

Fact Sheet



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Before and After Welfare Reform: The Work and Well-Being of Low-Income Single Parent Families

*This Fact Sheet highlights select findings from IWPR's new report, **Before and After Welfare Reform**. The report examines the income sources and employment patterns of low-income families, utilizing longitudinal data from the U.S. Census Bureau's Survey of Income and Program Participation to shed new light on the characteristics and well-being of low-income single parent families just before and roughly three years after the implementation of welfare reform. Listed below are selected key findings from the report:*

▪ The Road to Self-Sufficiency is Precarious at Best

Although more low-income single parents are working in the wake of welfare reform, well over three-fourths (78%) are concentrated in four typically low-wage occupations. Despite increased work participation, no significant increase was found in the share who received health insurance through employment—a key barometer of job quality. To the contrary, employed welfare recipients actually experienced a decline in access to employer-provided health insurance (from 21 to 14 percent) after welfare reform.

▪ Single Mothers Face Particularly Rough Road to Economic Well-Being

Occupational outcomes were found to be quite different for single mothers and single fathers after welfare reform. Despite having experienced a much greater increase in work participation than their male counterpart (up roughly 10 percent versus 1 percent), single mothers average lower monthly earnings or hourly wages following welfare reform, as compared to single fathers. As a result, women are working more, but continue to earn less.

▪ The Poor Get Poorer After Welfare Reform

Following welfare reform, poor single parent families not receiving TANF were more likely to live in dire poverty. This group also slipped deeper into poverty as they experienced a significant increase in the poverty gap¹ (from \$6,712 to \$7,483). This finding may reflect the difficult circumstances of former welfare recipients who have not been able to adequately replace TANF with other forms of income.

¹ The "poverty gap" is a measure of the depth of poverty and is defined as the average amount of income necessary to move a poor family up to the official poverty threshold.

- **Families Within Families Experience Increased Economic Hardship**

Low-income single mother subfamilies (families who lived in households headed by another) saw their incomes decline following welfare reform (from \$664 to 647 per month) as did their participation in AFDC/TANF (from 27.8 to 14.6 percent), and the proportion receiving food stamps (from 36.8 to 22.1 percent). The loss in means-tested assistance and the decline in income resulted in these families falling deeper and deeper into poverty, as the poverty gap for this group rose significantly (from \$8,041 to \$8,779 after welfare reform).

- **Racial Shift Among Welfare Recipients**

The proportion of white welfare recipients declined significantly following welfare reform (from 33.6 to 23.8 percent) while Hispanic representation among welfare recipients increased significantly (from 20.5 to 29.9 percent). Although black representation remained constant over the two time periods (at roughly 43 percent), the share of low-income non-welfare recipients who were black increased following welfare reform (28.9 vs. 33.8 percent), while the proportion of other racial/ethnic groups either decreased or remained the same. This finding suggests that black welfare leavers fare worse than others after leaving welfare.

- **Acquisition of Higher Education Declines Under Welfare Reform**

The educational attainment of single parents declined under the work-first focused policies associated with welfare reform. Of particular concern is the decline in the share of low-income single parents who have some college education, particularly among welfare recipients (from 24.1 to 16.8 percent) following welfare reform. The apparent decreased access to higher education raises questions about the ability of low-income single parents to acquire the skills and credentials they need for long-term economic success.

These findings suggest that welfare reform, while increasing rates of work, must do more to provide a true pathway out of poverty and toward economic well-being. The full report can be accessed at www.iwpr.org.

The Institute for Women's Policy Research (IWPR) is a public policy research organization dedicated to informing and stimulating the debate on public policy issues of critical importance to women and their families. IWPR works with policymakers, scholars, and public interest groups to design, execute and disseminate research that illuminates economic and social policy issues affecting woman and families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations. IWPR is a 501(c)(3) tax-exempt organization.