

Single Mothers Retain Nearly All Their Employment and Wage Gains in the Current Economic Slowdown

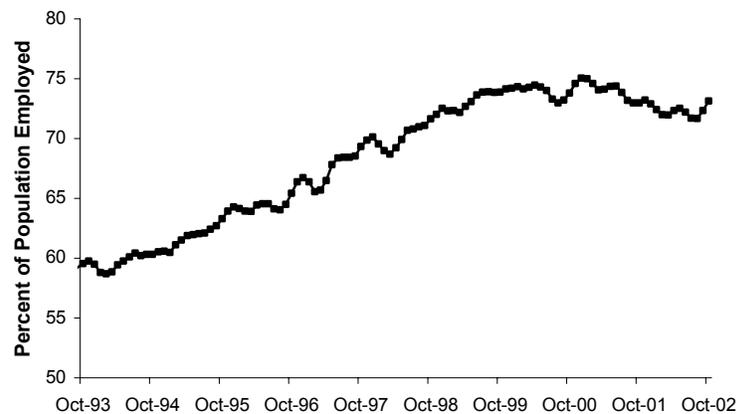
Contrary to widespread concerns, the work-oriented welfare system has withstood the economic slowdown so far, largely because single mothers—the group most at risk of going on welfare—have maintained high levels of employment. Many worried that the welfare system would face serious strains in a recession, with large numbers of low-income, single parents losing their jobs and having nowhere to turn because time limits and other restrictions limit their eligibility for welfare.

A new Urban Institute analysis of census data reveals that as of October 2002, the feared sharp declines in employment have not materialized. Some single mothers (like other workers) have faced hardships, but most single mothers have remained on the job. The employed share of single mothers declined by only 2 percentage points (figure 1). Nearly 90 percent of their 17 point gain in employment between 1993 and 2000 remains intact.

The economic slowdown did significantly increase the unemployment rates of single mothers (Figure 2). Today's single parent unemployment rate (at about 9 percent) is two points higher than its 2000 lows. Yet, jobless rates are still well below the 13 percent rate of late 1993 and the 11 percent level existing in late 1996 when the federal welfare changes were enacted.

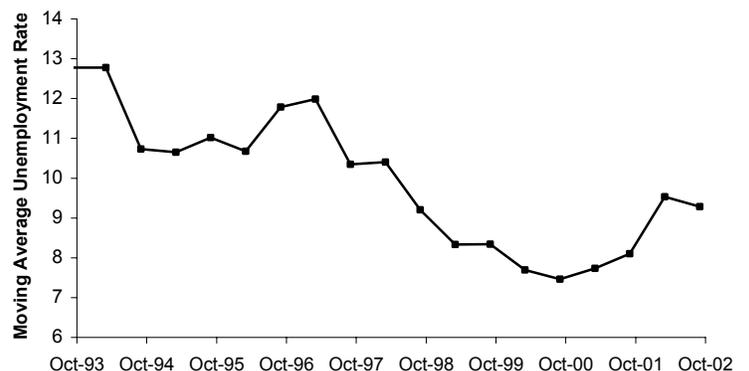
Wages of single mothers have also continued to rise during the recent slowdown. Between October 2001 and October 2002, these women's wages increased 5 percent, or a solid 3 percent after inflation. Wage growth was even higher among low-wage single mothers (those at the 25th percentile of the wage distribution).

Figure 1: Single Mothers Hold On to Most Employment Gains



Source: Tabulations from monthly Current Population Surveys by the Urban Institute, 2003.

Figure 2: Unemployment Rate Rises, But Remains Below 1993-1997 Levels



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For more information about the *Monitor* or to discuss its findings with its author, Robert Lerman, please call the Urban Institute Office of Public Affairs at (202) 261-5709. For an electronic copy of the *Monitor* and more information on low-wage workers, go to <http://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.