

## Single Mothers: Working, But Still Poor

by David R. Jones

Thursday, August 10, 2006 12:00 AM

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Barbara Brooks, a single working mother, instantly regretted the raise she got on her job. Her hourly wage went up from \$8.25 to \$11 per hour — and made her ineligible for most of the government benefits she was receiving.

“Each small raise I get, they take away my Medicaid; they took my food stamps; they took my kids off day care,” she said. “I’m hustling backwards!” Her \$450 monthly increase in wages resulted in a \$600 decrease in benefits.

Brooks is one of the single working mothers in a forthcoming PBS television documentary entitled “[Waging A Living](#)” to premiere on New York City’s Channel 13 at the end of this month.

The show will be broadcast before the Mayor’s Commission on Economic Opportunity, of which I am a member, is to release its first set of recommendations, scheduled for sometime after Labor Day. The commission has been conducting an in-depth assessment of the policy solutions to poverty, including issues of low-wage workers. And among those workers suffering the highest rates of poverty are single mothers who work.

### **Will Any And All Jobs Lift A Family Out Of Poverty?**

Since the overhaul of laws governing the nation’s welfare system in 1996, low-skilled workers have poured into the labor market, including many single mothers moving from the welfare rolls to employment. This was the group most likely to receive public assistance and, consequently, the group most likely to be affected by welfare reform. In New York City, these women tend to be young, with little formal education. They are overwhelmingly women of color.

Any job, they are told, is better than welfare. But does just any job lift a family out of poverty? Even at the peak of the 1990s’ economic expansion, one-quarter of New York City families headed by a working single mother lived below the poverty line. “The real issue is whether the people who come off the rolls and go to work can support their families,” says Beth Shulman, author of “[Betrayal of Work: How Low-Wage Jobs Fail 30 Million Americans](#).”

A 2005 [report](#) that examined the employment status of single mothers in New York City found more single mothers working than before, but at low wages and with less support.

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Among the disturbing facts revealed in [recent research](#) about New York City's low-income working mothers:

~ Lack of health insurance: Among low-income working mothers, 80 percent did not receive employee-paid health benefits for themselves or their children; of those with employee coverage, 38 percent received no benefits from Medicaid, Child Health plus or Family Health Plus.

~ Lack of needed medical care: More than a third of low-wage working mothers reported they were unable to obtain needed medical care in the past year because they could not afford it.

~ Lack of days off for sick leave, or to care for a sick child or dependent: 53 percent did not have a single day of paid sick leave, and 61 percent had no paid vacation.

~ Inability to access social supports: As the poor move from welfare to work, incomes remain low and unstable, yet coverage for food stamps or family Medicaid is dropped.

### Hovering in Poverty

The employment rate for single mothers in New York City was 58.7 percent in 2005; their median hourly wage was \$11.25. That's appreciably above the minimum wage, which was raised in New York State earlier this year to \$6.75 an hour. But that computes to just \$23,400 a year for a 40-hour week. And wage rates are far lower for workers without at least a high school education. In New York City, half of welfare recipients lack a diploma, so people leaving welfare for employment face daunting challenges.

With the federal poverty level for a family of three at \$16,600 a year -- and that figure doesn't take into account the cost of living in one of America's most expensive cities -- full-time employment in New York City does not guarantee a livable wage, particularly for workers with dependents.

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Many single mothers are employed in the city's service sector -- employment characterized by high turnover, low pay, and few on-the-job benefits. But these meager positions can at least be viewed as stepping-stones to better opportunities, as long as these women receive the training, experience and social supports to help them advance.

Labor market experts point out that [single mothers](#) ought to have more opportunities to obtain the skills necessary to earn higher wages. In general, they say that low-income families need a more robust system of [income supplementation](#) to fill the gap between their modest earnings and their basic material needs.

Transitional benefits such as food stamps and Medicaid are designed to provide temporary support for people moving from welfare to work. Yet the New York City Coalition Against Hunger [estimates](#) that more than 700,000 New Yorkers eligible for food stamps do not get them. Another stumbling block is child care: most single mothers coming off welfare need child care in order to hold a job, yet the supply of subsidized child care has not kept pace with the rise in single-parent employment. In New York City, just 19 percent of low-income parents are currently getting child care subsidies.

Lack of benefits makes it tougher for single mothers to get and hold jobs, and forces them to make tough choices. A single mother, working in a job without paid sick leave or vacation days, may have to decide between failing to care properly for a sick child, and losing a day's pay, or possibly losing her job, if she takes time off from work.

### Some Steps Beyond Welfare Reform

One of the most politically controversial policy issues is raising the federal minimum wage; for the past nine years the Republican-controlled Congress has squelched efforts to raise it from \$5.15. A recent bill to increase it to \$7.25 over the next three years was tied to cuts in the estate tax, a move that killed chances for passage when the Senate rejected the bill. (Another provision in the same bill would have cut the minimum wage by \$3 for waiters and others who work for tips.) But many advocates [believe](#) that raising the federal minimum wage is a key policy step towards helping many low-income workers, whether or not they are single mothers.

Along with a higher federal minimum wage, another option that many economists and advocates favor is the Earned Income Tax Credit (EITC). EITC is a refundable [federal tax credit to low income workers](#)

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. It is a strong way to increase income particularly for low-wage workers with children. It offsets a portion of their tax liability and reduces the regressive effects of flat taxes such as the Social Security payroll tax, sales tax, and property tax.

It also serves to make employment more attractive to welfare recipients by increasing the financial rewards of work; for example, a worker with a low income who is raising a child could qualify for several thousands dollars of credit.

EITC can complement welfare reform efforts by enabling working families to maintain a higher standard of living than welfare offers, strengthening the incentive for them to leave the rolls. Since the additional income the credit provides does not count in determining eligibility for such benefits as Medicaid, public housing, food stamps, and child care, families are not forced to choose between use of the credit and access to these family-supporting benefits.

Single mothers in low-income households in New York City are eligible not only for the Federal earned income tax credit but also for the State's earned income tax credit. The federal credit serves as a supplement, worth 40 cents for every dollar earned, with the State of New York kicking in an additional 12 cents. There are currently studies being done to test results of increasing earned income tax credit benefits further.

"This is the way to 'make work pay' that makes sense as a temporary patch until low-skilled workers get enough job experience to earn higher wages, and to work full-time hours so that they don't require such work subsidies." [said](#) Richard Burkhauser of Cornell University.

If the goal of welfare reform were simply to push people off the rolls and into any form of employment, no matter how low the wages, then current programs could be declared a success. But the Mayor's Commission on Economic Opportunity is aiming higher: to promote economic opportunity and encourage self-sufficiency. As Beth Shulman notes, there's no reason why low-wage jobs can't become good jobs in the same way that formerly "dirty" jobs for auto and steel workers became good jobs.

*David R. Jones is president of the Community Service Society of New York and a member of the Mayor's Commission on Economic Opportunity.*

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