



# The trend in the income status of children in female-headed families: A replication and update<sup>☆</sup>

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## ARTICLE INFO

### Article history:

Received 18 April 2008

Accepted 13 October 2008

Available online 22 October 2008

### Keywords:

Income distribution

Child poverty

Children in female-headed families

## ABSTRACT

This present study replicates and updates Ozawa and Kim's study [Ozawa, M.N., & Kim, R.Y. (1999). The trend in the income status of children in female-headed families. *Children and Youth Services Review*, 21(7), 527–547.] of the trend in the income status of children in female-headed families compared to married-couple families and male-headed families. Using the March 1992, 1999, and 2006 Current Population Surveys (CPS), this study estimates income distribution at three stages: pre-transfer income, pre-transfer income plus social insurance benefits, and post-transfer income. This study found that children in female-headed families lost economic ground to children in married-couple families both at the pre-transfer and post-transfer income stages over the years under this investigation, but the greatest loss appeared at the post-transfer income distribution. Compared to children in male-headed families, children in female-headed families gained small economic ground at both income stages. Unexpectedly, this study also found that decline in the distributive effect of both social insurance and means-tested income transfers occurred for all children across all types of families. Policy implications are discussed.

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## 1. Introduction

The focus of anti-poverty policies in the U.S. has shifted from need-based to work-based. Under the Aid to Families with Dependent Children (AFDC) regime, families with children received public aid as long as they met income eligibility, without having to participate in the labor force as a condition for public aid. With the replacement of AFDC with Temporary Assistance for Needy Families (TANF) in 1996, however, the nature of public aid has changed and intensified, providing public aid under the condition that single mothers work.

The deteriorating economic well-being of children has generated some discussion; however, there is limited and mixed knowledge of how changes in income and welfare policies have affected poverty among children. Poverty among children has been viewed by many, especially in the past, as largely a consequence of parents' lifestyle, including the preference for welfare use instead of work, and the tendency to bear children out of wedlock. This view has been challenged with the replacement of AFDC with TANF, which imposed a strong requirement of parental work for receipt of income support. As a result of these changes, in addition to large expansions of the Earned Income Tax Credit (EITC) in

the 1990s and a strong economy, labor participation of low-skilled female-heads of families increased during this time to a greater degree compared to that of other women.

Following Ozawa and Kim's framework (1999), this study investigates trends in the income status of children in female-headed families, as compared to that of children in married-couple and male-headed families at three stages: (1) pre-transfer income, (2) income status after social insurance benefits are distributed, and (3) income status after both social insurance benefits and welfare payments are distributed. The results present how the economic conditions of children are determined by parental earnings alone, when social insurance benefits are distributed, and when means-tested welfare benefits are distributed.

The research is an extension of Ozawa and Kim's study (1999) which analyzed the March Current Population Surveys (CPS) of 1970, 1980, and 1990. The current study, using CPS 1992, 1999, and 2006 (representing fiscal years 1991, 1998, and 2005), presents a comparative analysis of the trend in the income status of children in female-headed families as compared to that of children in married-couple and male-headed families. The foremost contribution of this study is filling the gap in knowledge of children's income status in time. Each of these data points presents how children are faring in female-headed families as compared to children in other types of families under a particular welfare regime: (1) 1991, pre-TANF (under AFDC and AFDC waiver demonstrations) regime; (2) 1998, TANF implementation period; and (3) 2005, post-TANF (fully implemented and matured TANF) regime. These chosen data points are critical because they represent the shift to a time when work-

<sup>☆</sup> Authors would like to thank Dr. Tim Page and other anonymous reviewers for their careful review and valuable editorial suggestions on an earlier version of this manuscript.

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based welfare solutions have come to be viewed as the panacea for poor children. Concomitantly, the high labor force participation rates among single, female heads of household coincided with a significant increase in earnings among them (Blank & Kovak, 2007–2008).

## 2. Review of literature

Overall poverty rates in the United States fell from a two-decade high of 15.1% in 1993 to 11.3% in 2001, but increased steadily to 12.6% in 2005 (DeNavas-Walt, Proctor, & Smith, 2007). The poverty rate for children under 18 has followed a similar pattern but at considerably higher rates—dropping from a two-decade high of 22.7% in 1993 to 16.2% in 2000 (DeNavas-Walt et al., 2007). Progress was stalled in 2001, however, and child poverty climbed to 17.6% by 2005 (DeNavas-Walt et al., 2007).

Poverty is experienced differently across diverse segments of American society (Karoly, 1994). The Federal Interagency Forum on Child and Family Statistics (2007) documented that child poverty rates vary depending on living arrangements and race. Children living in female-headed families are nearly five times more likely to live in poverty than their counterparts living in married-couple families (Federal Interagency Forum on Child and Family Statistics, 2007). In 2005, the poverty rate for children living in female-headed families was 43%, compared with 9% in married-couple families. Non-Hispanic White children are much less likely to be poor than their Black and Hispanic counterparts (Thomas & Sawhill, 2005). In 2005, Black children were more than three times as likely to be poor than non-Hispanic White children (Federal Interagency Forum on Child and Family Statistics, 2007). The 2005 poverty rate for non-Hispanic White children was 10%, whereas the poverty rates for Black and Hispanic children were 35% and 28%, respectively (Federal Interagency Forum on Child and Family Statistics, 2007). Living in female-headed families and being a Black child drastically increases the odds of living in poverty. The likelihood of Black children in female-headed families living in poverty was 10 times higher than that of non-Hispanic White children in married-couple families living in poverty in 2005 (Federal Interagency Forum on Child and Family Statistics, 2007).

Government transfer policies help to explain child poverty. The children's poverty rate was persistently higher than the rates for adults and the elderly in the 1990s and 2000s. In 2006, children represented 35.2% of the people in poverty when they comprised only 24.9% of the total population (DeNavas-Walt et al., 2007). The ameliorative effects of welfare for children are low and declining (Lichter, 1997). The fact that child poverty has not been ameliorated whereas elderly poverty has much improved over the past three decades is attributed to differential levels of public transfers. Forty-two percent of children were lifted out of poverty as a result of transfer programs in 1979, whereas the ameliorative effects declined to 32% by 1991. This increasingly inadequate level of transfers for children contrasts with the high and increasing effects of transfers for elderly persons. Ozawa and Lum (1996) estimated the degree of improvement in the median income (as a percentage of the poverty line) of poor children and poor elderly persons from the pre-transfer stage to the post-transfer stage in 1991. They found that the income status of poor children improved by 73.2%, whereas that of poor elderly persons improved by 98.8%. Government spending on children continued to decline as a share of domestic spending between 1960 and 2006, and in 2006 the U.S. federal government spent only 2.6% of GDP on children (Carasso, Steuerle, & Reynolds, 2007). Declining welfare benefit levels and shrinking budgetary outlays for children have directly contributed to the deteriorating economic well-being of children, especially those of single female-headed families.

Previously, Ozawa and Kim (1999) found that the improvement in the income status of children in female-headed families was most drastic at the first stage which counts income distribution at the pre-transfer stage of income, but to a lesser degree at the second stage when social insurance benefits were counted. The greatest improvement initially observed was suppressed at the third stage when both social

insurance benefits and welfare payments were accounted for. However, the rate of change in the income status of children of married-couple families and male-headed families was relatively unvarying at all stages of income distribution over time (Ozawa & Kim, 1999).

This present study builds on Ozawa and Kim's previous study (1999) and follows the same analytic framework that examines income distribution at the pre-transfer income stage, pre-transfer income plus social insurance benefits stage, and finally, post-transfer income stage. The focus of analysis is children of female-headed families in comparison with children of married-couple families and male-headed families. This study contributes to the current literature of welfare reform because the choice of data points enables the authors to investigate the well-being of families and children as significant changes in welfare policies and other work support policies such as EITC were taking place. This study also contributes to the literature of child poverty because little is known about the trend in child poverty across family types and races beyond 2000.

## 3. Methods

### 3.1. Data

The data came from the March 1992, 1999, and 2006 Current Population Surveys (CPS). The March CPS collects information for the previous year, so these data represent fiscal years 1991, 1998, and 2005, respectively. The surveys contain an annual demographic file of approximately 60,000 households, with information on households, families, and individuals, including demographic characteristics, living arrangements, and various sources of income including wages, social insurance benefits and welfare payments. The focus of this study is the income status of children in three types of families.

For this study, three categories of samples in the U.S. are extracted: children in female-headed families, children in married-couple families, and children in male-headed families. Ethnicity is the sub-category of analyses. The four ethnic groups included are Whites, Blacks, Hispanics and others. Ozawa and Kim's (1999) previous analysis for specific race groups was limited because the 1970 CPS did not have information on ethnicity.

### 3.2. Analytical frameworks

The analytical framework of Ozawa and Kim (1999) is adopted in order to replicate and update their findings. In the present study, the March CPS data of fiscal years 1991, 1998, and 2005 are analyzed and the findings are presented in six tables. For Table 1, the mean poverty ratios

**Table 1**

Mean poverty ratios of children in female-headed families, married-couple families, and male-headed families under three stages of income, 1991, 1998, and 2005

Children	1991			1998			2005		
	1	2	3	1	2	3	1	2	3
In female-headed families	1.41	1.53	1.62	1.58	1.68	1.74	1.80	1.91	1.95
White	1.72	1.85	1.92	1.95	2.07	2.12	2.14	2.28	2.30
Black	1.12	1.22	1.33	1.26	1.35	1.43	1.46	1.55	1.60
Hispanic	1.03	1.11	1.24	1.20	1.28	1.34	1.49	1.57	1.61
Other	1.26	1.45	1.57	1.44	1.54	1.60	1.72	1.85	1.90
In married-couple families	3.03	3.11	3.12	3.73	3.81	3.82	4.14	4.22	4.23
White	3.30	3.38	3.39	4.22	4.30	4.31	4.63	4.72	4.73
Black	2.48	2.59	2.61	2.97	3.12	3.14	3.38	3.50	3.51
Hispanic	1.90	1.96	1.98	2.19	2.25	2.26	2.53	2.58	2.59
Other	2.99	3.09	3.12	3.58	3.66	3.68	4.13	4.25	4.26
In male-headed families	2.30	2.45	2.47	2.50	2.63	2.65	2.74	2.86	2.88
White	2.55	2.70	2.71	2.79	2.94	2.95	3.02	3.15	3.16
Black	1.96	2.14	2.17	2.01	2.16	2.19	2.37	2.51	2.54
Hispanic	1.77	1.92	1.94	1.89	1.97	1.97	2.28	2.38	2.40
Other	1.96	2.10	2.13	2.53	2.68	2.71	2.45	2.54	2.56

Note: Income stages: 1. pretransfer income; 2. pretransfer income plus social insurance benefits; 3. pretransfer income plus social insurance benefits and welfare payments.

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