

CRS Report for Congress

Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2006

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Summary

More than a decade has passed since repeal of the nation's major cash welfare program assisting low-income families with children and its replacement with a program of Temporary Assistance for Needy Families (TANF). TANF ended the 61-year-old federal entitlement program to poor families with children, Aid to Families with Dependent Children (AFDC). A major purpose of TANF is to end dependence of needy families on government assistance by limiting the time they may receive federal assistance (five-year maximum, or fewer years under state option), and by promoting job preparation, work, and marriage. TANF gives states increased flexibility to design programs to assist needy families with children over what existed under AFDC. The majority of families assisted by TANF, and its predecessor AFDC program, are poor and low-income single-parent families, headed mostly by women.

This report examines trends in welfare, work and the economic well-being of female-headed families with children, the principal group affected by the replacement of AFDC with TANF. The report presents analysis of 20 years of U.S. Census Bureau Current Population Survey (CPS) data, the principal source of information for U.S. family income and poverty statistics. The analysis spans the run-up in welfare caseloads that began in 1989 to reach an all-time high in 1994, and the historic caseload declines that have since followed. Over the period studied, a variety of economic, demographic, and public policy and program changes, besides TANF, are likely to have affected welfare, work and the economic well-being of single-mother families. This report does not attempt to untangle these possible effects.

The analysis shows that there has been a dramatic transformation with regard to welfare, work and poverty status of single mothers over the past 20 years. Many of these changes began before the passage and implementation of TANF, but have continued, perhaps to an even greater extent, since. The analysis shows that single mothers are more likely to be working in recent than in past years, and that they are less likely to receive cash welfare or to be poor. However, reductions in poverty have not been as large as the large declines in welfare and the increased rates of work that have occurred. The analysis indicates that welfare receipt rates among *poor* families headed by single mothers have dropped considerably.

Among single mothers whose incomes place them in the bottom fifth of all such mothers, income from earnings supplemented by the Earned Income Tax Credit (EITC) has grown markedly since 1993, but has been insufficient to offset concurrent losses in cash welfare and food stamp benefits. While single mothers are less dependent on welfare in most recent than in past years, increased work has not resulted in marked gains in net income for these lowest-income families. The report suggests that full-time full-year work may be necessary, but not sufficient, to raise single mothers' family incomes above poverty. U.S. income support policy will continue to be challenged to promote economic self-support through work and to reduce poverty and welfare dependency among families headed by single mothers. This report will be updated annually, when new Census Bureau data are released.

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Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2006

Introduction

More than a decade has passed since repeal of the nation's major cash welfare program assisting low-income families with children and its replacement with a program of Temporary Assistance for Needy Families (TANF). TANF, signed into law as part of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193), replaced the 61-year-old Aid to Families with Dependent Children (AFDC) program, a federal entitlement program to low-income families with children. TANF eliminated the federal entitlement to assistance that existed under AFDC, replacing an open-ended matching grant program with a fixed-dollar block grant program and imposing a maximum five-year lifetime limit receipt of federally-funded assistance (states may impose shorter limits than the maximum). TANF gives states increased flexibility to design programs to assist needy families with children over what existed under its predecessor program. A major purpose of TANF is to end dependence of needy families on government assistance by limiting the time they may receive assistance, and by promoting job preparation, work, and marriage. The majority of families assisted by TANF, and its predecessor AFDC program, are poor and low-income single-parent families, headed mostly by women.

This report examines trends in welfare, work and economic well-being of female-headed families with children, the principal group affected by the replacement of AFDC with TANF. The report presents data from Congressional Research Service (CRS) analysis of U.S. Bureau of the Census March Current Population Survey (CPS), the principal source of information for U.S. family income and poverty statistics. The analysis is based on CPS data collected from March 1988 to March 2007. The earliest year's data precedes the passage of the Family Support Act of 1988 (P.L. 100-485), the last major nationwide reform to the AFDC program prior to its repeal under TANF. The data series begins before the most recent run-up in cash welfare caseloads that occurred under AFDC in the late-1980s and early 1990s. It captures the caseload increase to its peak, in 1994, and the historic caseload decline that followed.

Over the period examined in this report, a variety of economic and demographic factors, and policy interventions are generally thought to have affected cash welfare caseloads. Increased numbers of single-mother families, especially never-married mothers who are prone to poverty and receipt of welfare, as well as the ill effects of an economic recession (July 1990 to March 1991) are generally thought to have

contributed to the increase in the AFDC caseload from mid-1989 to March 1994.¹ The 10-year long economic expansion (from March 1991 to March 2001), the longest in U.S. history, presented a most favorable economic climate to provide jobs to mothers who otherwise might rely on welfare, and is considered to have contributed to declines in welfare caseloads. The economic recession that followed (March to November 2001) is likely to have contributed to the subsequent leveling off of TANF caseloads² and increases in Food Stamp program caseloads.

A variety of welfare policy interventions are likely to have affected welfare caseloads by conditioning benefits on new behavioral requirements. For example, the 1988 Family Support Act extended work requirements (which could include work preparation activities, such as education and training) from mothers with a child as young as 6 to mothers with a child as young as 3. (Under the law, states had the option of extending work requirements to mothers with a child as young as 1.) In the years immediately preceding passage of the 1996 welfare law, states experimented with changes to welfare policy under waiver authority granted to the Secretary of the Department of Health and Human Services (DHHS).³ Among the features of state programs tested under waiver authority granted by the Secretary were efforts to strengthen work requirements, experiments requiring a “work first” approach rather than “training first, followed by work,” time limits, strengthened sanctions for noncompliance with welfare rules, and capping of welfare benefits for a new baby conceived or born while a mother was receiving welfare. After the passage of the 1996 welfare reform law, many states adopted these and many other approaches first tried under welfare waivers.

In addition, a number of other policy interventions are generally thought to have promoted work compared to welfare over the period examined in this report. Expanded eligibility and funding for child care has helped make work possible for mothers who otherwise might have difficulty finding child care. For example, the 1988 Family Support Act expanded eligibility for child care assistance in the form of transitional child care assistance for families working their way off AFDC. In 1990, federally funded child care assistance was extended to low-income families deemed to be at risk of receiving welfare under the Child Care and Development Block Grant (CCDBG).⁴ Expansions to the Earned Income Tax Credit (EITC) in 1990 (phased-in 1991 and 1992) and in 1993 (phased-in 1994 through 1996) expanded the credit’s “work bonus” to families with children, amounting to as much

¹ See for example, CRS Report 93-7, *Demographic Trends Affecting Aid to Families with Dependent Children (AFDC) Caseload Growth*, by Thomas Gabe (archived report, available upon request); and Peskin, Janice. *Forecasting AFDC Caseloads, with an Emphasis on Economic Factors*. Congressional Budget Office Staff Memorandum, July 1993.

² See CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.

³ Section 1115 of the Social Security Act grants the Secretary authority to waive compliance of states with certain sections of the Social Security Act for state experiments or demonstrations which the Secretary judges to promote specific objectives of the act.

⁴ See CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Melinda Gish.

as 40 cents on each dollar earned for a low-income family with two children.⁵ Over the period examined in this report, the minimum wage was increased four times.⁶ Additionally, most states allowed inflation to substantially erode the real value of welfare benefits over this period, diminishing the value of welfare relative to work.⁷ Furthermore, since the passage of TANF, most states have increased financial work incentives for families receiving cash assistance by allowing families to keep more of their cash welfare benefit as their earnings increase.⁸

Untangling the effects of demographic factors, the economy, welfare policy and other policy interventions on single-mothers' work behavior, welfare receipt, income, and poverty status, is beyond the scope of this report. Others have attempted to parcel out these effects with mixed success and differing conclusions as to the relative impacts of each.⁹ In contrast to these efforts, this report is intended to simply describe changes in single mothers' welfare, work, income and poverty status that have occurred over the past 20 years. The analysis which follows relies on data from the U.S. Bureau of the Census Annual Social and Economic Supplement (ASEC) to

⁵ For a description of the EITC, see CRS Report RL31768, *The Earned Income Tax Credit: An Overview*, by Christine Scott. For an analysis of the possible effects of the EITC on welfare receipt and mothers' work, see Meyer, Bruce D., and Dan T. Rosenbaum. *Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers*. NBER Working Paper No. 7363, September 1999. (Hereafter cited as Meyer and Rosenbaum, *Welfare, the Earned Income Tax Credit*.)

⁶ The federal minimum wage increased from \$3.35 per hour to \$3.80 per hour, effective April 1990, to \$4.25 per hour, effective April 1991, to \$4.75 per hour, effective October 1996, and \$5.15 per hour, effective September 1997. For an analysis of possible effects of minimum wage increases on welfare participation, see Turner, Mark. *The Effects of Minimum Wages on Welfare Reciprocity*. Paper presented at the National Association for Welfare Research and Statistics, August 1998.

⁷ Maximum TANF benefits available for a family of three in the median state in January 2005 were 32% below the maximum level available to a family under AFDC in January 1987, after adjusting for the effects of price inflation. In only one state (Alabama) were TANF benefits higher in January 2005 than in January 1987.

⁸ For a discussion of changes in work incentives under TANF compared to AFDC see CRS Report RL30579, *Welfare Reform: Financial Eligibility Rules and Cash Assistance Amounts under TANF*, by Craig Abbey. (Archived report, available upon request.)

⁹ See, for example, Council of Economic Advisors, *Technical Report: Explaining the Decline in Welfare Receipt, 1993-1996*, A Report by the Council of Economic Advisors, Washington, D.C., April 1997, and *Technical Report: The Effects of Welfare Policy and the Economic Expansion on Welfare Caseloads: An Update*, A Report by the Council of Economic Advisors, Washington, D.C. August 1999; Ziliak, James P., Figlio, David N., Davis, Elizabeth E., and Connolly, Laura S. "Accounting for the Decline in AFDC Caseloads, Welfare Reform or the Economy? The Journal of Human Resources, vol. XXXV, no. 3, pp. 570-586. Moffitt, Robert A. "The Effect of Pre-PRWORA Waivers on AFDC Caseloads and Female Earnings, Income, and Labor Force Behavior, in Economic Conditions and Welfare Reform." Danziger, Sheldon (ed.), Kalamazoo, Mich. W.E. Upjohn Institute for Employment Research, 1999; O'Neill, June E. and Hill, Anne M. "Gaining Ground? Measuring the Impact of Welfare Reform on Welfare and Work." Civic Report No. 17., Manhattan Institute, New York, New York, 2001.

the CPS.¹⁰ Over the period examined, the CPS/ASEC data provides a comparatively consistent approach for assessing changes in the economic status of single-mothers and their families. The CPS/ASEC asks questions about family composition in March, family members' labor force and employment status in the month, and retrospective accounting of income and labor force participation during the prior year. The data presented in this report capture family composition from March 1988 to March 2007, and family income and poverty status from 1987 to 2006, providing a representative cross-section of families headed by single mothers in each year.¹¹

Overview

CPS data show an increase in cash welfare receipt (AFDC, TANF, or other assistance) among single mothers during the late 1980s and early 1990s and a decrease in the mid-to-late 1990s. The CPS data generally correspond to the caseload rise and fall documented by administrative program data, but underestimate the caseload statistics to some extent.¹² **Figure 1** shows that the total number of single mothers increased from 8.4 million in 1989, to about 9.9 million in 1993, an increase of 1.5 million, or 17%. From 1993 through 2000, the number of single mothers remained fairly stable, ranging between 9.7 and 10.1 million. Since 2000, the number of single mothers has increased by over one million, from 10 million in 2000, to 10.9 million in 2006.

The number of single mothers in families reporting receipt of cash welfare on the CPS increased from 2.5 million in 1989, to 3.4 million in 1993, an increase of 900,000, or 36% over the four-year period. Compared to 1993, the peak year of welfare receipt, the number of single mothers reporting cash welfare was down to just under one million (991,000) in 2006 — a 71% decline from 1993 (the bottom-shaded portion in **Figure 1**).¹³ Over the same period, the number of poor single mothers who reported receiving no cash welfare increased from 1.722 million in 1993 to 3.120 million in 2006 — an 81% increase over the period (the middle-shaded area in **Figure 1**).

¹⁰ The CPS/ASEC was formerly known as the March Supplement to the Current Population Survey, as data for the social and economic supplement were collected in March of each year. Beginning in 2001, the Census Bureau expanded the CPS sample for collecting social and economic supplementary data to include some households interviewed in February and April. Most of the households in the ASEC are still interviewed in March, and estimates for the full ASEC continue to be controlled to independent population estimates for March.

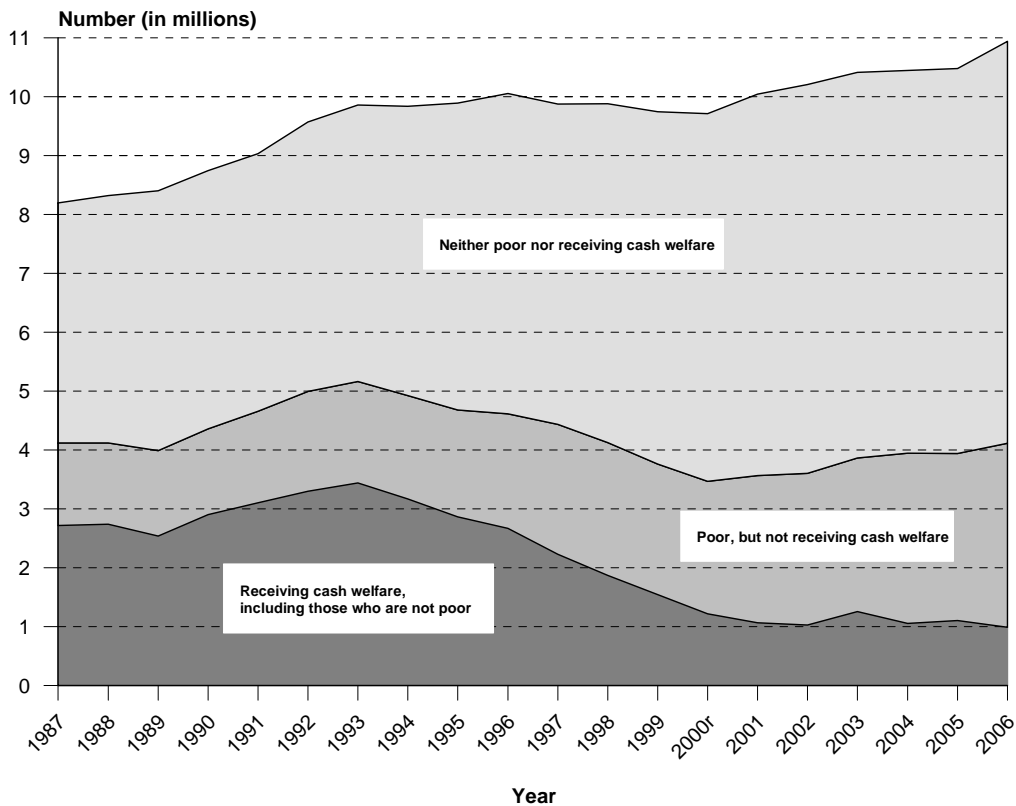
¹¹ Unlike longitudinal surveys, the CPS does not follow the same families from year to year. Longitudinal surveys allow for the study of how individual families' circumstances change over time.

¹² See **Appendix A**, which compares CPS estimates to AFDC/TANF caseload counts.

¹³ Administrative caseload statistics show the caseload as peaking in March 1994, with nearly 5.1 million cases. By March 2006, the caseload had dropped to 1.8 million cases; a 65% decline from its March 1994 peak.

Figure 2 provides an overview of single mothers’ welfare, work and poverty status from 1987 to 2006. The figure shows that since 1993, the share of single mothers who worked at some time during the year has increased markedly and that the share who received cash welfare (AFDC or post-1996 TANF) has declined significantly, as has the share who are poor under the official poverty definition.¹⁴ The figure illustrates that while both cash welfare reciprocity rates and poverty rates for single mothers have generally fallen since 1993, single mothers’ welfare reciprocity rate has fallen faster than their poverty rate. More recently, since 2000, the poverty rate of single mothers has increased, but cash welfare receipt has not. A growing share of single mothers are poor, but are receiving no cash welfare assistance.

**Figure 1. Single Mothers:
Poverty and Cash Welfare Receipt, 1987 to 2006**



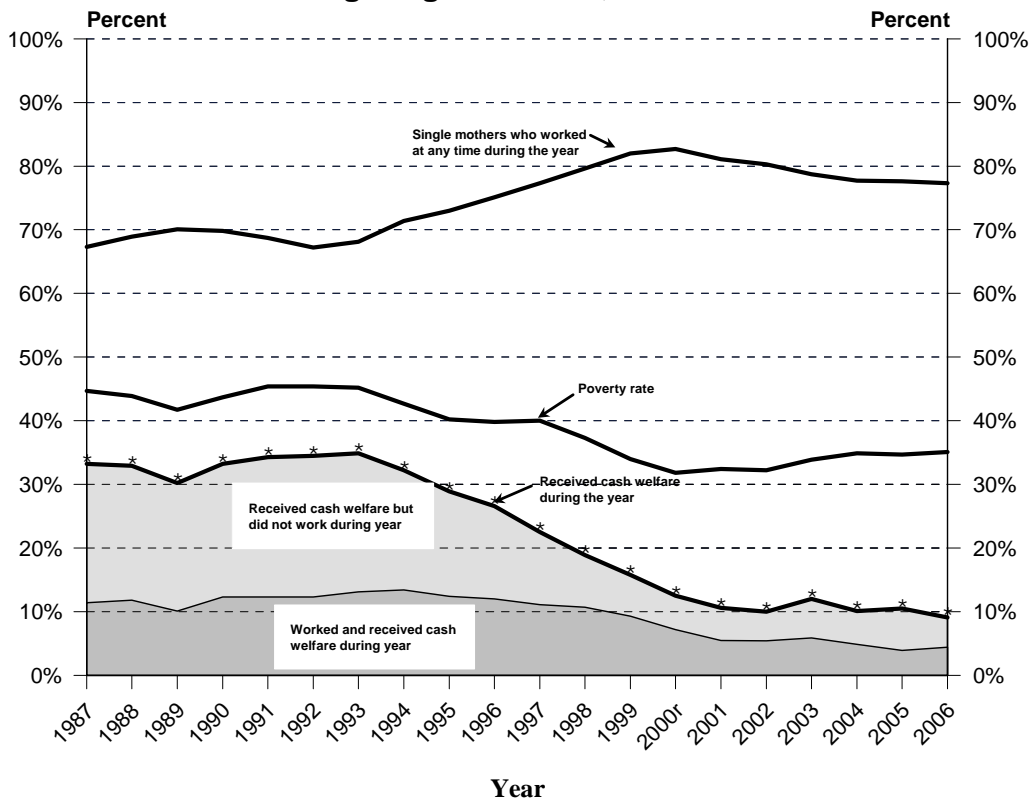
Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

¹⁴ The “official” U.S. Census Bureau definition counts cash, pre-tax, income against poverty thresholds that vary by family size and composition. In 2006, for example, a single mother with one child would be considered poor if her income were below \$13,896, and if she had two children, below \$16,242.

Figure 2 shows that during the 1987 to 1993 period, the share of single mothers who worked at any time during the year held steady, at just below 70% in most years; since 1993, the share working increased each year until reaching 83% in 2000. The share of single mothers working dropped to just over 77% in 2006. During the 1987 to 1993 period, roughly one out of three single mothers received cash welfare. In 1993, the most recent peak year of welfare receipt on the CPS, about 35% of single mothers received cash welfare; since then the cash welfare receipt rate has declined substantially. In 2006, only about 9% of single mothers received cash welfare — just about one-quarter of the 1993 rate. The figure shows that the poverty rate among single mothers fell from about 45% in 1993 to about 32% in 2000. Since 2000, the poverty rate of single mothers has increased to 35%.

Figure 2. Welfare, Work and Poverty Status Among Single Mothers, 1987 to 2006



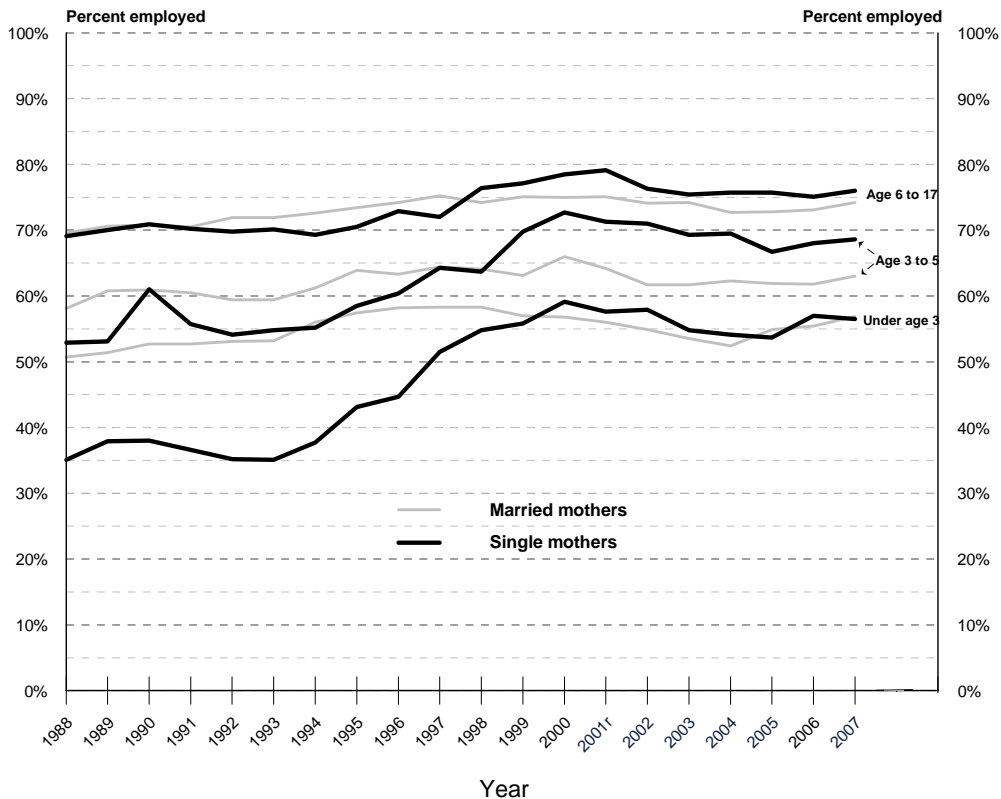
Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Single Mothers' Employment Rates

While welfare receipt has declined, dramatic gains in single mothers' employment have occurred since 1993. **Figure 3** shows employment rates of single and married mothers by age of youngest child in March, from 1988 to 2007. The chart shows that gaps that had existed between single and married mothers' employment have virtually been eliminated in recent years, with single mothers now being more likely than their married counterparts to be working.

Figure 3. Employment Rates of Single and Married Mothers, by Age of Youngest Child, March 1988 to March 2007



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

The increase in employment among single mothers with young children has been most dramatic. Among mothers with a child under the age of 3, their employment rate increased from a recent low of 35.1% in March 1993 to a high of 59.1% in March 2000, a 24 percentage point increase over the period. Their employment rate fell to 53.7% in March 2005 but rebounded to 57.0% in March 2006 and fell slightly in March 2007, to 56.5%. Single mothers with a youngest child aged 3-5 also experienced marked employment gains over the mid-to-late 1990s. Their employment rate grew from a recent low of 54.1% in March 1992, to 72.7% by

March 2000, an 18.6 percentage point increase over the period. By March 2007, the employment rate of single mothers with a youngest child aged 3-5 was 68.6%, still about 4 percentage points less than its March 2000 peak, but 5.6 percentage points above that of their married counterparts (63.0%). Single mothers whose youngest child was of school age (age 6-17) had employment rates about equal to those of their married counterparts over the 1988-2006 period.

A healthy economy during much of the 1990s, combined with a transformed welfare system, improvements to the EITC, and increases in the minimum wage, are among factors thought to have encouraged work among single mothers. TANF, and the AFDC waivers that preceded it, transformed cash assistance from a needs-based entitlement to a program of temporary assistance, encouraging work and personal responsibility. Imposition of work requirements, time limits, and sanctions, and in most states, more generous earnings disregards, all serve to encourage work, either in lieu of welfare or, for a temporary period, in conjunction with welfare. The EITC, which is conditioned on earnings, is thought to encourage work among most groups, especially single parents who were not working, or who were marginally attached to the labor market. Increases in the EITC, passed by Congress in 1993 and phased in between 1994 and 1996, have increased the financial incentive for single mothers to work.¹⁵ Other factors, such as increased funding for child care subsidies, may also have contributed to making work possible for more single mothers.

Given their greater attachment to the work force in recent years, one might expect single mothers to be more severely impacted by downturns in the economy than in years past. Evidence from the most recent recession (March to November 2001) shows a declining employment rate and increased incidence in poverty among single mothers since 2000. The employment rate among single mothers has yet to rebound seven years after having reached a historic high, and their poverty rate has yet to show significant movement back toward its historic low, reached seven years ago. In contrast, in the previous recession (July 1990 to March 1991), single mothers also experienced declining employment and an increased incidence in poverty (although their employment rate was lower and their poverty rate higher than today). However, in the previous recession, employment rebounded sooner (after three years), and the poverty rate increase abated within two years, and began to fall once again after three.

Welfare Receipt Among Single Mothers

Figure 4 shows that cash welfare reciprocity rates among single mothers overall, and among *poor* single mothers based on their pre-transfer income (i.e., cash income excluding cash welfare), remained fairly steady during the 1987-1993 period, but have fallen considerably since. Among single mothers overall, about one-third received cash welfare during the late-1980s and early 1990s, with a low of about 30% in 1989 and a peak of about 35% in 1993. Cash welfare reciprocity rates among

¹⁵ Meyer and Rosenbaum, in *Welfare, the Earned Income Tax Credit*, op. cit., attribute 60% of the increase in single mothers weekly and annual employment between 1984 and 1996 to the EITC.

single mothers began to fall after 1993, falling to 10% in 2002 — a drop in the rate from nine years earlier of more than two-thirds. With the exception of 2003, cash welfare reciprocity rates have remained around 10% since 2002. The apparent rise in the 2003 reciprocity rate may be an aberration in CPS measurement, as administrative caseload data showed no such increase. See **Appendix A** for further discussion of CPS and administrative data caseload trends. In 2006, only about 9% of single mothers were receiving cash welfare.

Recent declines in cash welfare reciprocity rates have not simply been due to diminished need for assistance, as reciprocity rates have fallen even among mothers who would appear to be in economic need, based on their pre-transfer income relative to poverty. For example, **Figure 4** shows that among single mothers who were poor based on their pre-transfer cash income (i.e., income before counting cash welfare), the share who received cash welfare generally held relatively steady, around 63%, in most years over the 1987-93 period. Since 1993, the cash welfare reciprocity rate among single mothers with pre-transfer income below poverty has fallen dramatically. In 2006, only one in five (20.2%) single mothers with pre-transfer income below poverty received cash assistance.

Figure 4. Single Mothers: Cash Welfare Reciprocity Rates, by Pre-Transfer Income* Poverty Status, 1987 to 2006



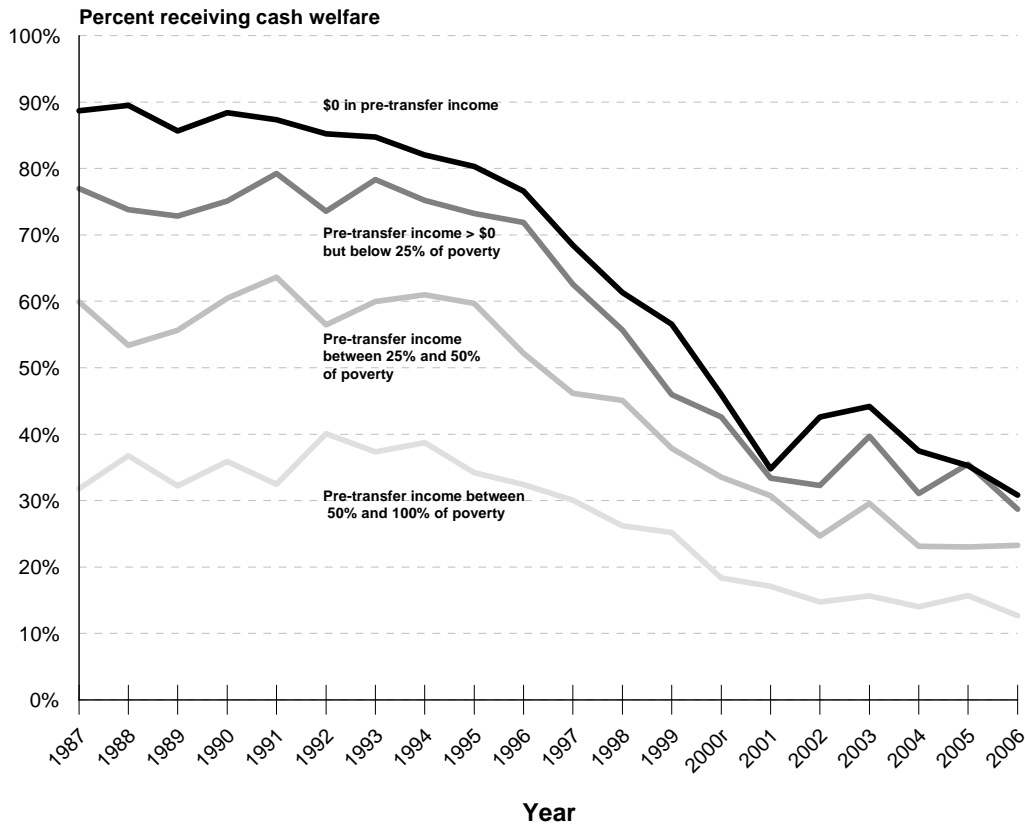
Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Pre-transfer income is cash income other than cash welfare payments.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 5 shows cash welfare reciprocity rates in greater detail by families' level of financial need, as measured by families' levels of pre-transfer income relative to poverty. The figure shows that cash welfare reciprocity rates have fallen considerably in recent years even among single mothers who might be considered especially needy by having very low levels of pre-transfer income relative to poverty. For example, the top line of **Figure 5** shows that nearly 90% of single mothers with no pre-transfer income reported receiving cash assistance from 1987 to 1990. However, after 1990 the reported rate of cash welfare reciprocity among this group began drifting downwards, falling to 77% by 1996, and afterwards falling abruptly to just 35% by 2001. In 2002 and 2003, there was a marked increase in cash welfare receipt for this group (up to 44.2% in 2003), but by 2006, cash welfare receipt for this group dropped to 31%. Similarly, for single mothers with very low pre-transfer income relative to poverty (below 25% of poverty), and for families with pre-transfer incomes between 25 and 50% of poverty, cash welfare reciprocity rates also show dramatic declines after 1996: for the former group from 72% in 1996 to 29% in 2006, and for the latter group from 60% in 1995 to 23% in 2005 and 2006.

**Figure 5. Cash Welfare Reciprocity Rates
Among Single-Mother Families,
by Pre-Transfer Income* Poverty Status, 1987 to 2006**



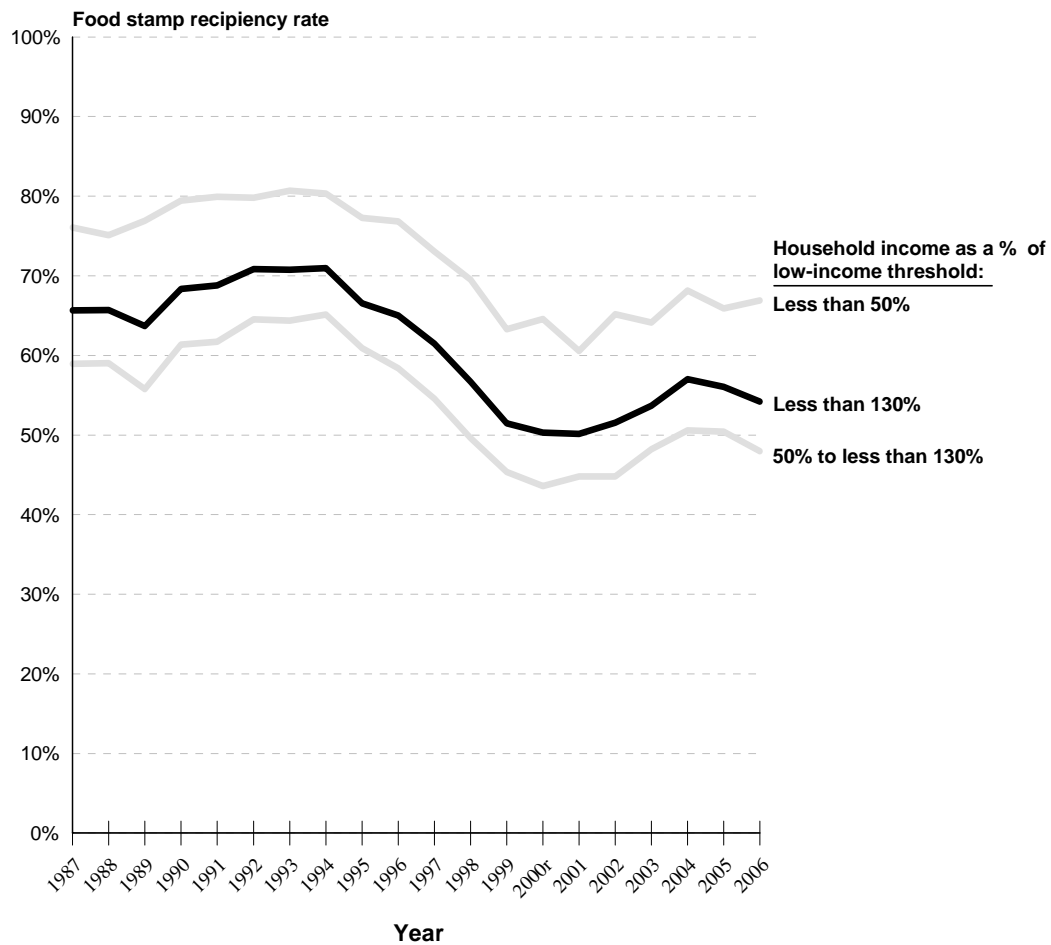
Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Pre-transfer income is cash income other than cash welfare payments.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Likewise, food stamp recipiency rates among low-income households have also fallen in recent years, although the declines have not been as dramatic as the declines in cash welfare recipiency rates shown above. **Figure 6** shows that in 1994, 71% of single-mother families with household income below 130% of poverty (the Food Stamp Program’s gross income qualifying limit) reported receiving food stamp benefits; by 2000 the share had fallen to about 50%, but has increased since, reaching 57% in 2004, and then falling to 56.1% in 2005, and to 54.2% on 2006. Among those with household incomes below 50% of the low-income threshold in 1994, 80% reported food stamp receipt; in 2001 just 61% reported food stamp receipt; by 2004, their food stamp recipiency rate had increased to 68.2%, and stood at 66.9% in 2006.

**Figure 6. Food Stamp Recipiency Rates
Among Single Mothers, by Household Income
Relative to Household Low-Income Threshold, 1987 to 2006**



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

CPS statistics do not capture the full impact of the 2001 recession (March to November 2001) on food stamp caseloads. Food Stamp program statistics indicate that in FY2006, food stamp caseloads were up 55% from FY2000.¹⁶

To at least some extent the declining cash welfare and food stamp reciprocity rates shown in **Figures 4** through **6** are likely due to increased under-reporting of welfare receipt on the CPS. Worsened reporting of cash welfare on the CPS makes it difficult to gauge how much of the drop in welfare receipt among female-headed families with children represents eligible families who do not receive assistance rather than families who do not report actual welfare aid on the CPS. See **Appendix A** for a brief analysis of the possible extent of under-reporting of cash welfare on the CPS.

Poor Single Mothers' Work and Welfare Status

Although poverty rates among single mothers have declined in recent years, there is a greater likelihood today than in years past that a *poor* single mother will be working, rather than receiving welfare. As shown above, poor single mothers are less likely to be receiving cash welfare in recent than in earlier years (**Figures 4** and **5**). Similarly, like all single mothers, *poor* single mothers are also now more likely to be working than not. Changes in poor mothers' participation in work and welfare status first became evident in the early-to-mid 1990s, with rates of employment increasing after 1992 and rates of welfare receipt declining after 1993 (see **Figure 7**, 2 darkest lines). A crossover point was reached by 1996, when the chances that a *poor* single mother would be working exceeded the chances that she would be receiving welfare.

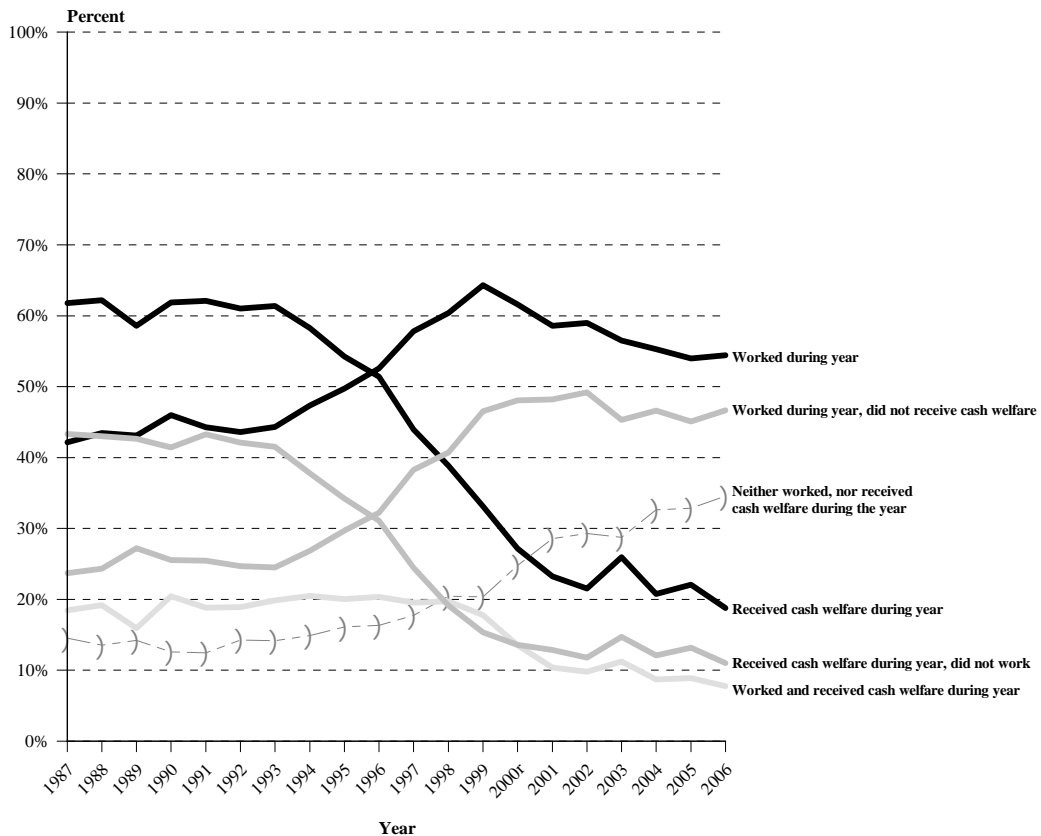
Figure 7 shows that the share of *poor* single mothers who received cash welfare at any time during the year fell from just over 60% in the 1987-93 period, to about 19% in 2006. The rate of decline in welfare receipt among *poor* single mothers has been greatest since 1996, a period coinciding with the passage and implementation of national welfare reform legislation. Similarly, the share of *poor* single mothers who were working at any time during the year increased from around 44% in 1992, to a peak of 64% in 1999, but dropped since, to about 54% in 2006.

The share of *poor* single mothers who relied on cash welfare without working dropped from a peak of 43% in 1991, to about 11% in 2006 (a 75% drop from the 1991 rate). The share of *poor* single mothers who worked without relying on cash welfare has increased from a recent low of nearly 25% in 1993, to about 47% in 2006. The share of *poor* single mothers who combined work and welfare over the year, which had remained relatively constant over most of the period at around 20%, fell to about 8% in 2006.

¹⁶ In FY2000, 17.194 million people were receiving food stamps, based on monthly average participation rates. In FY2006, monthly average food stamp participation had reached 26.672 million participants. These statistics reflect all households who received food stamps, not just female-headed families. See [<http://www.fns.usda.gov/pd/fssummar.htm>].

The share of *poor* single mothers who reported that they neither worked nor received cash welfare during the year (the dotted line in **Figure 7**) has increased from a low of about 12% in 1991 to about 35% in 2006. This surprising combination may reflect a mix of circumstances, including income or support from other sources such as family members, support from unrelated household members (which is not included in the official poverty measure), and other means of support from outside the household not captured on the CPS. It may also reflect income reporting problems on the CPS, especially with regard to welfare income.¹⁷ Finally, welfare diversion and sanction policies may have contributed to the increased number of poor mothers neither working nor receiving welfare.

**Figure 7. Poor Single Mothers:
Work and Welfare Status During the Year, 1987 to 2006**



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

¹⁷ See **Appendix A** on CPS under-reporting.

Effects of Earnings, Transfers, and Taxes on Single Mothers' Poverty Status

As shown earlier, in **Figure 2**, single mothers' poverty status has improved since 1993. Changes in the economy and changes in welfare policy and other programs, such as the EITC, have both direct and indirect effects on income and poverty. However, the official U.S. poverty measure counts only family cash income (excluding capital gains and lump sum or one-time payments) against a family's poverty threshold (which varies by family size and composition) to determine whether a family is counted as poor. The definition does not include the value of in-kind benefits, such as food stamps, school lunches, or public housing subsidies, nor does it include the effects of taxes or tax credits such as the EITC. Inclusion of in-kind benefits and the EITC provides a more comprehensive income definition than the official definition. Additionally, other unrelated household members may contribute to the family's economic well-being, but determining the extent to which resources are shared among unrelated household members is often difficult.

Figure 8 shows the effects of income from these other sources on poverty among all single mothers. Components of family income are sequentially added and measured against families' poverty thresholds, as one moves from the top line of the chart to subsequent lines below:

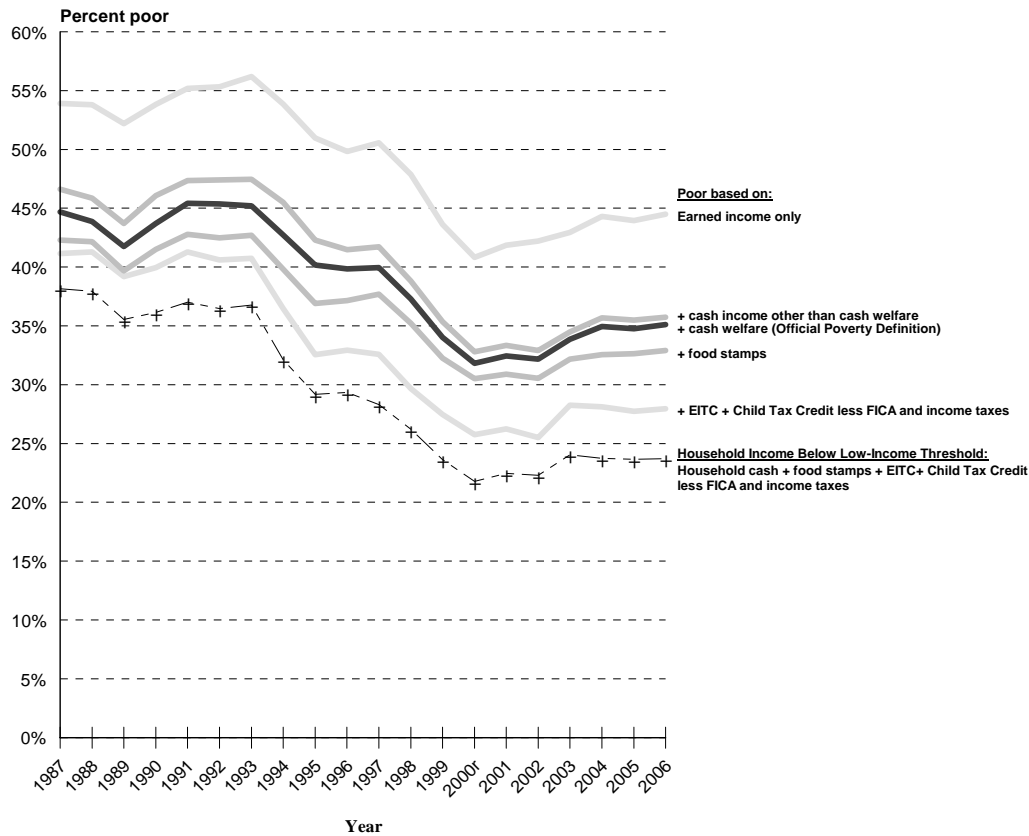
- **Line 1:** The top line shows the percent of single mothers who would be counted as poor if only family earnings were counted against the poverty line.
- **Line 2:** The second line down includes other sources of cash income, in addition to earnings, that were already counted above (e.g., social security payments, unemployment compensation, workers compensation, interest and dividends, inter-family transfers). However, this line does not include cash welfare.
- **Line 3:** The third line down adds cash welfare to the other sources already mentioned, and with those sources, represents the income definition used in the *official poverty measure*.

Lines 4 through 6 include food stamps, taxes (including the effects of the EITC and the partially refundable Child Tax Credit) and income of other unrelated household members that are not included under the "official" U.S. Bureau of the Census poverty definition:

- **Line 4:** The fourth line down shows the market value of food stamps when added to cash income and compared to the family poverty threshold.
- **Line 5:** The fifth line down shows the effect of adding the value of the EITC plus the partially refundable Child Tax Credit and state refundable credits, less federal and state income taxes and payroll taxes, to line 4.
- **Line 6:** The bottom (dashed) line shows the effects of counting all income in the household in which the single mother lives, not just that of her related family members, and comparing it to an unofficial

“household low-income threshold.” The household low-income threshold used here applies family poverty income thresholds, which are based on family size and composition, to households, based on household size and composition. It must be noted that official poverty measurement is based on a family concept, which assumes that family members share income and economies of scale that result from shared living arrangements. It is generally agreed among researchers that assumptions regarding income sharing and shared economies of scale among related family members, who have ties based on blood, marriage, and adoption, do not apply to the same extent among unrelated household members. Consequently, these estimates of household low-income status likely overstate the effect of household income on reducing poverty among families headed by single mothers.

Figure 8. Effects of Earnings, Transfers and Taxes on Family Poverty and Household Low-Income Status of Single Mothers, 1987 to 2006



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

In viewing **Figure 8**, note that the trend in earnings is the principal factor affecting the declining trend in poverty, whereas the other income sources, with the exception of the EITC, affect the level of poverty, more than its trend, over time. Evidence of this effect is that most lines in the chart, with the exception of the EITC, roughly run parallel to the ones above.

Effect of Earnings and Other Nonwelfare Cash Income on Poverty

Figure 8 shows that between 1993 and 2000, single mothers' poverty, based on family earnings alone, fell from 56.2% to 40.8% (**line 1**). As a result of the economic recession, their "earned-income poverty rate" rose from 2001 through 2004, and in 2006, at 44.5%, was still above its historic low in 2000. Adding other cash income, except cash welfare, to family earnings (**line 2**), reduces poverty in 1993 from 56.2% (**line 1**) to 47.4% (**line 2**), and in 2006 from 44.5% to 35.7%.

Effect of Cash Welfare on Poverty

Cash welfare benefits have only a small impact on the poverty rate, as these benefits generally are not sufficient, even when combined with other cash income, to lift families above the federal poverty threshold. In the vast majority of states the level of earnings or other cash income at which states' cash welfare benefits under TANF become unavailable for a family are well below the poverty line. For example, in January 2003, in only seven states could a single mother with two children have earnings above the poverty line and still continue to receive TANF cash assistance.¹⁸ Consequently, cash welfare benefits have little impact on the poverty rate. The addition of cash welfare (**line 3**, representing the official income definition for measuring poverty) reduces poverty only slightly: from 47.4% (**line 2**) to 45.2% (**line 3**) in 1993, and from 35.7% to 35.1% in 2006. Nonetheless, cash welfare benefits can have a significant impact on the level of poor families' incomes, affecting the degree to which their incomes fall below the poverty income standard. This impact is not captured by changes in the poverty rate as shown above in **Figure 8**.

Effect on Poverty of Counting Selected Income Sources Not Included in the "Official" Poverty Measure

The following three measures include income from sources not included under the "official" U.S. Bureau of the Census poverty definition: food stamps, taxes (including the effects of the EITC and the partially refundable Child Tax Credit) and income of other unrelated household members.

Effect of Food Stamps on Poverty. The fourth line from the top in **Figure 8** shows the effect on the poverty rate of single mothers by counting the value of food stamps. The line shows that food stamps reduce the poverty rate of single mothers

¹⁸ See U.S. Congress, House Committee on Ways and Means, *2004 Green Book*, Table 7-16 (TANF Phaseout Points), pp. 7-51 to 7-53. Washington, DC, March 2004.

from about 2 to 3 percentage points over the period (compare the reduction in poverty from **line 3** to **line 4**).

Effect of Taxes and Tax Credits on Poverty. As noted above, the net effect of the EITC¹⁹ and the Child Tax Credit²⁰ (after counting the effect of reductions in income from federal and state income taxes and FICA taxes) (**line 5**), when added to total family cash income and food stamps (**line 4**), causes a divergence in trend from the lines above. This is especially notable after 1993. A major expansion of the EITC, passed by Congress in 1993 and phased in between 1994 and 1996, increased the amount of the EITC work bonus families might receive. The anti-poverty effectiveness of the EITC was approximately three times greater in 2006 than in 1993. In 1993, the after-tax poverty rate (counting food stamps) among single mothers dropped from 42.7% (**line 4**) to 40.7% (**line 5**), a 2.0 percentage point (4.7%) reduction. In 2006, the EITC in combination with the Child Tax Credit (after counting estimated tax payments) reduced poverty from 32.9% to 27.9%, a 5.0 percentage point (15.2%) reduction. The bulk of this reduction is the result of the EITC, as the Child Tax Credit is comparatively small for most families headed by single mothers with adjusted gross incomes near the poverty line.

As receipt of the EITC is conditioned on earnings, the growing impact of the EITC in part reflects the rise in work rates among single mothers. Among those who are working and poor (before counting the EITC), the EITC helps lift the income of some above the poverty line. Although the EITC expansion provided additional income to low-income families who were already working, it may also have helped induce increased employment among family heads with low to moderate earnings potential, and thus contributed to the decline in poverty based on earned income only that has occurred since 1993 (shown as the **top line** in the chart).

Note too, that to the extent that changes in cash welfare programs in recent years have encouraged work (such as work requirements and increased earnings disregards), these changes may have had an indirect effect on poverty by increasing earnings and, through earnings, making the EITC available to a greater number of families.

Effect of Unrelated Household Member's Income on Poverty. The household low-income line (**bottom line**) shows that if all household members' income is counted, as though shared equally among household members, the poverty rate among single mothers would drop by at most 3 to 4 percentage points over the 1987 to 2006 period. Using the household, as opposed to the family, as the economic unit for determining poverty reduces the post in-kind transfer, post-tax, poverty rate in 1993 from 40.7% (**line 5**) to 36.8% (**line 6**) and, in 2006, from 27.9% to 23.7%. Again, this is most likely an overstatement of the possible effect that shared

¹⁹ Note that the value of the EITC on the CPS is based on Census Bureau imputations, rather than actual reported tax credits. Also, the EITC is different from most sources of income, as most families receive the EITC as a lump sum refund.

²⁰ For a discussion of the Child Tax Credit, see CRS Report RS21860, *The Child Tax Credit*, by Gregg A. Eesenwein.

household living arrangements might have on single mothers' poverty status because of uncertainty about the extent to which such income is actually shared.

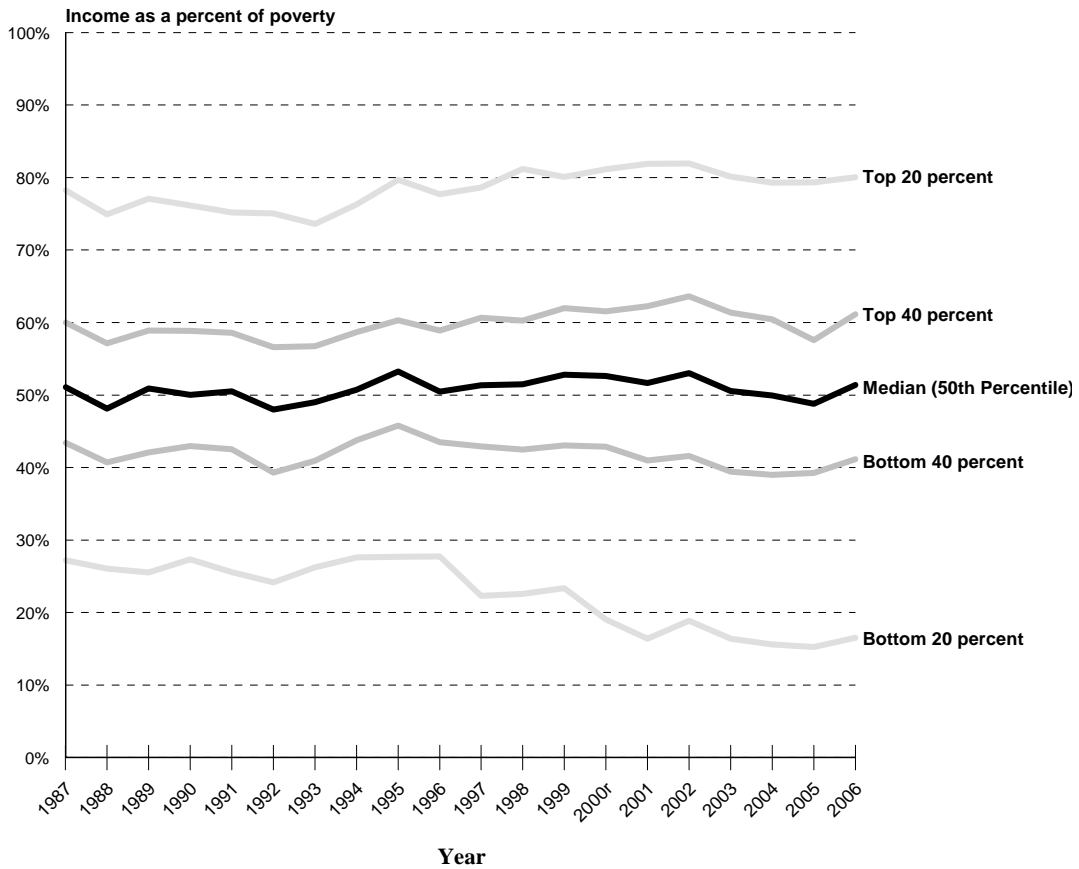
Degree of Poverty Among Poor Single Mothers

As noted above, the poverty rate measures only the percent of families whose incomes fall below their respective poverty thresholds, based on family size and composition. Although the poverty rate provides an overall indication of the level of need in the population, it does not measure the extent of need among poor families. **Figures 9** and **10** show two different measures of the “*poverty gap*” among poor families headed by single mothers — that is, the degree to which poor families' incomes fall below the poverty income level. In these figures the poverty gap is depicted as family income as a percent of poverty among poor families. **Figure 9** is based on the cash income poverty measure, whereas **Figure 10** is based on cash income plus the value of food assistance and taxes (including the EITC and the Child Tax Credit). Note that the families depicted in **Figure 10** are a subset of those included in **Figure 9**, as they are families who remain poor after considering food stamps and taxes (including the EITC and the Child Tax Credit) — the effects of which are not counted in **Figure 9**. In each figure the extent of poverty among poor families is depicted at various percentiles, based on families ranked by family income as a percent of poverty.

Figures 9 and **10** show that the median family income as a percent of need (i.e., poverty) among poor families has remained relatively steady over the past 18 years. Based on “official” cash income, for purposes of measuring poverty, the median family income as a percent of need among poor families headed by single mothers has ranged from a low of 48% to a high of 53% over the period (**Figure 9**). Looking at just the subset of single-mother families who were poor based on a more comprehensive income definition that includes food stamps and taxes (including the EITC and Child Tax Credit), the median family income as a percent of need was somewhat higher over the period, ranging from a high of 66% of poverty in 1991, to a low of 56% of poverty in 2004. (**Figure 10**).

Both **Figures 9** and **10** show recent declines in income relative to poverty for the poorest families headed by single mothers. For example, **Figure 9**, shows that for the bottom fifth of poor single mothers, family income relative to poverty fell from a recent high of 28% of poverty in 1996, to a low of 15% of poverty in 2005. Looking at the subset of single-mother families that were poor based on the more comprehensive income definition (cash, food stamps, and taxes (including the EITC and Child Tax Credit)), the bottom fifth have seen a decline in relative economic well-being from a high of 43% of poverty in 1994, to a low of 22% of poverty in 2006 (**Figure 10**).

Figure 9. Poverty Gap* Percentiles Based on Cash Income Among Poor Single-Mother Families, 1987 to 2006

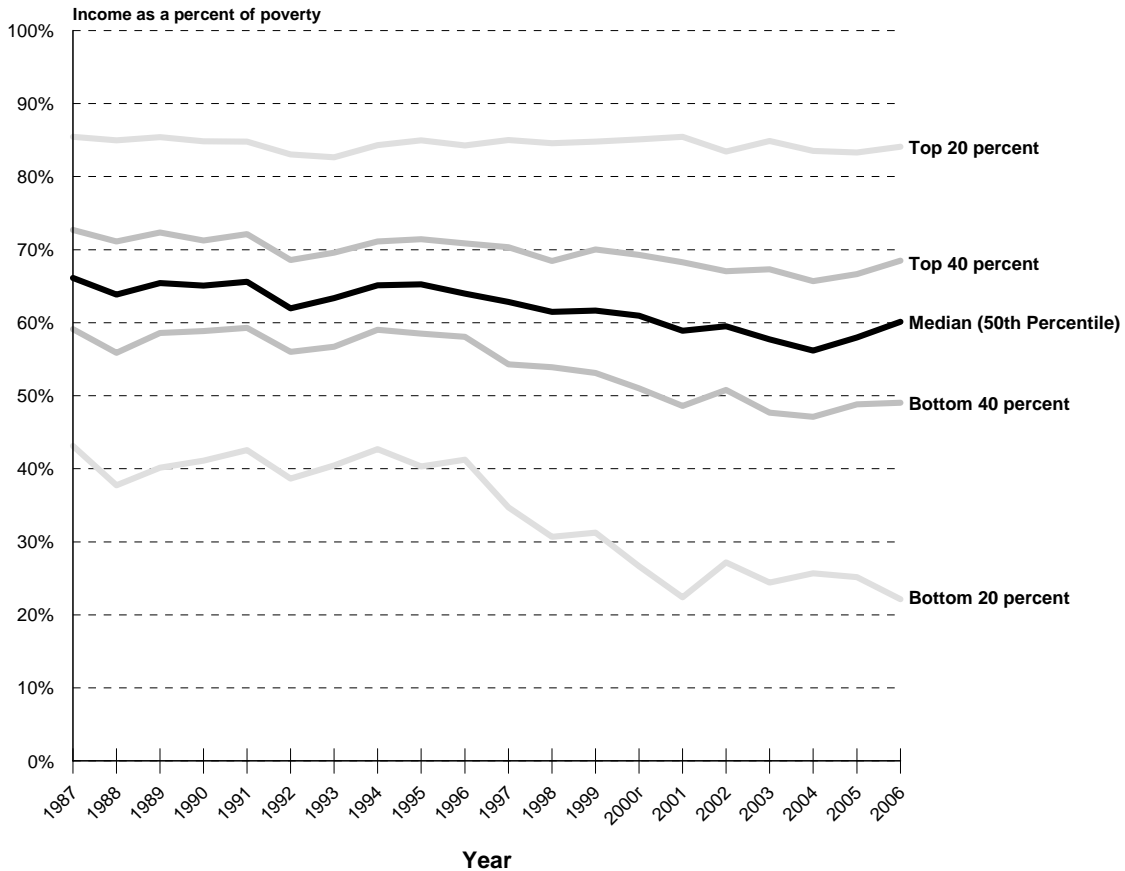


Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Poor families' cash income as a percent of families' poverty thresholds.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 10. Poverty Gap* Percentiles Based on Net After-Tax Cash Income (Including the EITC) and the Value of Food Stamps, Among Poor Single-Mother Families, 1987 to 2006



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Poor families' based on cash after-tax income and the market value of food stamps as a percent of families' poverty thresholds.

r=Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Sources and Level of Income Among Lower-Income Single Mothers

The composition and level of income among the single-mother families at the bottom of the income distribution has changed markedly in recent years, reflecting increased earnings supplemented by increased EITC and reductions in cash welfare and food stamps. Single mothers with the lowest incomes, depicted as the bottom fifth (bottom quintile) of single mothers ranked by their families' incomes, by 1999 had more than doubled their earnings since 1994. However, these earnings gains, even when supplemented by the EITC, have not been sufficient to offset losses in cash welfare and food stamps that have occurred since 1994 — the year in which their income was highest. Earnings of single mothers in the bottom income quintile peaked in 2000 but fell each year through 2005. In 2006, average earnings of single

mothers in the bottom income quintile increased somewhat over 2005. In spite of their greater earnings, average total income of single mothers in the bottom income quintile in 2006 was still well below their 1994 income level, which marked a peak over the 20 years depicted.

Single mothers ranked in the bottom 20% to 40% by income (second quintile) also experienced significant earnings gains since 1994. For these families, earnings gains supplemented by the EITC have more than offset reductions in cash welfare and food stamps over the period, resulting in higher overall income in most recent years than in 1994. After reaching a peak in 2000, average total income among mothers in the second quintile has fallen somewhat due to reduced earnings and EITC, presumably as a result of 2001 economic recession.

Figures 11 and 12 examine sources of income among the bottom quintile (bottom 20%) and the second lowest quintile (bottom 20% to 40%) of single-mother families, respectively, based on their pre-tax cash income relative to poverty. The income to poverty ratios demarcating the break points at which a family qualifies as being in the bottom and second from the bottom quintiles are shown in **Appendix B**. The charts show the average annual income, in 2006 dollars, from the following sources: cash public assistance (AFDC, TANF, and General Assistance (GA)); Supplemental Security Income (SSI); food stamps (market value); child support and alimony; other cash income other than earnings; net earnings (earnings net of the employee share of FICA payroll taxes and any federal or state income taxes); the EITC; the Child Tax Credit, and state refundable tax credits. The employee share of FICA payroll taxes, and any federal or state income tax payments are also shown as negative values. Note that these estimates are based on year-to-year income comparisons of cross-sectional survey data, rather than a comparison of incomes for the same families over time.

Figure 11 shows declining reliance on cash welfare and food stamps since 1994, and increased reliance on earnings, supplemented by the EITC, among families headed by single mothers in the bottom income quintile. However, earnings gains, even when supplemented by the EITC, have not been sufficient to offset the losses in income from cash welfare and food stamps since 1994. Average earnings for these families peaked in 2000, but total family income (\$8,405) still fell short of that attained in 1994 (\$8,654). Since 2000, average earnings fell each year through 2005. Increased food stamp benefits since 2000 have helped to bolster families' income somewhat, but cash welfare benefits have continued to erode. In 2006, average total income (\$7,587) of single mother families in the bottom income quintile was only slightly above the 20-year low (\$7,322) observed in 2004, and well below the 20-year peak (\$8,654) observed in 1994.

Average cash welfare and food stamp benefits reported by single mothers in the bottom quintile have fallen since 1994. In 1994, combined average AFDC and General Assistance benefits were \$3,075 for this population; by 2006 combined TANF and General Assistance had fallen to \$854, 25% of their 1994 value. Similarly, in 1994, average food stamp benefits amounted to \$2,996; by 2006 they amounted to \$2,113 — 71% of their 1994 value. In spite of earnings and supplemented EITC benefits being higher in 2006 than two decades earlier, reductions in cash welfare and food stamp benefits have resulted in lower average

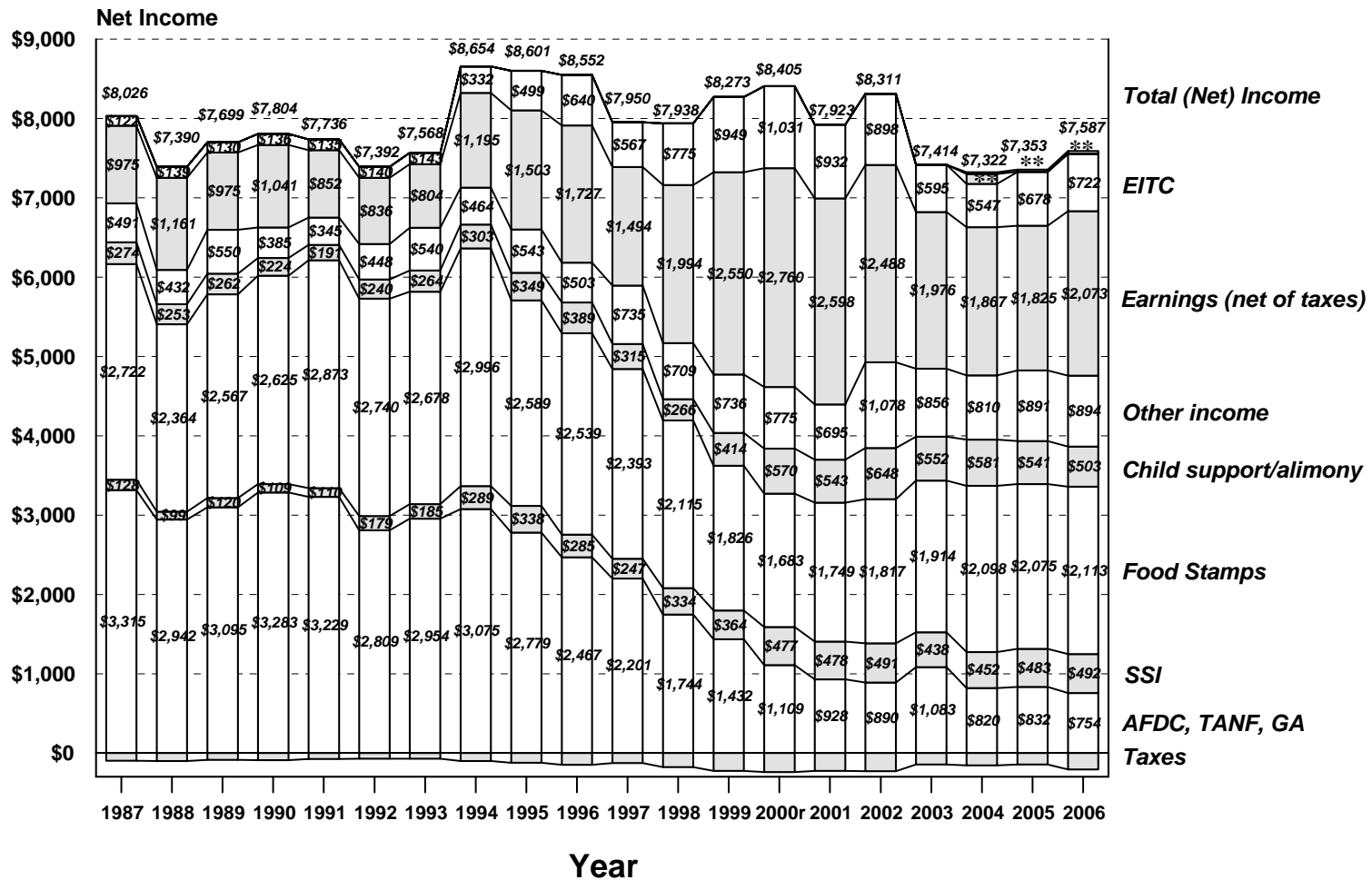
total income for single mothers at the bottom of the income distribution (i.e., bottom income quintile).

The growing importance of the EITC as an earnings supplement can be illustrated by comparing the average EITC as a share of average earnings shown in **Figure 11**. Legislative expansions to the EITC in 1990 (phased in between 1991 and 1992) and in 1993 (phased in from 1994 through 1996) expanded the credit's "work bonus" to families with children, amounting to a supplement of as much as 40 cents on each dollar earned. In 1990, the average EITC depicted in **Figure 11** amounted to about 13% of average earnings of mothers in the bottom income quintile. By 1993, the EITC "work bonus" increased to 18% of earnings, and then doubled to 37% of earnings by 1996, once legislative expansions had completely phased in. In addition to providing needed income to low-income working families, the EITC has also likely encouraged work and increased earnings.

Figure 12 is similar to **Figure 11**, but shows average income by source for the second quintile of single-mother families, ranked by their income relative to poverty. The chart shows comparatively large gains in average total income from 1993 to 1995, due largely to increased earnings and EITC. During this short period, average total net income increased from \$14,095 to \$17,851 — a gain of nearly 27%. Earnings of single-mother families in the second income quintile peaked in 2000 at \$12,095 (in 2006 dollars) — more than three times what they earned in 1993. However, from 2000 to 2005 average earnings, and consequently average EITC, declined among these families. Food stamps have helped to offset recent earnings losses somewhat, growing by 66% from 2000 to 2005, whereas cash welfare support continued to diminish over the same period. In 2006, earnings and the EITC increased somewhat compared to 2005, but income from all other sources fell and taxes increased, resulting in lower net average income in 2005 than in 2006.

Average total income among single mother families in the second quintile reached its highest level over the 20-year period examined in 2000. In 2000, the peak-income year, earnings in combination with the EITC more than offset the loss in combined cash assistance and food stamps that occurred over the 1995 to 2000 period. Over the period, the gain in average net earnings, in combination with EITC (\$6,099), more than offset the \$3,519 loss in combined cash assistance and food stamps. By 2000, average net earnings (\$12,095) accounted for 60% of these families' incomes (\$20,250) and cash assistance (\$739) accounted for just under 4%. In contrast, in 1987, earnings accounted for about 28% of this group's income (\$4,160 in earnings out of a total net income of \$14,857), and cash assistance (\$5,142) comprised about 35%. In 2000, average total income for families in the second quintile (\$20,250) was 36% above that in 1987 (\$14,857).

**Figure 11. Bottom Income Quintile* of Single-Mother Families:
Average Annual Income by Source, 1987 to 2006
(in 2006 dollars)**



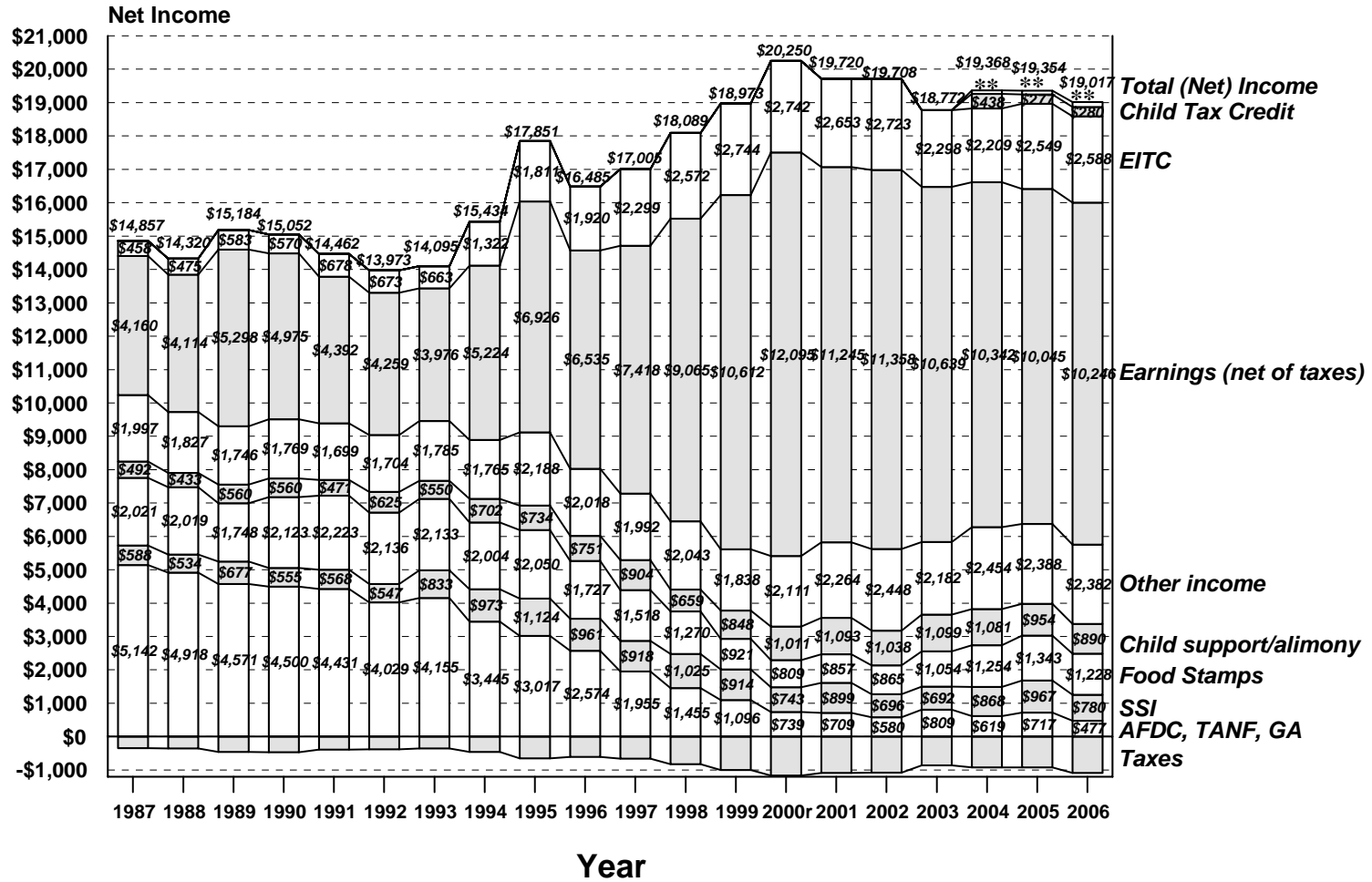
Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Quintiles based on ranking of ratios of family cash, pre-tax income, relative to poverty. Taxes include federal and state income taxes and FICA taxes.

** Federal child credit (partially refundable portion) amounting to \$123 in 2004, and \$3 in 2005 and 2006, plus State refundable income tax credits amounting to \$24 in 2004, \$25 in 2005 and \$33 in 2006.

r Revised estimates based on expanded CPS sample and 2000 decennial census derived weights.

**Figure 12. Second Income Quintile* of Single-Mother Families:
Average Annual Income by Source, 1987 to 2006
(in 2006 dollars)**



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Quintiles based on ranking of ratios of family cash, pre-tax income, relative to poverty. Taxes include federal and state income taxes and FICA taxes.

** State refundable income tax credits, amounting to an estimated \$103 in 2004, and \$114 in 2005 and \$144 in 2006.

r Revised estimates based on expanded CPS sample and 2000 decennial census derived weights.

Conclusions and Policy Implications

CRS analysis of 20 years of U.S. Census Bureau CPS data shows a dramatic transformation in single mothers' welfare, work, and poverty status over the period. CPS data generally follow the upsurge in the AFDC caseload evidenced by administrative/program statistics that occurred in the late-1980s and early 1990s, and the historic declines that followed. Increases in the number of families headed by single mothers during the late-1980s and early 1990s are likely to have contributed to the rapid growth in cash welfare caseloads under the AFDC program that occurred over the period. The number of single mothers increased from about 8.2 million in 1987 to 9.9 million in 1993. Cash welfare caseloads peaked in March 1994, and have dropped dramatically since, whereas the number of single mothers stayed close to 10 million in most years since 1994. In 2006, the number of single mothers reached 10.9 million, but the number reporting receipt of cash welfare has continued to fall. Economic conditions certainly contributed to the welfare caseload increase that began in the late 1980s and the historic declines since 1994. A number of policy interventions have helped to increase the economic returns to work and to encourage work over welfare. Increases to the EITC and the minimum wage, and erosion of most states' welfare benefit levels due to inflation, have helped to increase the economic returns to work compared to welfare in recent years. States' extension of work requirements to mothers with younger children, increased welfare sanction authority, and adoption of time-limits on welfare receipt, first experimented with under AFDC waiver authority and now widely adopted by states under TANF, have helped to transform the welfare system from an entitlement program to a program that emphasizes self-support, primarily through work, and personal responsibility.

The CPS data show that single mothers are considerably more likely to be working, and less likely to be poor or receiving welfare in most recent than in earlier years (**Figure 2**). Although many of these changes precede passage of the 1996 welfare law, reductions in welfare receipt have since been especially large. Since 1996, *poor* single mothers are more likely to work during the year than to receive welfare (**Figure 7**). However, reductions in poverty among single mothers have not been as large as the concurrent declines in cash welfare receipt and increased work among single mothers in recent years. Moreover, CPS data indicate that welfare receipt rates among very poor families based on their pre-transfer income (i.e., income other than welfare) have dropped considerably in recent years (**Figure 5**).

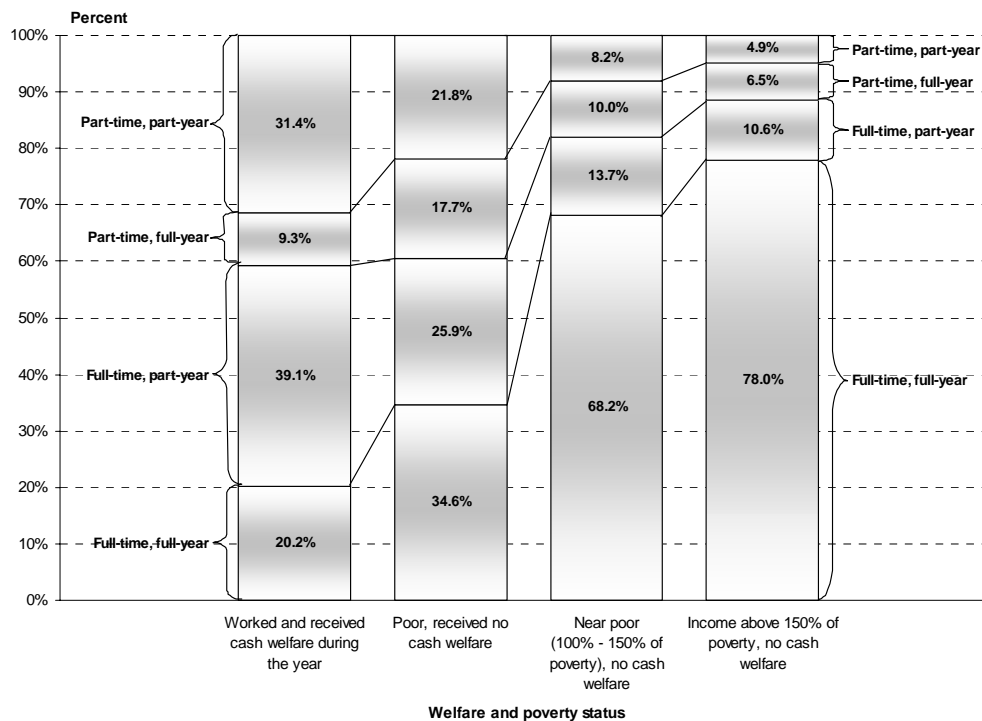
Among single-mother families whose incomes are lowest (the bottom 20% of single-mothers based on family income relative to poverty), income from earnings has grown markedly since 1993 but has failed to offset losses in cash welfare and food stamp benefits which have occurred since (**Figure 10**). While single mothers are less dependent on welfare in most recent than in past years, increased work has not resulted in marked gains in net income for the bottom fifth of single mothers, ranked by family income relative to poverty. In 2006, average income of these families was well below its 2000 level (its most recent high-water mark), and only slightly above its 2004 level, which marked the lowest level observed in the 20 years examined.

The CPS data show that although welfare receipt and poverty among single mothers has declined in recent years, mothers receiving welfare are now more likely

to be working, and *poor* mothers are now less likely to be receiving welfare and more likely to be working than in past years. Prospects of single mothers working their way off welfare and out of poverty hinge in large part on their finding full-time, stable employment at a sufficient wage.

CPS data show that most single mothers work full-time schedules (35 or more hours per week) when they work (See **Figure 13**). In 2006, among single mothers who combined welfare and work during the year, 59% worked full-time schedules — not that much different from working poor single mothers who did not receive welfare, of whom 61% worked full-time schedules. However, mothers who worked and received cash welfare were considerably less likely to have worked full-year (50 to 52 weeks) (30%) than their working poor counterparts who did not receive cash welfare (52%).

Figure 13. Working Single Mothers' Job Attachment, by Welfare and Poverty Status: 2006



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

NOTE: Details may not sum to 100% due to rounding.

One policy challenge to reduce poverty and welfare dependency among single mothers may be to assist mothers in moving to full-time, full-year work. However, full-time full-year work is likely necessary, but not sufficient, for some single mothers to have incomes above poverty and not rely on cash welfare. About one in five (21.3%) single mothers who combined work and welfare worked full-time, full-year, and one in three (32.8%) poor single mothers who did not receive welfare

worked full-time full-year. (See **Figure 13**). For these mothers, full-time attachment to a job was insufficient to move them off of welfare or out of poverty. Single mothers with incomes somewhat above poverty (100% to 150% of poverty) were much more likely to have worked full-time full-year (59.1%) than working poor mothers not receiving welfare (32.8%) and nearly 3 times as likely as mothers who combined work and welfare during the year (21.3%).

In March 2007, most working single mothers who were poor or received cash welfare earned more than the federal statutory minimum wage of \$5.15 per hour applied at that time.²¹ **Figure 14** shows that in March 2007, the median hourly wage of single mothers who were either poor or received welfare during the prior year was estimated at \$8.50 per hour;²² half of such mothers earned more, and half earned less. The middle 50% of such mothers earned between \$7.00 and \$11.00 per hour (denoted by the inter-quartile range). Working mothers who were near poverty (between 100% and 149% of poverty) and did not receive cash welfare in the prior year earned 95 cents per hour more than their poor or welfare-reliant counterparts, at the median hourly wage (\$9.45 per hour); 50 percent of these near poor working mothers earned between \$8.00 and \$11.71 per hour.

Combined with their somewhat higher wages, near-poor single mothers are more likely to work full-time full-year than their counterparts who receive cash welfare or are poor. Clearly full-time full-year work lessens the chances that a single mother and her children will be poor or receive cash welfare, but does not completely eliminate those chances. Among single mothers who did not work full-time full-year, 61% were poor or received cash welfare in 2006, compared to only 13% who worked full-time full-year (not shown in figures).

Single mothers have lost economic ground since the 2001 recession. Their situation is likely to worsen if the economy falters. The bottom fifth of single mothers, ranked by income relative to poverty, appear economically worse off than before passage of the 1996 welfare reform law, on the basis of their measured income. In 2004, their total income was at the lowest level measured over the 20 years examined. Single mothers ranked in the bottom 20% to 40% based on income relative to poverty have also failed to recoup income losses since the 2001 recession, but their measured incomes are still well above pre welfare reform levels. Among

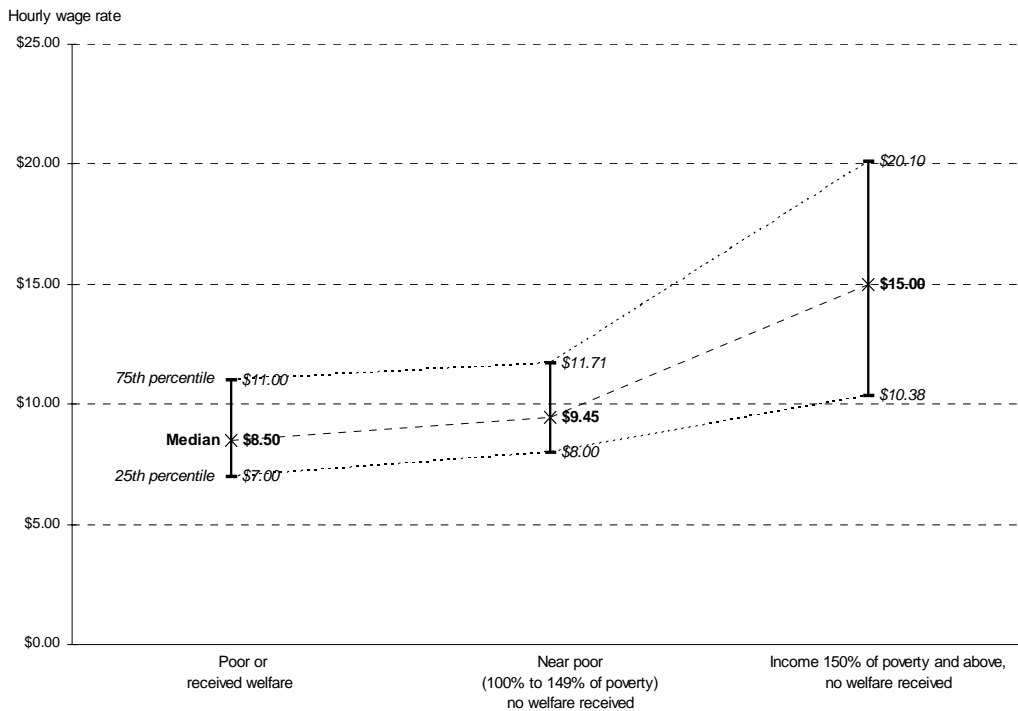
²¹ P.L. 110-28, enacted on May 25, 2007, raised the federal minimum wage to \$5.85, effective July 2007, and in subsequent years to \$6.65, effective July 2008, and \$7.25, effective July 2009.

²² The CPS asks questions about hourly wage rates of hourly workers for only about one fourth of the CPS sample who are leaving the survey — a group technically referred to as the “outgoing rotation group.” (The CPS interviews households for eight months. After four months of interviews, a household leaves the survey for four months, and afterwards is interviewed for an additional four months, after which the household leaves the survey permanently. In March, selected questions, such as hourly wage rates, are asked only of households who have been in the survey for four or eight months, and will be leaving the survey in the following month (either temporarily or permanently)). The estimates of hourly earnings shown in **Figure 14** are based on hourly wages of hourly workers, and for other workers, estimated hourly earnings based on reported gross weekly earnings divided by usual hours worked.

families headed by single mothers their incidence of poverty has increased from a historic low of 31.8% in 2000, to 35.1% in 2006.

A strong economy may be necessary, but not sufficient, to markedly reducing poverty among families headed by single mothers. Absent significant increases in single mothers' job attachment or hourly earnings, income supports in the form of child support, earnings supplements, such as the EITC, food, housing, and medical assistance, as well as cash welfare, are likely to continue to play important roles in addressing the needs of single-mother families. A challenge for these and other approaches will be to reduce basic unmet needs and at the same time promote economic self-sufficiency. Current signs of a faltering economy spotlights this challenge.

Figure 14. Hourly Wage Rates* of Working Single Mothers in March 2007, by Welfare and Poverty Status in 2006 (Median and Inter-Quartile Range)



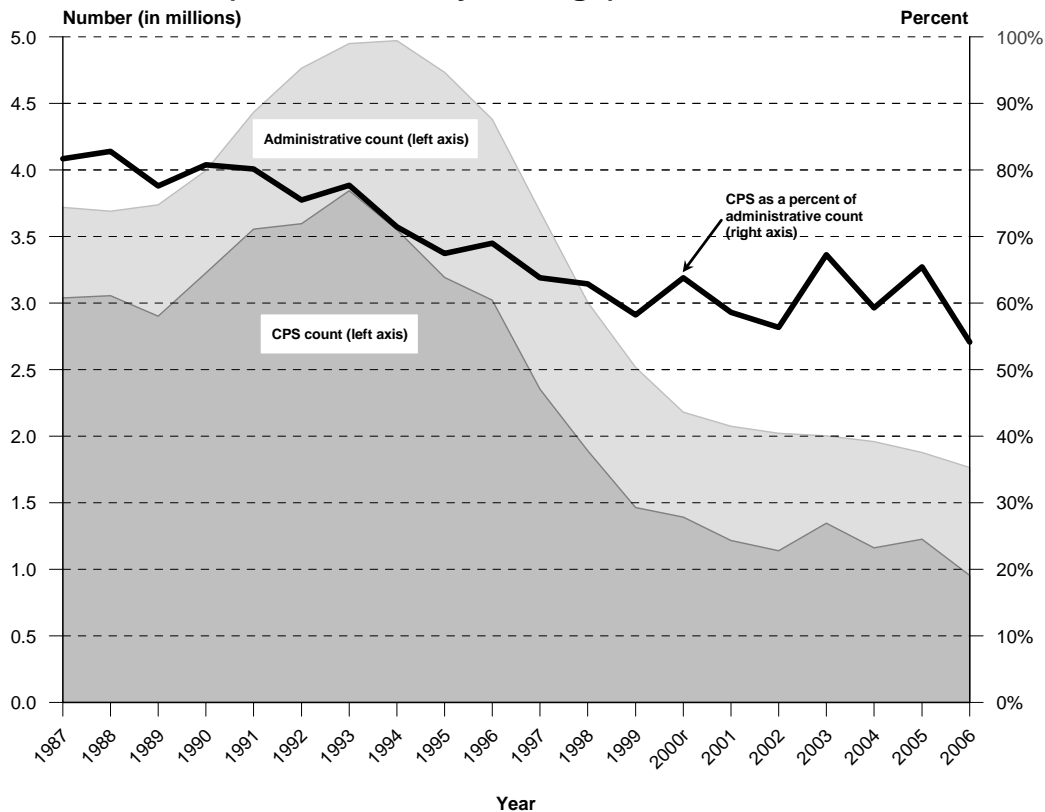
Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Hourly wage for hourly wage workers, and estimated hourly wage equivalent, based on reported gross weekly earnings divided by usual hours worked, for CPS outgoing rotation group (approximately 1/4th of the CPS sample).

Appendix A: Cash Welfare Under-Reporting on the CPS

A comparison of AFDC/TANF administrative statistics and CPS-estimated caseload counts suggests that the CPS undercounts actual cases and that the CPS undercount has worsened in recent years. **Figure A-1** shows that from 1987 to 1991, the CPS accounted for roughly 80% of the AFDC administrative caseload count, but in 2006 the CPS captured only about 54%.²³ Worsened reporting of cash welfare on the CPS makes it difficult to gauge how much of the drop in welfare receipt among single mothers represents eligible families who do not receive assistance, rather than families who do not report actual welfare aid on the CPS.

**Figure 15. AFDC/TANF Cases:
CPS Estimates Versus Administrative Caseload Counts
(Annual Monthly Average), 1987 to 2006**



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data and Department of Health and Human Services (DHHS) caseload data.
r Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

²³ The CPS estimates are for all adults reporting receipt of AFDC or TANF during the year, converted to an estimate of an annual monthly average, based on the number of months over the year recipients reported receiving assistance. For a detailed discussion of cash welfare under-reporting on the CPS and other surveys see Bavier, Richard. *Accounting for increases in failure to report AFDC/TANF receipt*. Unpublished manuscript. Washington, DC. Office of Management and Budget, 2000.

Figure A-1. Support Table 1. AFDC/TANF Cases: CPS versus Administrative Caseload Counts, Annual Monthly Average, 1987 to 2006
(numbers in millions)

Year	Persons reporting AFDC or TANF receipt on the CPS ^a	AFDC and TANF cases based on administrative data ^b	CPS as a percent of administrative total
1987	3.039	3.719	81.7
1988	3.056	3.691	82.8
1989	2.901	3.738	77.6
1990	3.226	3.995	80.8
1991	3.554	4.434	80.2
1992	3.596	4.765	75.5
1993	3.844	4.949	77.7
1994	3.551	4.972	71.4
1995	3.193	4.734	67.8
1996	3.022	4.380	69.0
1997	2.355	3.690	63.8
1998	1.892	3.007	62.9
1999	1.464	2.515	58.2
2000	1.320	2.181	60.5
2000r	1.392	2.181	63.8
2001	1.216	2.075	58.6
2002	1.140	2.023	56.3
2003	1.346	2.001	67.3
2004	1.160	1.958	59.3
2005	1.227	1.876	65.4
2006	0.955	1.764	54.1

Source: Congressional Research Service (CRS) estimates based on U.S. Bureau of the Census 1988 to 2006 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data and U.S. Department of Health and Human Services (DHHS) AFDC and TANF caseload data.

a. Estimated average monthly number based on number of months CPS respondents indicated they received AFDC or TANF during the year.

b. Average monthly number of AFDC cases in the 50 states and the District of Columbia.

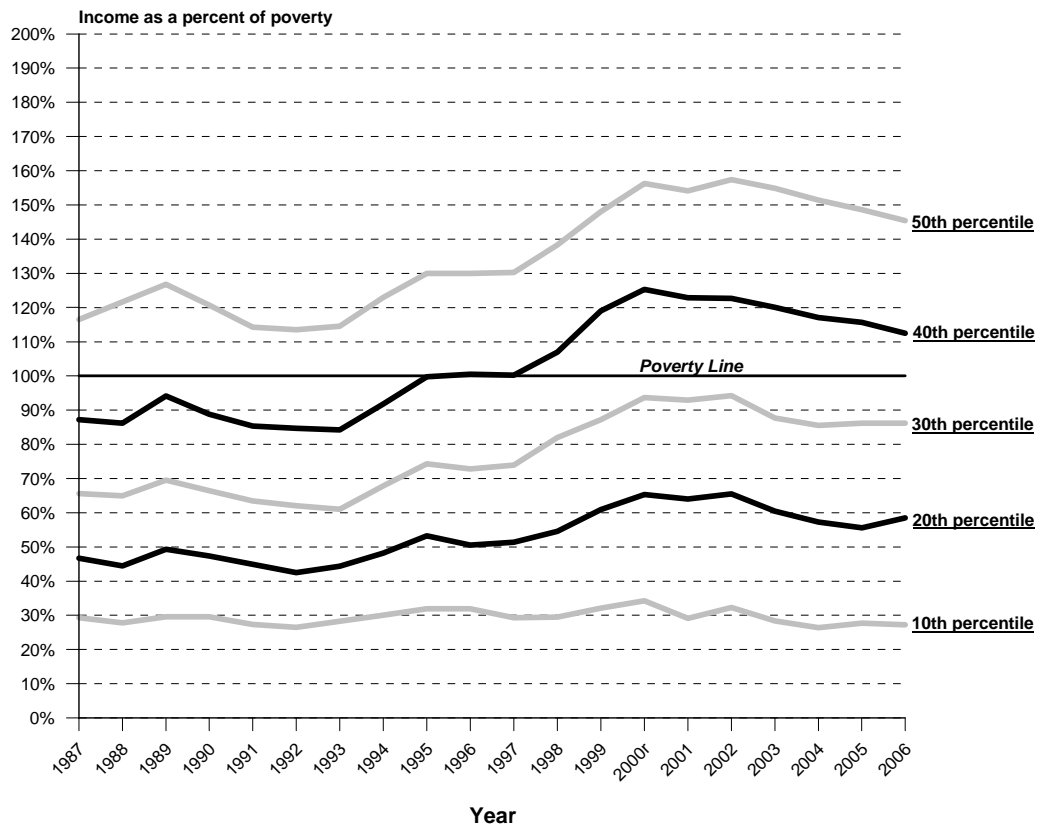
r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Appendix B: Family Income to Poverty Ratios: Cutoffs for Income Quintiles

Figure B-1 shows the income relative to poverty cutoffs for defining the first and second income quintiles depicted in **Figures 11** and **12**. The dark lines represent the level of family cash income (i.e., the income definition for measuring poverty under the official U.S. Bureau of the Census poverty definition) as a percent of poverty which defines the bottom fifth and bottom two-fifths of single-mother families, ranked by family relative to poverty. The lighter-shaded lines show other income percentiles relative to poverty. The figure shows, for example that the bottom fifth of single-mother families ranked by official cash income relative to poverty had family income below 42% of poverty in 1992. By 2002, the relative income of the bottom fifth (20th percentile) of single-mother families increased to 66% of the poverty line, but by 2006 stood at 59% of poverty. Similarly, the second-fifth (between the 20th and 40th percentiles) of single-mother families had family income above 42% of poverty but below 85% of poverty in 1992. By 2002, the second-fifth of single mother families had family incomes above 66% of poverty but below 123% of poverty. In 2006, the second-fifth of single mother families declined, and ranged between 59% and 113% of poverty. The figure shows that the bottom 10% of single-mother families has shown essentially no improvement over the 20-year period.

Figures B-2 and **B-3** are similar to **Figure B-1**, but depict single-mother families' income rankings based on alternative definitions of income relative to poverty. **Figure B-2**, for example, ranks families based on family after-tax income (including the EITC) plus food stamps, whereas **Figure B-3** ranks families based on household after-tax income plus food stamps, relative to a household poverty income threshold based on household size and composition. In both cases, **Figures B-2** and **B-3** show comparatively better income position relative to poverty than does **Figure B-1**, which uses the official poverty income definition. For example, in 2006, the bottom fifth of single-mother families had incomes below 59% of poverty under the official poverty income definition, shown in **Figure B-1**. When taxes, including the EITC, and food stamps are considered the bottom fifth of single-mother families had incomes below 78% of poverty (shown in **Figure B-2**), and if household after-tax income and food stamps are counted against a revised household poverty threshold, the bottom 20% of single-mother families have incomes below 89% of poverty (shown in **Figure B-3**). Although the alternate income definitions also result in improved income standing relative to the official poverty income definition for the bottom 10% of single-mother families, the trend over the 20-year period shows little improvement.

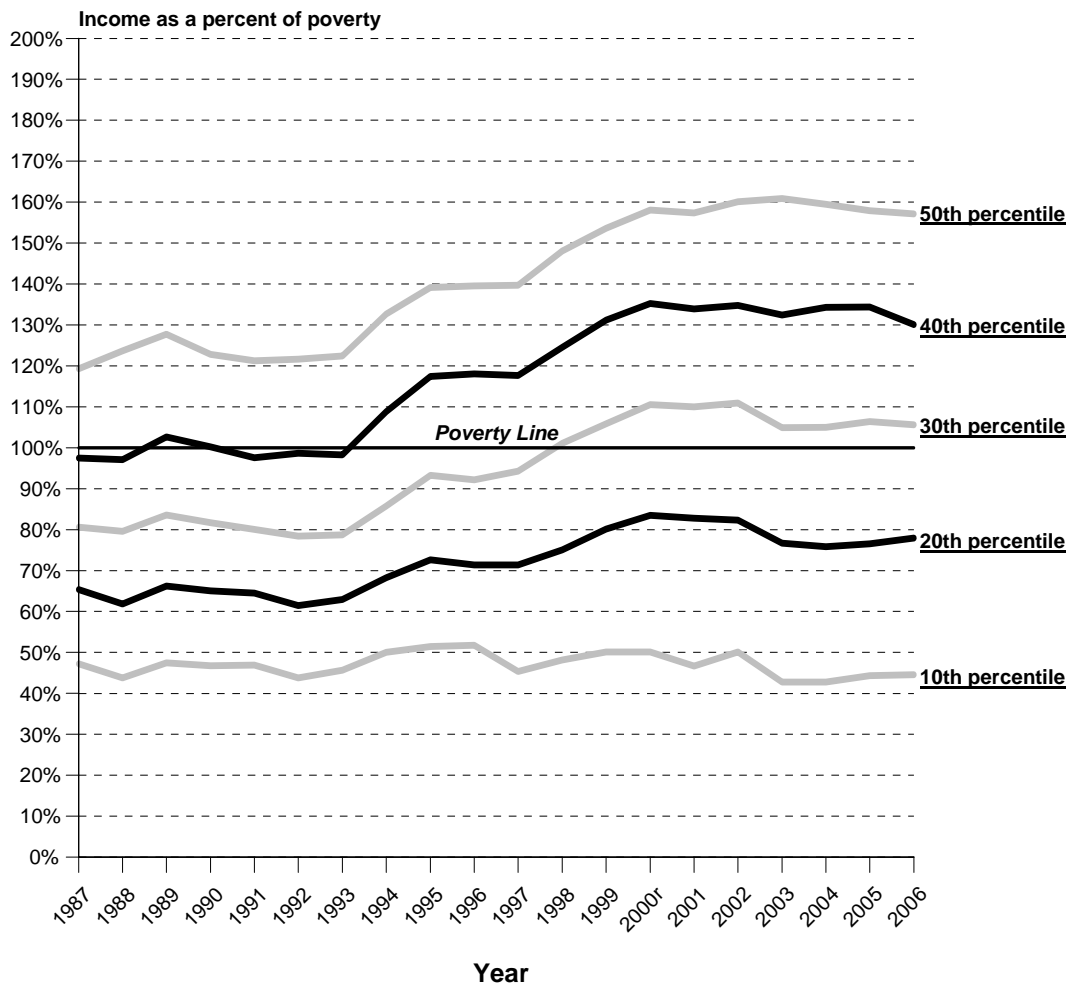
Figure B-1. Income to Poverty Percentiles of Mother-Only Families Based on Ranking of Families by Family Cash Income Relative to Family Poverty Income Thresholds, 1987 to 2006



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

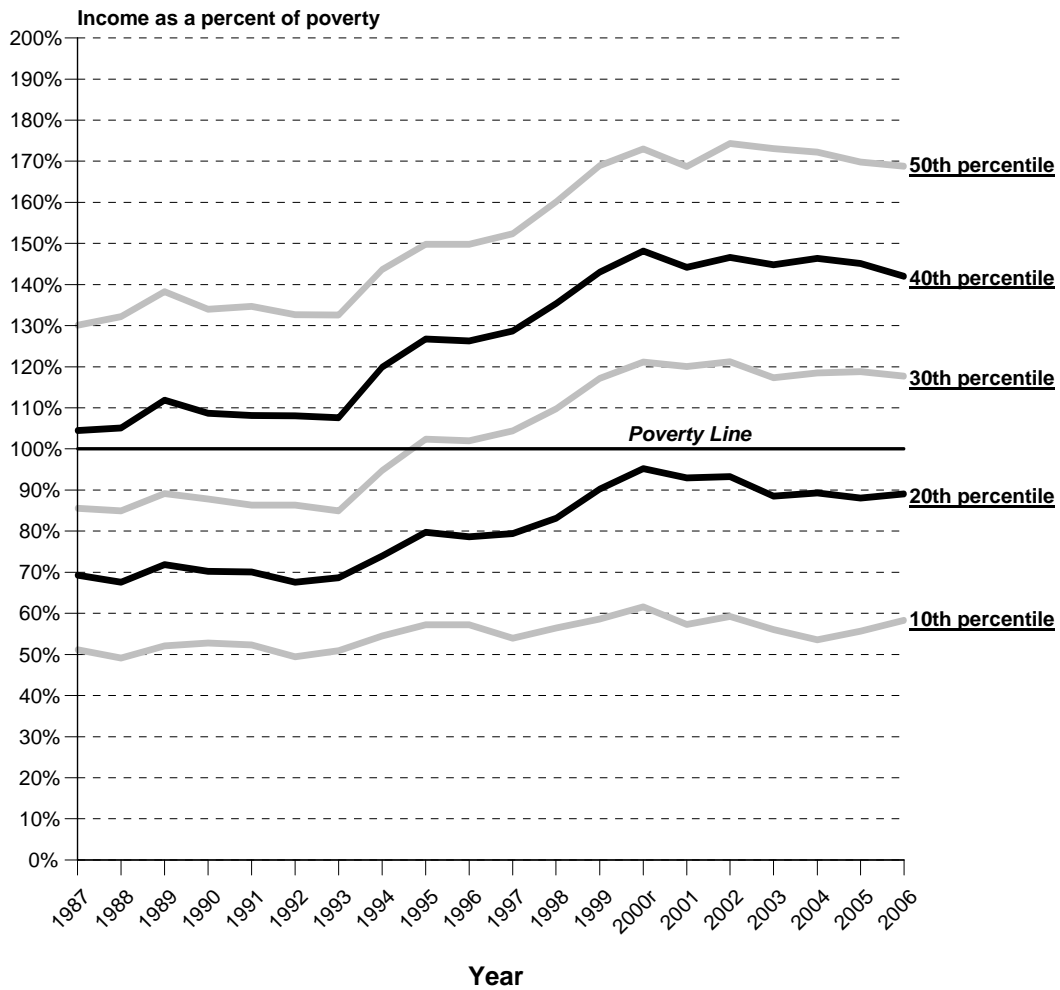
Figure B-2. Income to Poverty Percentiles of Mother-Only Families, Based on Ranking of Families by Combined After-Tax and Food Stamp Income Relative to Family Poverty Income Thresholds, 1987 to 2006



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure B-3. Income to Poverty Percentiles of Mother-Only Families Based on Ranking of Families by *Household* Combined After-Tax and Food Stamp Income Relative to *Household* Poverty Income Thresholds, 1987 to 2006



Source: Prepared by the Congressional Research Service (CRS). Based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights

Figure B-1 Support Table. Income to Poverty Percentiles of Mother-Only Families Based on Ranking Families by Family Cash Income Relative to Family Poverty Income Thresholds, 1987 to 2006

Year	Income as a percent of poverty defined at each percentile				
	10 th Percentile	20 th Percentile	30 th Percentile	40 th Percentile	50 th Percentile
1987	29.3	46.7	65.6	87.2	116.5
1988	27.8	44.5	65.0	86.2	121.7
1989	29.6	49.3	69.5	94.2	126.8
1990	29.6	47.3	66.5	88.8	120.7
1991	27.3	44.9	63.4	85.3	114.2
1992	26.5	42.5	62.0	84.7	113.5
1993	28.2	44.4	61.0	84.2	114.6
1994	30.1	48.2	67.9	91.8	122.9
1995	31.9	53.2	74.3	99.8	130.0
1996	31.9	50.6	72.8	100.5	130.0
1997	29.3	51.4	73.9	100.2	130.3
1998	29.5	54.5	82.0	106.9	138.3
1999	32.1	61.0	87.2	119.0	148.0
2000	37.2	70.5	96.7	125.7	155.0
2000r	34.2	65.3	93.7	125.3	156.2
2001	29.1	64.0	92.9	122.9	154.1
2002	32.3	65.5	94.3	122.7	157.4
2003	28.3	60.4	87.7	120.1	154.8
2004	26.4	57.3	85.6	117.1	151.4
2005	27.7	55.6	86.2	115.6	148.6
2006	27.3	58.5	86.2	112.5	145.4

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure B-2 Support Table. Income to Poverty Percentiles of Mother-Only Families Based on Ranking of Families by Combined After-Tax and Food Stamp Income Relative to Family Poverty Income Thresholds, 1987 to 2006

Year	Income as a percent of poverty defined at each percentile				
	10 th Percentile	20 th Percentile	30 th Percentile	40 th Percentile	50 th Percentile
1987	47.2	65.3	80.6	97.5	119.3
1988	43.8	61.8	79.6	97.1	123.7
1989	47.4	66.2	83.5	102.7	127.8
1990	46.7	65.1	81.7	100.2	122.8
1991	46.9	64.5	80.1	97.6	121.3
1992	43.8	61.5	78.4	98.7	121.7
1993	45.7	62.9	78.7	98.2	122.4
1994	50.0	68.2	85.8	108.8	132.6
1995	51.5	72.6	93.3	117.4	139.1
1996	51.8	71.3	92.2	118.1	139.6
1997	45.4	71.4	94.3	117.7	139.7
1998	48.2	75.0	101.1	124.6	148.1
1999	50.1	80.1	105.9	131.2	153.7
2000	55.3	89.4	112.6	135.7	157.8
2000r	50.1	83.5	110.5	135.2	158.1
2001	46.7	82.8	110.0	133.9	157.3
2002	50.1	82.3	110.9	134.8	160.1
2003	42.8	76.7	104.9	132.4	160.9
2004	42.8	75.9	105.0	134.3	159.5
2005	44.3	76.6	106.4	134.3	158.0
2006	44.6	77.9	105.6	130.0	157.1

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure B-3 Support Table. Income to Poverty Percentiles of Mother-Only Families Based on Families Ranked by *Household* Combined After-Tax Food Stamp Income Relative to *Household* Poverty Income Thresholds, 1987 to 2006

Year	Income as a percent of poverty defined at each percentile				
	10 th Percentile	20 th Percentile	30 th Percentile	40 th Percentile	50 th Percentile
1987	51.1	69.3	85.6	104.5	130.1
1988	49.1	67.5	85.0	105.1	132.2
1989	52.1	71.9	89.1	111.9	138.3
1990	52.8	70.2	87.8	108.7	134.0
1991	52.3	70.1	86.3	108.2	134.7
1992	49.4	67.6	86.3	108.1	132.7
1993	50.9	68.7	84.9	107.6	132.6
1994	54.5	74.0	94.7	119.9	143.6
1995	57.2	79.7	102.4	126.7	149.8
1996	57.2	78.7	102.0	126.3	149.8
1997	54.0	79.4	104.4	128.7	152.3
1998	56.4	83.2	109.8	135.3	160.2
1999	58.6	90.2	117.1	143.0	168.9
2000	65.4	99.5	122.8	148.6	171.4
2000r	61.6	95.3	121.1	148.2	173.0
2001	57.3	93.0	120.0	144.2	168.7
2002	59.2	93.3	121.2	146.6	174.3
2003	56.1	88.5	117.3	144.8	173.1
2004	53.6	89.3	118.5	146.4	172.2
2005	55.7	88.1	118.8	145.1	169.8
2006	58.3	89.1	117.3	142.0	168.8

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Appendix C: Support Tables

Data Note

The March 2002 CPS and subsequent surveys reflect an expanded sample of households compared to prior year surveys and use population control totals from the 2000 decennial census to weight the sample up to U.S. population totals. Prior year surveys included in this report were based on 1990 decennial census-derived weights, or for the March 1987 through March 1990 CPS, 1980 decennial census-derived weights. Shortly after release of the March 2002 CPS, the Census Bureau released a *revised* March 2001 CPS. The revised data reflect an expanded sample, not included in the original release of the March 2001 CPS, and weights derived from the 2000 decennial census, as opposed to the 1990 decennial census contained in the original release of the March 2001 CPS. The revised March 2001 CPS estimates are deemed to be preferred to those from the original release due to the larger sample size from which they're derived and the use of more recently derived population-based weights. Data from both the original and revised March 2001 CPS are included in this appendix for comparison, but the analysis and figures in the body of this report are based on the revised data.

Figure 1 Support Table. Single Mothers: Poverty and Cash Welfare Receipt, 1987 to 2006
(in thousands)

Year	Number of mother only families	Number receiving AFDC/TANF	Poor but not receiving AFDC/TANF	Neither poor nor receiving AFDC/TANF
1987	8,193	2,719	1,399	4,076
1988	8,321	2,737	1,380	4,204
1989	8,400	2,537	1,452	4,411
1990	8,745	2,901	1,456	4,387
1991	9,031	3,101	1,554	4,375
1992	9,567	3,300	1,691	4,575
1993	9,860	3,439	1,722	4,700
1994	9,837	3,166	1,754	4,916
1995	9,887	2,862	1,818	5,207
1996	10,052	2,669	1,946	5,437
1997	9,874	2,225	2,211	5,438
1998	9,881	1,872	2,253	5,756
1999	9,741	1,543	2,216	5,981
2000	9,425	1,174	2,100	6,151
2000r	9,712	1,215	2,251	6,246
2001	10,044	1,064	2,501	6,479
2002	10,206	1,025	2,577	6,604
2003	10,411	1,253	2,610	6,448
2004	10,442	1,054	2,890	6,498
2005	10,476	1,102	2,837	6,537
2006	10,938	991	3,120	6,827

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

**Figure 2 Support Table. Welfare, Work and Poverty Status
Among Single Mothers, 1987 to 2006**

Year	Percent who worked during year	Percent poor (“official definition”)	Percent who received AFDC/TANF during the year		
			Total	Did not work during year	Worked during year
1987	67.3	44.7	33.2	21.8	11.4
1988	68.9	43.9	32.9	21.1	11.8
1989	70.1	41.7	30.2	20.1	10.1
1990	69.8	43.7	33.2	20.9	12.3
1991	68.7	45.4	34.3	22.0	12.3
1992	67.2	45.4	34.5	22.2	12.3
1993	68.1	45.2	34.9	21.8	13.1
1994	71.4	42.7	32.2	18.8	13.4
1995	73.0	40.2	28.9	16.5	12.4
1996	75.1	39.8	26.6	14.6	12.0
1997	77.3	40.0	22.5	11.4	11.1
1998	79.6	37.3	18.9	8.2	10.7
1999	82.0	34.0	15.8	6.5	9.3
2000	83.4	30.9	12.5	5.6	6.9
2000 ^r	82.7	31.8	12.5	5.3	7.2
2001	81.1	32.4	10.6	5.1	5.5
2002	80.3	32.2	10.0	4.6	5.4
2003	78.7	33.9	12.0	6.1	5.9
2004	77.7	34.9	10.1	5.2	4.9
2005	77.6	34.7	10.5	6.6	3.9
2006	77.3	35.1	9.1	4.7	4.4

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 3 Support Table. Employment Rates of Single Mothers and Married Mothers by Age of Youngest Child, March 1988 to March 2007

(percent of single mothers employed in March)

Year	Single mothers				Married mothers			
	With a child under age 18	Youngest child under age 3	Youngest child aged 3 to 5	Youngest child aged 6 to 17	With a child under age 18	Youngest child under age 3	Youngest child aged 3 to 5	Youngest child aged 6 to 17
1988	57.4	35.1	52.9	69.1	61.8	50.7	58.1	69.6
1989	58.2	37.9	53.1	70.0	63.0	51.4	60.8	70.6
1990	60.3	38.0	61.0	70.9	63.4	52.7	60.9	70.8
1991	58.1	36.6	55.7	70.2	63.1	52.7	60.5	70.5
1992	57.3	35.2	54.1	69.8	63.9	53.1	59.4	71.9
1993	57.3	35.1	54.8	70.1	63.9	53.2	59.4	71.9
1994	58.0	37.7	55.2	69.3	65.5	56.0	61.2	72.6
1995	61.1	43.1	58.5	70.5	67.1	57.4	63.9	73.4
1996	63.5	44.7	60.4	72.9	67.6	58.2	63.3	74.2
1997	65.6	51.5	64.3	72.0	68.5	58.3	64.4	75.2
1998	68.8	54.8	63.7	76.4	67.9	58.3	64.1	74.2
1999	70.7	55.8	69.8	77.1	67.9	57.0	63.1	75.1
2000	72.8	59.1	72.7	78.5	68.4	56.8	66.0	75.0
2001	73.0	56.1	74.4	79.8	68.5	57.1	64.7	75.4
2001r	72.5	57.6	71.3	79.1	68.0	56.0	64.2	75.1
2002	71.2	57.9	71.0	76.3	66.7	54.9	61.7	74.1
2003	69.6	54.8	69.3	75.4	66.3	53.5	61.7	74.2
2004	69.7	54.1	69.5	75.7	65.3	52.4	62.3	72.7
2005	68.9	53.7	66.7	75.7	65.9	54.9	61.9	72.8
2006	69.6	57.0	68.0	75.1	66.1	55.4	61.8	73.1
2007	70.0	56.5	68.6	76.0	67.3	56.9	63.0	74.2

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figures 4 and 5 Support Table. Single-Mother Family Cash Welfare Reciprocity Rates, by Pre-Transfer Income Poverty Status,* 1987 to 2006

Year	All single-mother families		Single-mother families with pre-transfer income below poverty									
			Total		0\$ in pre-transfer income		Pre-transfer income below 25% of poverty		Pre-transfer income from 25% to below 50% of poverty		Pre-transfer income from 50% to below 100% of poverty	
	Number (in 000s)	AFDC/TANF reciprocity rate (%)	Number (in,000s)	AFDC/TANF reciprocity rate (%)	Number (in 000s)	AFDC/TANF reciprocity rate (%)	Number (in 000s)	AFDC/TANF reciprocity rate (%)	Number (in 000s)	AFDC/TANF reciprocity rate (%)	Number (in 000s)	AFDC/TANF reciprocity rate (%)
1987	8,193	33.2	3,820	63.4	1,020	88.7	1,003	77.0	609	59.9	1,179	31.8
1988	8,321	32.9	3,816	63.8	1,055	89.5	970	73.8	723	53.3	1,064	36.8
1989	8,400	30.2	3,672	60.5	1,022	85.7	871	72.8	593	55.6	1,183	32.2
1990	8,745	33.2	4,029	63.8	1,142	88.4	909	75.1	677	60.4	1,294	35.9
1991	9,031	34.3	4,276	63.6	1,215	87.3	973	79.2	689	63.6	1,391	32.4
1992	9,567	34.5	4,536	62.7	1,159	85.2	1,102	73.5	819	56.4	1,450	40.1
1993	9,860	34.9	4,679	63.2	1,104	84.7	1,180	78.3	909	60.0	1,477	37.3
1994	9,837	32.2	4,474	60.8	961	82.0	1,058	75.2	835	61.0	1,618	38.7
1995	9,887	28.9	4,181	56.5	753	80.3	941	73.2	862	59.7	1,625	34.2
1996	10,052	26.6	4,168	53.3	776	76.6	838	71.9	994	52.2	1,560	32.4
1997	9,874	22.5	4,119	46.3	685	68.4	846	62.6	843	46.2	1,736	30.0
1998	9,881	18.9	3,834	41.2	554	61.3	778	55.7	806	45.1	1,682	26.2
1999	9,741	15.8	3,443	35.6	378	56.5	711	46.0	736	37.9	1,617	25.2
2000	9,425	12.5	3,025	30.6	350	51.8	482	43.8	651	36.5	1,536	19.2
2000r	9,712	12.5	3,184	29.3	412	45.9	561	42.6	656	33.5	1,553	18.4
2001	10,044	10.6	3,348	25.3	491	34.8	623	33.4	640	30.7	1,587	17.1
2002	10,206	10.0	3,359	23.3	413	42.6	615	32.3	657	24.7	1,665	14.8
2003	10,411	12.0	3,591	27.3	578	44.2	659	39.7	701	29.6	1,641	15.7
2004	10,442	10.1	3,725	22.4	581	37.5	634	31.1	754	23.3	1,750	14.0
2005	10,476	10.5	3,719	23.7	612	35.3	599	35.5	824	23.0	1,679	15.7
2006	10,938	9.1	3,909	20.2	596	30.8	652	28.7	750	23.2	1,907	12.7

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

Note: Details may not sum to totals due to rounding.

* Family poverty status based on cash income other than cash welfare.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 6 Support Table. Food Stamp Reciprocity Rates Among Single-Mother Families, by Household Income Relative to Household Poverty Threshold, 1987 to 2006

Year	All single-mother families		Household income below 130% of poverty					
			Total		Household income less than 50% of poverty		Household income from 50% to below 130% of poverty	
	Number (in 000s)	Food stamp reciprocity rate	Number (in 000s)	Food stamp reciprocity rate	Number (in 000s)	Food stamp reciprocity rate	Number (in 000s)	Food stamp reciprocity rate
1987	8,193	35.8	4,063	65.7	1,595	76.1	2,469	59.0
1988	8,321	36.3	4,121	65.7	1,706	75.1	2,414	59.0
1989	8,400	33.9	3,917	63.7	1,466	76.9	2,451	55.8
1990	8,745	37.1	4,265	68.4	1,651	79.4	2,614	61.4
1991	9,031	39.1	4,472	68.8	1,736	79.9	2,736	61.7
1992	9,567	41.1	4,756	70.9	1,970	79.8	2,787	64.5
1993	9,860	42.5	4,990	70.8	1,955	80.7	3,034	64.4
1994	9,837	40.2	4,673	70.9	1,786	80.3	2,887	65.1
1995	9,887	37.2	4,494	66.5	1,539	77.3	2,955	60.9
1996	10,052	35.8	4,545	65.0	1,633	76.8	2,912	58.4
1997	9,874	32.4	4,392	61.5	1,642	73.1	2,750	54.6
1998	9,881	29.8	4,193	56.7	1,491	69.5	2,703	49.6
1999	9,741	24.9	3,746	51.5	1,274	63.3	2,472	45.4
2000	9,425	22.3	3,420	49.8	1,013	66.3	2,407	42.9
2000r	9,712	22.9	3,526	50.3	1,128	64.6	2,398	43.6
2001	10,044	23.5	3,780	50.1	1,281	60.6	2,499	44.8
2002	10,206	24.6	3,809	51.6	1,268	65.2	2,541	44.8
2003	10,411	25.6	3,969	53.7	1,367	64.1	2,602	48.2
2004	10,442	27.0	4,005	57.0	1,465	68.2	2,540	50.6
2005	10,477	27.8	4,139	56.1	1,507	65.9	2,632	50.4
2006	10,938	26.3	4,303	54.2	1,455	66.9	2,948	48.0

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

Note: Details may not sum to totals due to rounding.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 7 Support Table. Poor Single Mothers: Work and Welfare Status During the Year, 1987 to 2006

Year	Number of poor single mothers (in 000s)	Received cash welfare during year (%)	Received cash welfare but did not work during year (%)	Combined work and welfare over the year (%)	Worked at any time during the year (%)	Worked but did not receive cash welfare at any time during the year (%)	Neither worked, nor received welfare during the year (%)
1987	3,661	61.8	43.3	18.5	42.2	23.7	14.5
1988	3,650	62.2	43.0	19.2	43.5	24.3	13.5
1989	3,506	58.6	42.7	15.9	43.1	27.2	14.2
1990	3,821	61.9	41.4	20.5	46.0	25.5	12.6
1991	4,101	62.1	43.3	18.8	44.3	25.5	12.5
1992	4,339	61.0	42.1	18.9	43.6	24.7	14.3
1993	4,456	61.4	41.5	19.8	44.3	24.5	14.1
1994	4,203	58.3	37.8	20.5	47.3	26.8	14.9
1995	3,971	54.2	34.2	20.0	49.7	29.7	16.1
1996	4,005	51.4	31.1	20.3	52.6	32.2	16.4
1997	3,946	44.0	24.5	19.5	57.8	38.3	17.7
1998	3,685	38.9	19.2	19.7	60.4	40.7	20.4
1999	3,314	33.1	15.4	17.8	64.3	46.5	20.3
2000	2,911	27.9	14.4	13.5	63.8	50.3	21.9
2000r	3,090	27.2	13.6	13.6	61.6	48.1	24.8
2001	3,259	23.2	12.9	10.4	58.6	48.2	28.6
2002	3,284	21.5	11.8	9.8	59.0	49.2	29.3
2003	3,525	26.0	14.7	11.2	56.5	45.3	28.7
2004	3,648	20.8	12.1	8.7	55.3	46.6	32.6
2005	3,640	22.1	13.2	8.9	54.0	45.1	32.8
2006	3,841	18.8	11.0	7.8	54.4	46.7	34.6

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 8 Support Table. Effects of Earnings, Transfers, and Taxes on Family Poverty and Household Low-Income Status on Single Mothers, 1987 to 2006

Percent poor based on:							
Year	Family earned income only	Preceding column +: Family cash income other than welfare	Preceding column +: Family cash welfare (“official poverty income”)	Preceding column +: Family food stamps	Preceding column +: Family EITC plus Child Tax Credit and state refundable credits less FICA and income taxes	Preceding column +: Family EITC plus Child Tax Credit and state refundable credits less FICA and income taxes	Household cash income + food stamps + EITC + Child Tax Credit + state refundable credits less FICA and income taxes
1987	53.9	46.6	44.7	42.3	41.1		38.2
1988	53.8	45.9	43.9	42.2	41.3		37.9
1989	52.2	43.7	41.7	39.7	39.2		35.5
1990	53.8	46.1	43.7	41.5	39.9		36.1
1991	55.2	47.4	45.4	42.8	41.3		37.0
1992	55.3	47.4	45.4	42.5	40.6		36.5
1993	56.2	47.4	45.2	42.7	40.7		36.8
1994	53.9	45.5	42.7	39.8	36.5		32.1
1995	51.0	42.3	40.2	36.9	32.5		29.2
1996	49.8	41.5	39.8	37.1	32.9		29.3
1997	50.6	41.7	40.0	37.7	32.6		28.3
1998	47.9	38.8	37.3	35.2	29.7		26.2
1999	43.6	35.3	34.0	32.2	27.5		23.6
2000	40.1	32.1	30.9	29.3	24.2		20.3
2000r	40.8	32.8	31.8	30.5	25.8		21.8
2001	41.9	33.3	32.4	30.9	26.2		22.5
2002	42.2	32.9	32.2	30.5	25.5		22.3
2003	42.9	34.5	33.9	32.2	28.3		24.0
2004	44.3	35.7	34.9	32.5	28.1		23.7
2005	44.0	35.5	34.7	32.6	27.7		23.7
2006	44.5	35.7	35.1	32.9	27.9		23.7

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 9 Support Table. Poverty Gap Percentiles* Based on Cash Income Among Poor Single-Mother Families, 1987 to 2006

Year	Bottom 20%	Bottom 40%	Median (50 th percentile)	Top 40%	Top 20%
1987	27.2	43.4	51.1	60.0	78.2
1988	26.1	40.7	48.1	57.1	74.9
1989	25.6	42.1	50.9	58.9	77.1
1990	27.4	43.0	50.0	58.9	76.1
1991	25.6	42.5	50.5	58.6	75.2
1992	24.2	39.3	48.0	56.6	75.1
1993	26.2	41.0	49.0	56.7	73.6
1994	27.6	43.8	50.7	58.7	76.3
1995	27.7	45.8	53.3	60.3	79.7
1996	27.7	43.5	50.5	58.9	77.7
1997	22.3	42.9	51.3	60.7	78.6
1998	22.6	42.5	51.5	60.3	81.2
1999	23.4	43.1	52.8	62.0	80.1
2000	23.5	45.5	54.8	66.3	82.9
2000r	19.0	42.9	52.6	61.5	81.2
2001	16.4	41.0	51.7	62.3	81.9
2002	18.9	41.6	53.0	63.6	81.9
2003	16.4	39.4	50.6	61.4	80.1
2004	15.6	39.0	50.0	60.5	79.3
2005	15.3	39.2	48.8	57.6	79.3
2006	16.6	41.2	51.4	61.2	80.0

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Poor families' cash income as a percent of families' poverty thresholds.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

Figure 10 Support Table. Poverty Gap Percentiles* Based on Cash Income, Food Stamps, and Net Taxes Including the EITC Among Poor Single-Mother Families, 1987 to 2006

Year	Bottom 20%	Bottom 40%	Median (50th percentile)	Top 40%	Top 20%
1987	43.1	59.1	66.1	72.7	85.4
1988	37.7	55.9	63.8	71.1	85.0
1989	40.1	58.6	65.4	72.3	85.4
1990	41.1	58.9	65.1	71.3	84.8
1991	42.6	59.3	65.6	72.1	84.8
1992	38.6	56.0	61.9	68.6	83.0
1993	40.5	56.7	63.4	69.6	82.6
1994	42.7	59.0	65.1	71.1	84.3
1995	40.3	58.5	65.2	71.4	85.0
1996	41.2	58.0	64.0	70.8	84.3
1997	34.7	54.3	62.8	70.3	85.0
1998	30.7	53.9	61.5	68.4	84.6
1999	31.3	53.1	61.6	70.0	84.8
2000	30.2	54.0	62.6	70.2	86.8
2000r	26.7	51.0	61.0	69.3	85.1
2001	22.4	48.6	58.9	68.3	85.4
2002	27.2	50.8	59.5	67.0	83.4
2003	24.4	47.7	57.7	67.3	84.9
2004	25.7	47.1	56.2	65.7	83.5
2005	25.2	48.8	58.0	66.7	83.3
2006	22.2	49.1	60.1	68.5	84.1

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Poor families' cash income as a percent of families' poverty thresholds.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

**Figure 11 Support Table. Bottom Income Quintile* of Single Mother Families:
Average Annual Income by Source, 1987 to 2006**
(in 2006 dollars)

Year	Federal and state income taxes and FICA taxes	AFDC, TANF, General Assistance	Supplemental Security Income (SSI)	Food stamps (market value)	Child support and alimony	Other income	Gross family earnings	EITC	Refund-able child tax credit	Refund-able state tax credits	Total income net of taxes
1987	-96	3,315	128	2,722	274	491	1,071	122	n/a	n/a	8,026
1988	-103	2,942	99	2,364	253	432	1,264	139	n/a	n/a	7,390
1989	-86	3,095	120	2,567	262	550	1,061	130	n/a	n/a	7,699
1990	-91	3,283	109	2,625	224	385	1,133	136	n/a	n/a	7,804
1991	-75	3,229	110	2,873	191	345	927	135	n/a	n/a	7,736
1992	-72	2,809	179	2,740	240	448	908	140	n/a	n/a	7,392
1993	-72	2,954	185	2,678	264	540	876	143	n/a	n/a	7,568
1994	-102	3,075	289	2,996	303	464	1,297	332	n/a	n/a	8,654
1995	-124	2,779	338	2,589	349	543	1,628	499	n/a	n/a	8,601
1996	-149	2,467	285	2,539	389	503	1,875	640	n/a	n/a	8,552
1997	-127	2,201	247	2,393	315	735	1,621	567	n/a	n/a	7,950
1998	-177	1,744	334	2,115	266	709	2,171	775	n/a	n/a	7,938
1999	-223	1,432	364	1,826	414	736	2,773	949	n/a	n/a	8,273
2000	-302	1,177	570	1,710	618	665	3,645	1,217	n/a	n/a	9,300
2000r	-241	1,109	477	1,683	570	775	3,001	1,031	n/a	n/a	8,405
2001	-226	928	478	1,749	543	695	2,824	932	n/a	n/a	7,923
2002	-229	890	491	1,817	648	1,078	2,717	898	n/a	n/a	8,311
2003	-146	1,083	438	1,914	552	856	2,122	595	n/a	n/a	7,414
2004	-157	820	452	2,098	581	810	2,024	547	123	24	7,322
2005	-144	832	483	2,075	541	891	1,968	678	3	25	7,353
2006	-205	754	492	2,113	503	894	2,277	722	3	33	7,587

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Quintiles based on ranking of ratios of family cash pre-tax income relative to poverty. Taxes include federal and state income taxes and FICA taxes.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.

**Figure 12 Support Table. Second Income Quintile* of Single Mother Families:
Average Annual Income by Source, 1987 to 2006**
(in 2006 dollars)

Year	Federal and state income taxes and FICA taxes	AFDC, TANF, General Assistance	Supplemental Security Income (SSI)	Food stamps (market value)	Child support and alimony	Other income	Gross family earnings	EITC	Refund-able child tax credit	Refund-able state tax credits	Total income net of taxes
1987	-346	5,142	588	2,021	492	1,977	4,160	458	n/a	n/a	14,857
1988	-354	4,918	534	2,019	433	1,827	4,469	475	n/a	n/a	14,320
1989	-459	4,571	677	1,748	560	1,746	5,757	583	n/a	n/a	15,184
1990	-466	4,500	555	2,123	560	1,769	5,442	570	n/a	n/a	15,052
1991	-386	4,431	568	2,223	471	1,699	4,777	678	n/a	n/a	14,462
1992	-377	4,029	547	2,136	625	1,704	4,636	673	n/a	n/a	13,973
1993	-349	4,155	833	2,133	530	1,785	4,325	663	n/a	n/a	14,095
1994	-463	3,445	973	2,004	702	1,765	5,687	1,322	n/a	n/a	15,434
1995	-653	3,017	1,124	2,050	734	2,188	7,579	1,811	n/a	n/a	17,851
1996	-609	2,574	961	1,727	751	2,018	7,143	1,920	n/a	n/a	16,485
1997	-657	1,955	918	1,518	904	1,992	8,075	2,299	n/a	n/a	17,005
1998	-828	1,455	1,025	1,270	659	2,043	9,893	2,572	n/a	n/a	18,089
1999	-997	1,096	914	921	848	1,838	11,609	2,744	n/a	n/a	18,973
2000	-1,196	794	689	753	1,010	2,142	13,711	2,809	n/a	n/a	20,713
2000r	-1,166	739	743	809	1,011	2,111	13,261	2,742	n/a	n/a	20,250
2001	-1,086	709	899	857	1,093	2,246	12,331	2,653	n/a	n/a	19,720
2002	-1,082	580	696	865	1,038	2,448	12,439	2,723	n/a	n/a	19,708
2003	-865	809	692	1,054	1,099	2,182	11,504	2,298	n/a	n/a	18,772
2004	-921	619	868	1,254	1,081	2,454	11,263	2,209	438	103	19,368
2005	-919	717	967	1,343	954	2,388	10,964	2,549	277	114	19,354
2006	-1,083	477	780	1,228	890	2,382	11,329	2,588	280	144	19,017

Source: Congressional Research Service (CRS) estimates based on analysis of U.S. Census Bureau 1988 to 2007 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) data.

* Quintiles based on ranking of ratios of family cash pre-tax income relative to poverty. Taxes include federal and state income taxes and FICA taxes.

r = Revised estimates based on expanded CPS sample and 2000 decennial census-derived weights.