



Revised March 27, 2003

REPORT: SINGLE MOTHERS LOSING JOBS

Recent studies have highlighted the potential for welfare reform to help children.¹ Taken as a whole, the studies suggest that, when families on welfare succeed in securing steady work, higher income, and adequate child care and other work supports, then on average their children do not suffer and many fare better. The studies, however, do not tell us how many children of welfare reform are fortunate enough to live in such successful families.

Unfortunately, there is new evidence that past progress in employment and income for parents has faltered and, indeed, is being sharply eroded by the current weak economy. These losses pose a threat to the well-being of children in families moving from welfare to work. They weaken the protective economic environment that to some degree may have safeguarded children's well-being during the boom years of welfare reform. If recent economic losses are not addressed, research suggests that a crucial opportunity to help children through welfare reform may be squandered. Worse, a failure to act in ways that respond to the new economic realities may permit our children to be harmed.

The new economic realities include:

- 1. Single mothers are losing jobs rapidly.** The number of jobless single mothers jumped upward by more than 180,000 between fiscal years 2001 and 2002, after falling at an average annualized rate of 162,000 mothers a year during the six previous years. (Fig. 1)
- 2. Safety-net programs are not making up for single mothers' lost earnings.** Nationwide, the Temporary Assistance for Needy Families (TANF) caseload continued to fall – by 10,000 families – during the same period (fiscal years 2001 to 2002). More recent data indicate that, in most states, caseloads have begun to edge upwards. Clearly, however, caseloads are not keeping up with the growth in jobless single mothers.
- 3. Long-term unemployment is soaring.** The number of Americans unemployed 27 weeks or longer has tripled in the last three years (from 600,000 in February 2000 to 1.9 million in February 2003). A Children's Defense Fund study in December 2002 found that long-term unemployment is rising fastest among workers with young children.

¹ P. Lindsay Chase-Lansdale, Robert A. Moffitt, Brenda J. Lohman, et al., "Mothers' Transitions from Welfare to Work and the Well-Being of Preschoolers and Adolescents," *Science* Vol. 299 (March 7, 2003); Manpower Demonstration Research Corporation, "Boosting Income for Working Parents Pays Off for Children," available at www.mdrc.org/area_issue_7.html.

- more -

SINGLE MOTHERS REPORT – 2

4. **States are cutting other work supports.** Record state budget shortfalls are leading states to cut vital services in many areas, including child care and other work supports.²

What do these trends mean for the success of welfare reform? President Bush's welfare proposal last year defined improvements in children's well-being as the "overarching" goal of welfare reform. According to the best available research, children from families on public assistance performed better in school when welfare policies encouraged work and lifted income by providing substantial cash supplements (and ample child care and other work supports) to families that worked. Programs that simply mandated work did *not* help children succeed.³ The flip side of these findings, however, is that when families lose steady jobs, income and work supports, their children may be in danger of backsliding toward worse outcomes.

In order to avoid the danger of real harm to children in the newly weakened economy, Congress can and should strengthen welfare reform. Temporary Assistance for Needy Families and the Child Care and Development Block Grant should be reauthorized with increased funds and the flexibility needed to help families and states cope with today's economic realities. Funds for child care for working families also must be significantly increased. Proposals for rigid 40-hour weekly work requirements, contained in the TANF Reauthorization bill recently passed by the House, are blind to the changes in the economy and will divert scarce resources from approaches that enable families to get and keep real jobs.

Investing in these supports is the just choice for America. Freezing or cutting work supports for low-income families with children while slashing taxes by hundreds of billions of dollars for the rich is a reckless misuse of our resources.

² Children's Defense Fund, "Low-Income Families Bear the Burden of Child Care Cutbacks" (September 2002). Available at www.childrensdefense.org/pdf/cc_statecutsreport.pdf. See also Zoe Neuberger, "States are Already Cutting Child Care and TANF-Funded Programs" (Washington, DC: Center on Budget and Policy Priorities, May 2002).

³ Recent random-assignment studies conducted by Manpower Demonstration Research Corporation (MDRC), for example, confirm the importance of income. The studies "provide surprising and consistent evidence that welfare and employment programs that offer parents financial work incentives can also help foster youngsters' school readiness and later development," MDRC notes. "The benefits, which roughly correspond to a rise from the 25th to the 30th percentile in a standardized test score, were concentrated among young school-aged children and children of long-term welfare recipients." Work alone was not enough: "higher family income, rather than higher parental employment alone, drove the largely positive effects on children of work incentives for parents. While initiatives that simply required work did raise the percentage of parents who were employed, they often did not improve family income or child outcomes," MDRC found. See MDRC, "Boosting Income for Working Parents Pays Off for Children," at www.mdrc.org/area_issue_7.html.

Fig. 1. Level of need jumped sharply in fiscal year 2002. Nationwide welfare caseload did not.

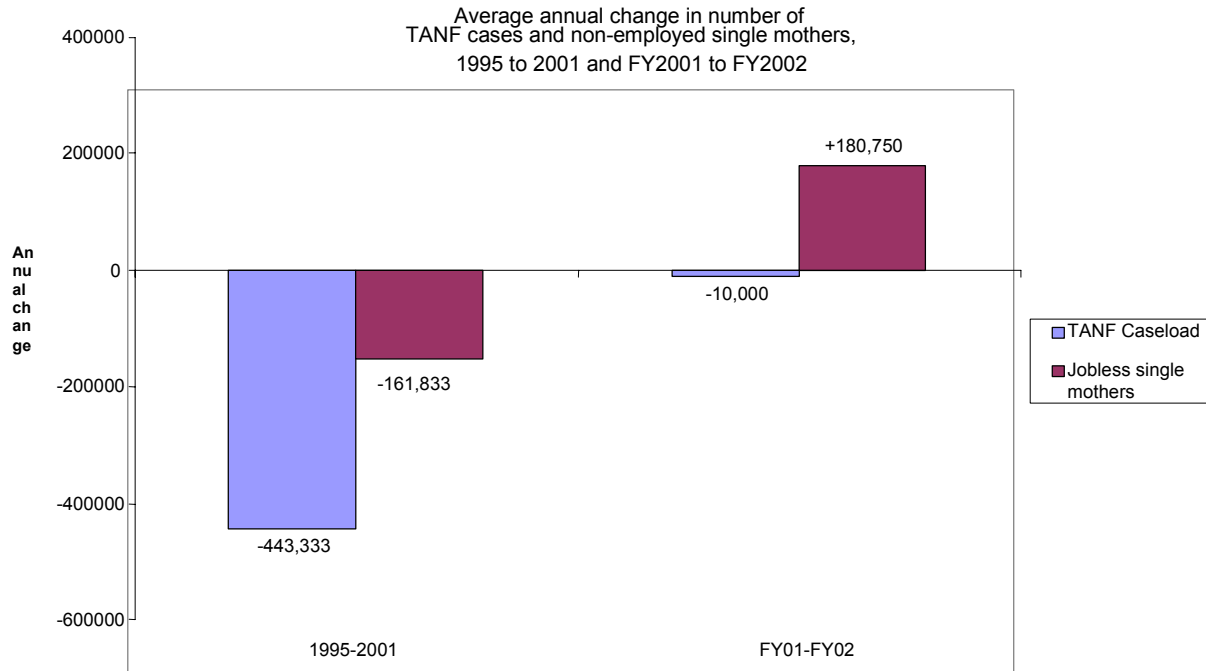
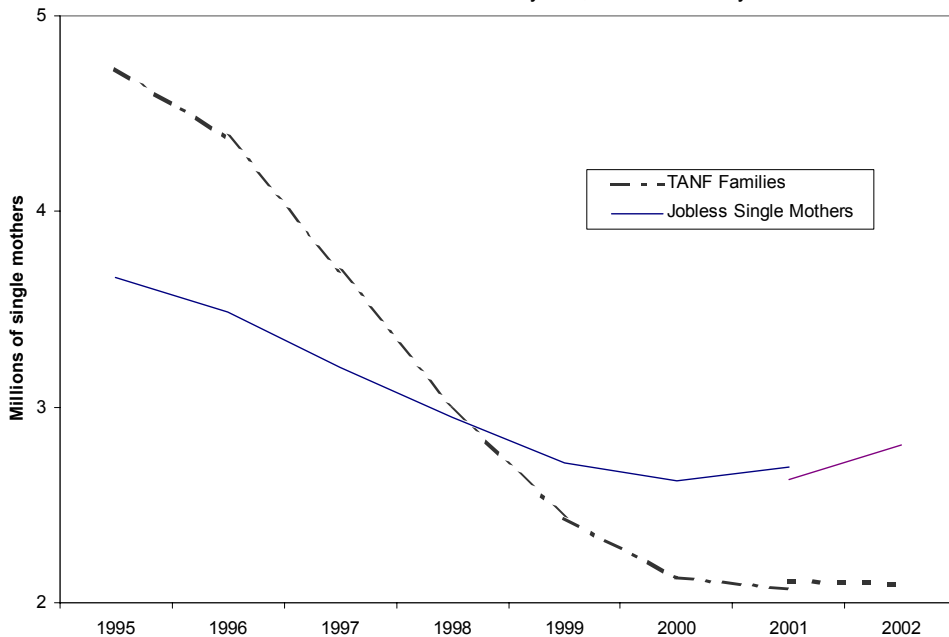


Fig. 2. The number of jobless single mothers rose in 2002, but the cash assistance caseload has not risen to meet the need

(Data through 2001 are for calendar years. Lines from 2001 to 2002 show fiscal years; 2002 calendar year data are not available.)



Source: Unpublished data from the U.S. Bureau of Labor Statistics and U.S. Department of Health and Human Services. Calculations by the Children's Defense Fund.