
Race and Ethnicity								
Black	-.489***	(0.613)						
Hispanic	-.561***	(0.571)						
Other (Omitted group: White)	-.817**	(0.442)						
Intercept	-2.579***		-3.033*		-3.172*		- 5.087*	
Degrees of Freedom	20		17		17		17	
N	2538		1261		804		407	

Note: * p<.05; ** p<.01; *** p<.001. ¹ The odds ratios are obtained by computing the antilogarithm of the logit coefficients. The value of an odds ratio indicates the proportion of change in the odds of being employed over not being employed caused by a unit change in the corresponding independent variable. ² Other family income is measured in hundreds of dollars.
Source: Calculations based on data from month 12 of the 1986, 1987, 1988, and 1990 panels of the U.S. Bureau of the Census' Survey of Income and Program Participation.

Table A.2
Logistic Regression of Employment Status among Married Mothers

	ALL		WHITE		BLACK		HISPANIC	
	Logit	Odds Ratio ¹	Logit	Odds Ratio ¹	Logit	Odds Ratio ¹	Logit	Odds Ratio ¹
Age	.164***	(1.178)	.171***	(1.187)	.190*	(1.209)	.138	(1.148)
Age-squared	-.002***	(0.998)	-.003***	(0.997)	-.003*	(0.997)	-.002	(0.998)
Years of schooling	.064***	(1.066)	.077***	(1.080)	.088	(1.092)	.039	(1.039)
Job training	.300***	(1.350)	.298**	(1.347)	.212	(1.236)	.337	(1.401)
Physical limitation	-.712***	(0.490)	-.545***	(0.580)	-1.615***	(0.199)	-.834*	(0.435)
Number of children								
Age 0-2	-.501***	(0.606)	-.419***	(0.658)	-.571*	(0.565)	-.664***	(0.515)
Age 3-5	-.220***	(0.802)	-.157*	(0.855)	-.407*	(0.666)	-.379*	(0.685)
Age 6-12	-.107*	(0.898)	-.098	(0.906)	-.006	(0.994)	-.185	(0.831)
Age 13-17	.034	(1.034)	.064	(1.066)	-.036	(0.965)	.059	(1.060)
Living arrangement								
Three-generation	.322	(1.380)	.106	(1.112)	.051	(1.053)	.664	(1.942)
With other adults ² (Omitted group: without other adults)	.302**	(1.352)	.410**	(1.507)	-.250	(0.799)	.328	(1.389)
Citizenship	.243	(1.275)	-.009	(0.991)	.103	(1.108)	.323	(1.381)
Other family income³	-.002	(0.998)	-.001	(0.999)	-.013	(0.989)	-.012	(0.988)
Region								
South	-.127	(0.881)	-.266*	(0.766)	.661*	(1.936)	-.244	(0.784)
West	-.113	(0.893)	-.129	(0.879)	.023	(1.023)	-.209	(0.812)
North (Omitted group: Midwest)	-.634***	(0.531)	-.621***	(0.537)	-.553	(0.575)	-.853	(0.426)
State unemployment rate	-.114***	(0.892)	-.107***	(0.898)	-.208**	(0.813)	-.036	(0.965)
Race and Ethnicity								
Black	.470***	(1.600)						
Hispanic	-.050	(0.951)						
Other	-.070	(0.933)						
Intercept	-2.440***		-2.558**		-2.291		-1.838	
Degrees of Freedom	20		17		17		17	
N	3755		2641		343		602	

Note: * p<.05; ** p<.01; *** p<.001. ¹The odds ratios are obtained by computing the antilogarithm of the logit coefficients. The value of an odds ratio indicates the proportion of change in the odds of being employed over not being employed caused by a unit change in the corresponding independent variable.

² Excludes the parent and spouse.

³ Other family income includes husband's earnings and is measured in hundreds of dollars.

Source: Calculations based on data from month 12 of the 1986, 1987, 1988, and 1990 panels of the U.S. Bureau of the Census' Survey of Income and Program Participation.

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