

IV

WHAT ARE THE CHARACTERISTICS OF, AND THE REASONS FOR, EXITING POVERTY FOR GROUPS WITH DIFFERENT POVERTY DYNAMICS?

The previous chapter identified three groups of single mothers who exited poverty in 2001 on the basis of their spells in and out of poverty during the two-year follow-up period:

- *Poverty Leavers:* Those who left and never reentered poverty (28 percent)
- *Poverty Cyclers:* Those who cycled in and out of poverty (56 percent)
- *Poverty Returners:* Those who reentered poverty and stayed in poverty (16 percent)

The group of poverty leavers had the most successful income-related outcomes, because its members stayed out of poverty for the remainder of the follow-up period. The largest group of single mothers—poverty cyclers—consists of those who had multiple poverty and non-poverty spells during the follow-up period. These women experienced substantial swings in income, due primarily to swings in their own earnings. The smallest group—poverty returners—had the worst income-related outcomes, because they reentered poverty and remained poor for the rest of the two-year period.

In Chapter V, we will present detailed evidence that the economic outcomes of single mothers, including their income, employment, and welfare receipt experiences, differ markedly across these three groups (thus, results are presented separately for each group). In this chapter, we provide contextual information for the analysis in Chapter V by examining the background characteristics of the three groups of single mothers and key events associated with their poverty exits.

This chapter addresses three key research questions:

- *At the time of poverty exit, how do demographic characteristics differ across the three groups of single mothers?*
- *Do trigger events associated with poverty exits differ across the groups?*
- *How do job characteristics at the time of the poverty exit vary by group?*

The descriptive information provided in this chapter could be used to help identify, at the time of poverty exit, single-mother groups who are at particular risk of experiencing poor

outcomes (poverty cyclers and, especially, poverty returners). Appropriate services could then be targeted to these at-risk women.

A. HOW DO DEMOGRAPHIC CHARACTERISTICS DIFFER ACROSS THE THREE GROUPS?

The three groups of single mothers who exit poverty differ in their average education levels, health status, and prior public assistance receipt. As expected, single mothers who reenter poverty and stay poor (poverty returners) tend to be more disadvantaged than the other two groups of women; those who never return to poverty (poverty leavers) tend to be the least disadvantaged. However, it is surprising that the groups are not very different in their employment, income, and poverty levels prior to their poverty exits.

- *Single mothers who leave poverty and remain poor have higher education levels and are substantially less likely to have health problems than the other two groups of single mothers.*

Among the group of poverty leavers in our sample, half had more than a high school degree at the time of poverty exit, compared to 41 percent of poverty cyclers and only 35 percent of poverty returners (Table IV.1). The poverty leavers were also much less likely to have a health limitation that affected their ability to work than poverty returners (12 percent compared to 27 percent).

- *Poverty leavers are somewhat older and more likely to have ever been married than their counterparts in the other two groups.*

On average, poverty leavers in our sample were about 35 years old at the time of program exit, compared to about 34 to 31 years old for those in the other two groups (Table IV.1). Over 60 percent of poverty leavers had ever been married prior to poverty exit, compared to 55 percent of poverty cyclers and 44 percent of poverty returners (Table IV.1).

There were no differences, however, in other demographic characteristics across the three groups. For instance, the percentage minority (about 50 percent), the average number of children (about 2.0), and the percentage living with no other adult relatives (about 80 percent) did not vary by group.

- *Prior to their poverty exits, poverty leavers are considerably less likely to have had received TANF and food stamps than those in the other groups; however, employment rates and poverty levels are similar across the groups.*

The receipt of TANF and food stamps was much less prevalent for poverty leavers in our sample than for other single mothers (Table IV.1). Only 2 percent received TANF in the month prior to their poverty exit, compared with 11 percent of the cyclers and 19 percent of the poverty returners. Similarly, only 14 percent of poverty leavers received food stamps in the month prior to their poverty exit, compared with 31 percent of the cyclers and 55 percent of the poverty returners.

TABLE IV.1
KEY CHARACTERISTICS IN THE MONTH BEFORE LEAVING POVERTY,
BY TYPE OF SINGLE MOTHER WHO EXITED POVERTY
(Percentages)

Characteristics	Never Reentered Poverty	Cycled In and Out of Poverty	Reentered Poverty and Stayed Poor
Age			
Younger than 30	30*	35	50
Average (years)	35.1*	33.9	31.3
Race/Ethnicity			
White and other non-Hispanic	47	52	47
Black, non-Hispanic	31	27	36
Hispanic	22	22	16
Ever Married	62*	55	44
Has a Health Limitation	12*	8*	27
Educational Attainment			
Less than high school/GED	8	23	31
High school/GED	42	36	34
Some college, no degree	28	24	21
Associate or vocational degree	10	11	11
College graduate or more	12	6	2
Age of Youngest Child			
Younger than 3	33	28	30
Average age (years)	6.7	6.7	5.6
Number of Children			
3 or more	22	24	29
Average number	1.9	1.9	2.0
Adults in the Family			
Does not live with other adults	80	73	80
Average number of adults	1.3	1.4	1.4
Poverty Ratio			
Less than 0.5	37	31	39
At least 0.5, less than 1.0	63	69	61
Average poverty ratio	0.56	0.62	0.57
Employed	64	73*	60
Received TANF	2*	11*	19
Received Food Stamps	14*	31*	55
Average Family Income (Dollars)	756	833	769
Sources of Family Income^a			
Own earnings	50	53	49
Others' earnings	19	15	13
Social insurance and disability	6	6	8
Means-tested government assistance	2	7	10
Child support and alimony	15	11	12
Other income	8	9	8
Sample Size	172	340	103

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

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

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

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

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

It is somewhat surprising, however, that employment rates and poverty levels prior to the poverty exit did not vary more across groups. The average ratio of family income to the poverty threshold was about 0.6 (or 60 percent for each group (Table IV.1). Nearly two-thirds of single mothers in each group worked in the month prior to the poverty exit, with employment rates being slightly higher for the poverty cycler group than those in the other two groups.

- *Average family income, sources of family income, and earnings do not vary substantially across the three groups.*

In the month before leaving poverty, average monthly family income was low for sample members in all groups (about \$800; Table IV.1). Furthermore, for each group, the key source of family income was the earnings of the single mother (about 50 percent of all income). Thus, earnings were similar across the three groups. There are, however, some small differences across the groups in income shares from alternative sources; poverty leavers had a slightly higher share of income from the earnings of other adults in the family, and the poverty returners had a higher share of income from public assistance (Table IV.1).

Thus, we found that, while there are some clear differences across the groups in their demographic characteristics, including whether they were ever married, the age of their youngest child, their education level, and their health status, there are few differences in their earnings and income levels prior to their poverty exits. These results suggest that single mothers who exit poverty are a somewhat homogeneous population with low family incomes and low earnings.

At the same time, the finding that those with the poorest outcomes (poverty returners) have the lowest education levels and the highest prevalence of health problems could provide a partial explanation as to why these single mothers have trouble remaining above the poverty line. Furthermore, the substantially higher education levels of poverty leavers than of cyclers could also partially explain the more positive outcomes experienced by the poverty leavers. As discussed in Chapter V, education and health factors *remain* important in the multivariate analysis, where we control for other factors that could be associated with membership in each group.

B. DO POVERTY EXIT TRIGGER EVENTS AND JOB CHARACTERISTICS DIFFER ACROSS THE THREE GROUPS?

In Chapter II, we found that earnings and employment gains are the primary trigger events associated with poverty exits for single mothers. Here, we first address whether these trigger events are equally common among the three groups of single mothers and the magnitude of the earnings increases for each group. In addition, we examine whether, at the time of poverty exit, the group of poverty leavers hold higher-paying jobs than those in the other groups. This information is important for assessing whether job quality at the time of program exit is associated with time spent out of poverty during the medium term.

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

About 80 percent of the poverty leavers in our sample experienced an employment or earnings increase in the two months prior to their poverty exit, compared to 75 percent for the cyclers and 65 percent for the poverty returners (Table IV.2). Earnings increases of another adult relative in the family and family composition changes were less common trigger events for all groups. It is notable, however, that the poverty leavers were twice as likely to marry as those in the other two groups (six percent versus three percent), although these differences are not statistically significant. Finally, the poverty returners were more likely than the other groups to have experienced other trigger events, such as increases in public assistance receipt.

TABLE IV.2
EVENTS ASSOCIATED WITH POVERTY EXITS FOR SINGLE MOTHERS,
BY TYPE OF SINGLE MOTHER
(Percentages)

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

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

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

^aEvents are *not* mutually exclusive; thus, a single mother may have experienced more than one event.

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

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

Average earnings in the base month (one or two months prior to the poverty exit) were similar for each group in our sample (about \$750; Table IV.3).¹ However, the average earnings *increase* in the month of the trigger event for the poverty leaver group (\$956) was more than twice as large as for poverty returners (\$467) and also substantially larger than for cyclers (\$509) (Table IV.3).

TABLE IV.3

JOB CHARACTERISTICS IN THE MONTH OF POVERTY EXIT FOR SINGLE MOTHERS WHO LEFT POVERTY DUE TO AN EMPLOYMENT OR EARNINGS INCREASE, BY TYPE OF SINGLE MOTHER

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

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

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

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

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

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

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

¹The Appendix discusses how the base month is defined.

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

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

Among those in our sample with earnings-related trigger events, the average hourly wage rate was considerably higher for poverty leavers than for the other two groups (\$11.10, versus \$8.93 for cyclers and \$7.80 for poverty returners; Table IV.3). Similarly, a higher percentage of poverty leavers worked full-time (81 percent, compared to about 70 percent for the other two groups), although these differences are not statistically significant. They also were significantly more likely to hold jobs that provided health insurance coverage (57 percent, compared to 31 percent for cyclers and 23 percent for poverty returners). Furthermore, poverty leavers were much more likely than the other two groups to hold professional and technical jobs and less likely to be employed in lower-paying service occupations.

Results from this chapter paint an interesting picture. Single mothers in each group tend to have similar employment and earnings levels in the several months *before* their poverty exits. However, single mothers with the most successful outcomes (poverty leavers) are more likely than their counterparts to experience earnings-related trigger events and to find higher-quality jobs around the time they exit poverty. This may have occurred due to their higher education levels. There were smaller differences in job quality at the start of the non-poverty spell, however, between the poverty cyclers and the poverty returners.

On the whole, the results suggest that job quality is associated with time spent out of poverty during the follow-up period, an issue that we explore further in the next chapter.

