

Jobs and Wages Up Sharply for Single Moms, Gains Especially High After Welfare Reform

Since 1994, the share of single mothers with jobs—the employment rate—increased by 25 percent while the unemployment rate for single mothers fell by about half.

When Congress enacted work-oriented welfare reforms in 1996, many warned that unskilled single mothers would flood the job market, face high unemployment, earn low wages, and stunt the wage growth of all low-wage workers. But many of these mothers found jobs, their real wage gains have been sizeable, and their progress has apparently not weakened overall wage growth of low-skill workers.

This first *Monitor* installment shows:

- The employment rate soared and the unemployment rate fell among single mothers between 1994 and 2001. Declines in unemployment among single mothers were especially rapid after 1996, when welfare reform was enacted. The most recent data further show that these gains did not falter with the economic slowdown in early 2001.
- The inflation-adjusted (real) median wage of single mothers grew by 13.9 percent or 3.1 percent annually since the last quarter of 1996. By 2001, the average single mother earned 78 percent as much as the average

worker. The wage gains are surprising, given that 15 percent of employed single mothers in 2001 earned nothing in 1996.

- Single mothers at the bottom of the wage scale experienced especially high wage growth. Since late 1996, the lowest 25th percentile of employed single mothers saw their hourly wages rise by 17.2 percent or 3.8 percent annually. Low-wage workers at the 25th percentile enjoyed real wage increases of 13.6 percent or 3.0 percent annually.

The share of single mothers gaining valuable work experience and earning rising wages has dramatically expanded thanks to the economic boom of the 1990s and welfare reform. For many single parents, this experience could shield them against job losses if an economic downturn persists. Historically, however, the groups gaining the most when overall unemployment falls fare worst when unemployment increases.

The Urban Institute's quarterly *Single Parents' Earnings Monitor* uses data from the Census Bureau's monthly Current Population Surveys.

—Robert I. Lerman, director of the
Urban Institute's Labor and Social Policy Center

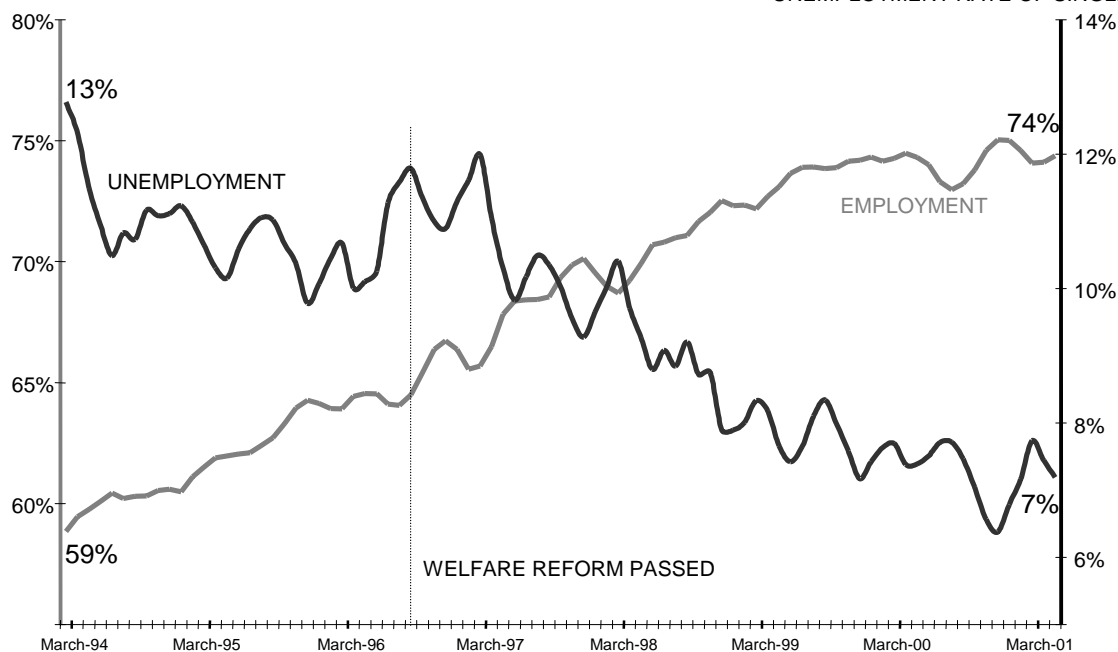
For more information about the *Monitor* or to discuss its findings with Robert Lerman please call the Urban Institute Office of Public Affairs at (202) 261-5709. For an electronic copy of the *Monitor* or for more information on low-wage workers, visit www.urban.org.

The Urban Institute is a nonprofit, nonpartisan policy research and education organization that examines the social, economic, and governance challenges facing the nation.

Single mothers see gains in jobs and declines in unemployment, especially after welfare reform.

EMPLOYMENT RATE OF SINGLE MOTHERS

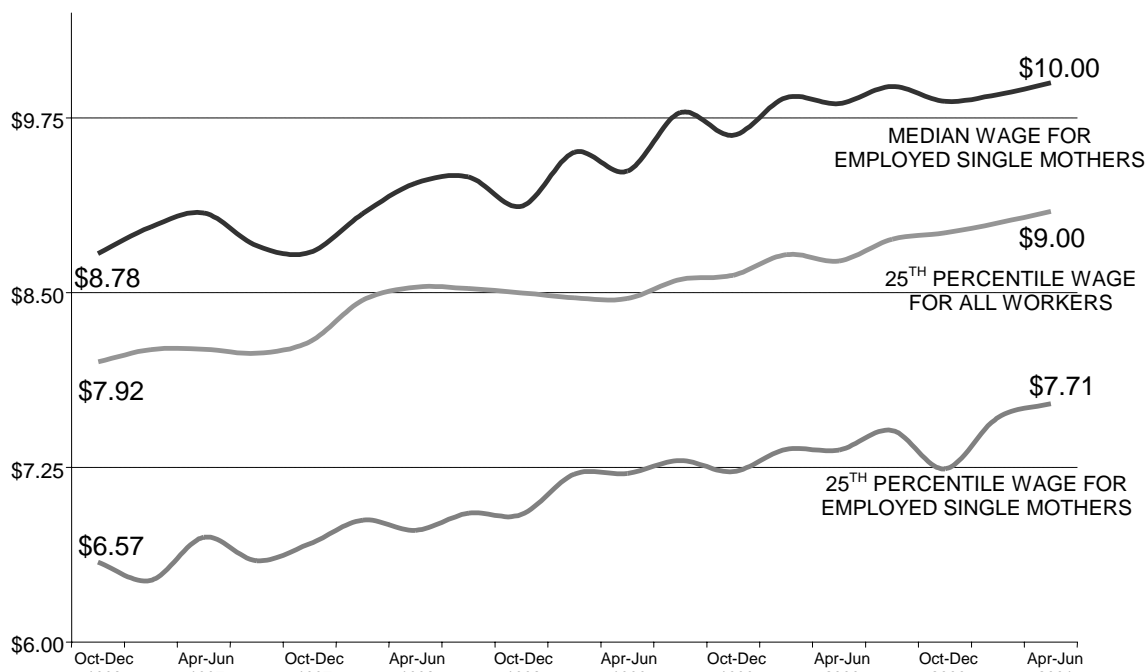
UNEMPLOYMENT RATE OF SINGLE MOTHERS



Note: The rates are three-month moving averages.
Source: Urban Institute tabulations from monthly Current Population Surveys, U.S. Bureau of the Census.

After welfare reform, real wage gains are solid for single mothers and for the lowest earners.

WAGE RATE IN 2001 DOLLARS



Note: The price index to adjust for inflation is the consumption component of the GDP deflator, prepared by the U.S. Bureau of Economic Analysis.
Source: Urban Institute tabulations from monthly Current Population Surveys, U.S. Bureau of the Census.

For more information about the *Monitor* or to discuss its findings with Robert Lerman call the Office of Public Affairs at (202) 261-5709. For an electronic copy of the *Monitor* or for more information on low-wage workers, visit www.urban.org.