

Parents' Work Entry, Progression and Retention and Child Poverty

Dr. Gillian Paull

Frontier Economics & Institute for Fiscal Studies

Gillian.Paull@frontier-economics.com

Presentation at the conference

“Reducing child poverty and improving children’s life chances”

Institute for Fiscal Studies, 7th September 2010

Tables and figures are derived from James Browne & Gillian Paull, “Parents’ Work Entry, Progression and Retention and Child Poverty”, Department for Work and Pensions, Research Report No 626, January 2010

Recent policy has focused on facilitating employment for parents as a means of lifting families with children out of poverty:

- Is moving into work an important factor in lifting families out of poverty ?
- If there is no immediate exit from poverty, do families escape poverty in the three years following work entry ?
- Does work progression or training help families to escape poverty ?
- How long do parents remain in work ? Does work progression or training help work retention ?

To answer these questions, this research:

- Uses waves 3-8 of the Families and Children Survey (FACS) (an annual panel of approximately 7,000 families with children in Great Britain).
- Derives a monthly panel of work characteristics for parents and family income and poverty between April 2001 and Autumn 2006.
- Uses the HBAI before housing costs poverty measure: families are in poverty if equivalised family income is below 60 percent of contemporary median income.

Background 1: substantial proportions of families, particularly lone parent families, experience poverty at some time:

Monthly poverty dynamics within three year periods	Couples	Lone mothers	Lone fathers	All families
Percentage of families:				
- never in poverty	70	25	41	59
- sometimes in poverty	28	66	52	38
- always in poverty	2	9	7	4

Background 2: movements into and out of poverty are more closely associated with changes in work participation than changes in family structure:

- 31 percent of poverty exits coincide with a parent entering work, but only 7 percent are associated with a new partner and 6 percent with a child leaving.
- 29 percent of poverty entries coincide with a parent leaving work, but only 5 percent are associated with a partner leaving and 6 percent with the arrival of a dependent child.

But 50 percent of poverty exits and 58 percent of poverty entries are not associated with any change in family structure or work participation.

Work entry: many families move out of poverty when a parent enters work:

	Type of parent entering work			
	Mothers in Couples	Lone Mothers	Fathers	All Parents
Percentage of families:				
- remaining in poverty	9	31	20	17
- leaving poverty	15	46	53	31
- entering poverty	1	6	2	3
- remaining out of poverty	75	17	26	50
Poverty exit rate (% of those initially in poverty who leave)	63	60	73	65

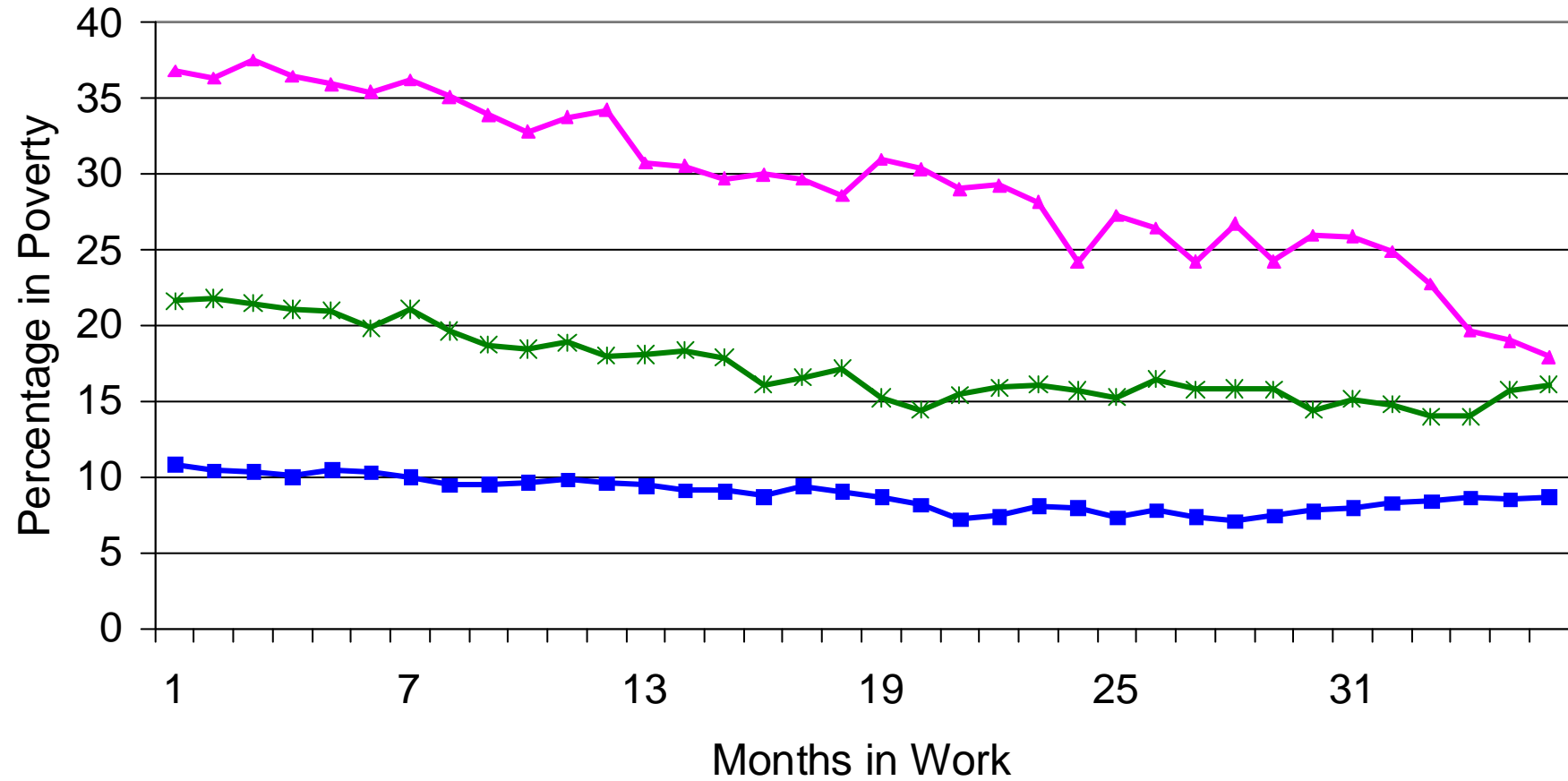
Families are more likely to leave poverty when a parent enters full-time work than work with shorter hours:

	Mothers in Couples	Lone Mothers	Fathers
Poverty exit rate for:			
- mini-job (<16 hours)	50	51	27
- part-time (16-29 hours)	60	54	46
- full-time (30+ hours)	74	81	80
Percentage of parents entering:			
- mini-job (<16 hours)	43	21	6
- part-time (16-29 hours)	35	53	15
- full-time (30+ hours)	22	26	79

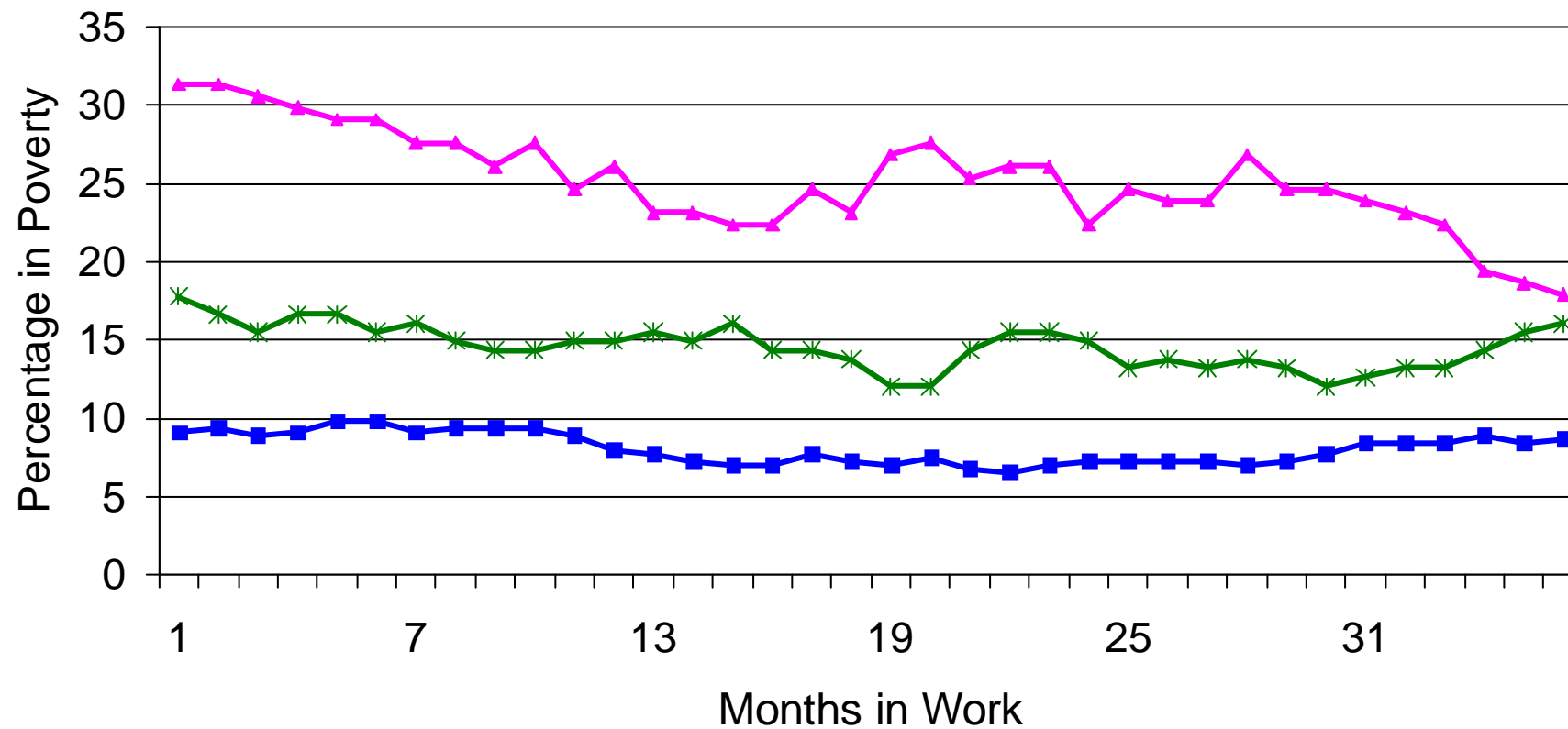
Three years following work entry:

- Does the proportion of families in poverty decline ?
- Does any decline reflect parents in poverty being more likely to leave work during the three years ? Does the proportion in poverty decline for those remaining in work throughout the period ?
- Does any decline simply reflect a particular set of families moving out of poverty ? Or is there much churning in and out of poverty ?

Percentage in poverty following work entry



Percentage in poverty for those in work for at least 36 months



Monthly poverty transitions within the three years following work entry
for those remaining in work for at least 36 months

	Mothers in Couples	Lone Mothers	Fathers
Percentage of families:			
- always in poverty	3	4	6
- exit poverty	4	18	6
- 2 or more poverty transitions	9	31	17
- enter poverty	3	6	5
- never in poverty	81	41	66
Reminder from previous figure: change in percentage in poverty	9 → 9	31 → 18	18 → 16

Work progression: sizeable proportions of parents experience work “progression” (or “regression”) in the three years after work entry:

Percentage of parents within each year:	
- hourly earnings rise (fall) by more than 5%	39 (33)
- weekly hours rise (fall) by 5 or more hours	23 (14)
- move into permanent (temporary) work	8 (4)
- move into supervisory (non-supervisory) position	10 (6)
- change employer / occupation / industry	26 / 29 / 19
- undertake job-related training	33
- undertake one educational/training course	18
- undertake two or more educational/training courses	12

Only a few measures of work progression are associated with statistically significant differences in poverty exit and entry rates:

	% annual poverty exit rate	% annual poverty entry rate
Hourly earnings - fall by more than 5%	38	11
- unchanged within 5%	43	7
- rise by more than 5%	57	5
Weekly hours - fall by 5+ hours	49	8
- unchanged within 5 hours	44	8
- rise by 5+ hours	56	7
Do not change occupation	46	
Change occupation	53	

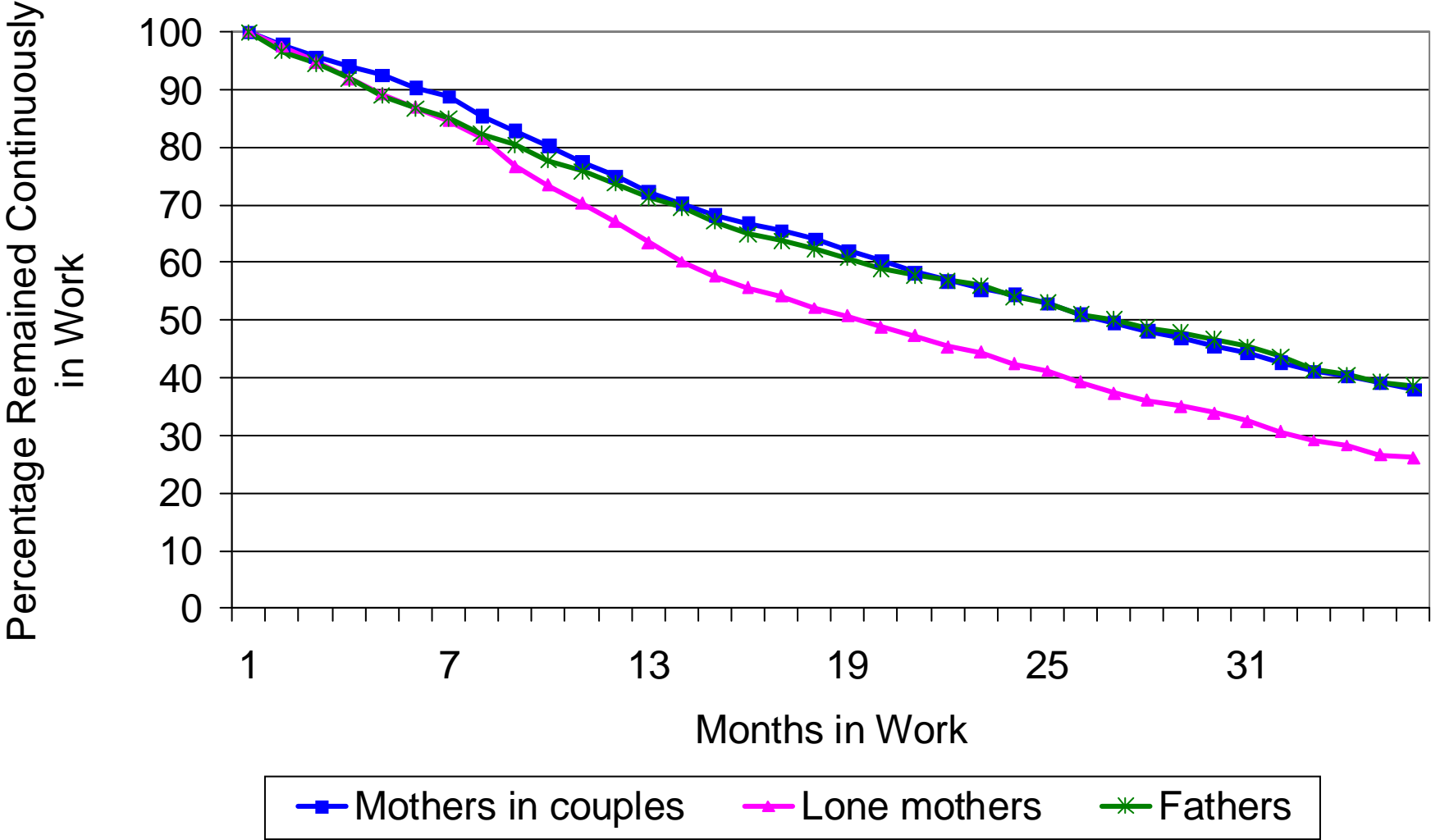
Those undertaking training/education are more likely to exit and less likely to enter poverty (but the association is only statistically significant for job-related training and poverty entry over two years):

	% poverty exit rate		% poverty entry rate	
	One year	Two years	One year	Two years
Statistically significant differences *				
Not significant differences				
No job-related training	37	53	8	9 *
Job related training	43	55	4	5 *
Other educational or training courses:				
- none	36	52	7	8
- one course	44	64	6	8
- two or more courses	47	56	6	5

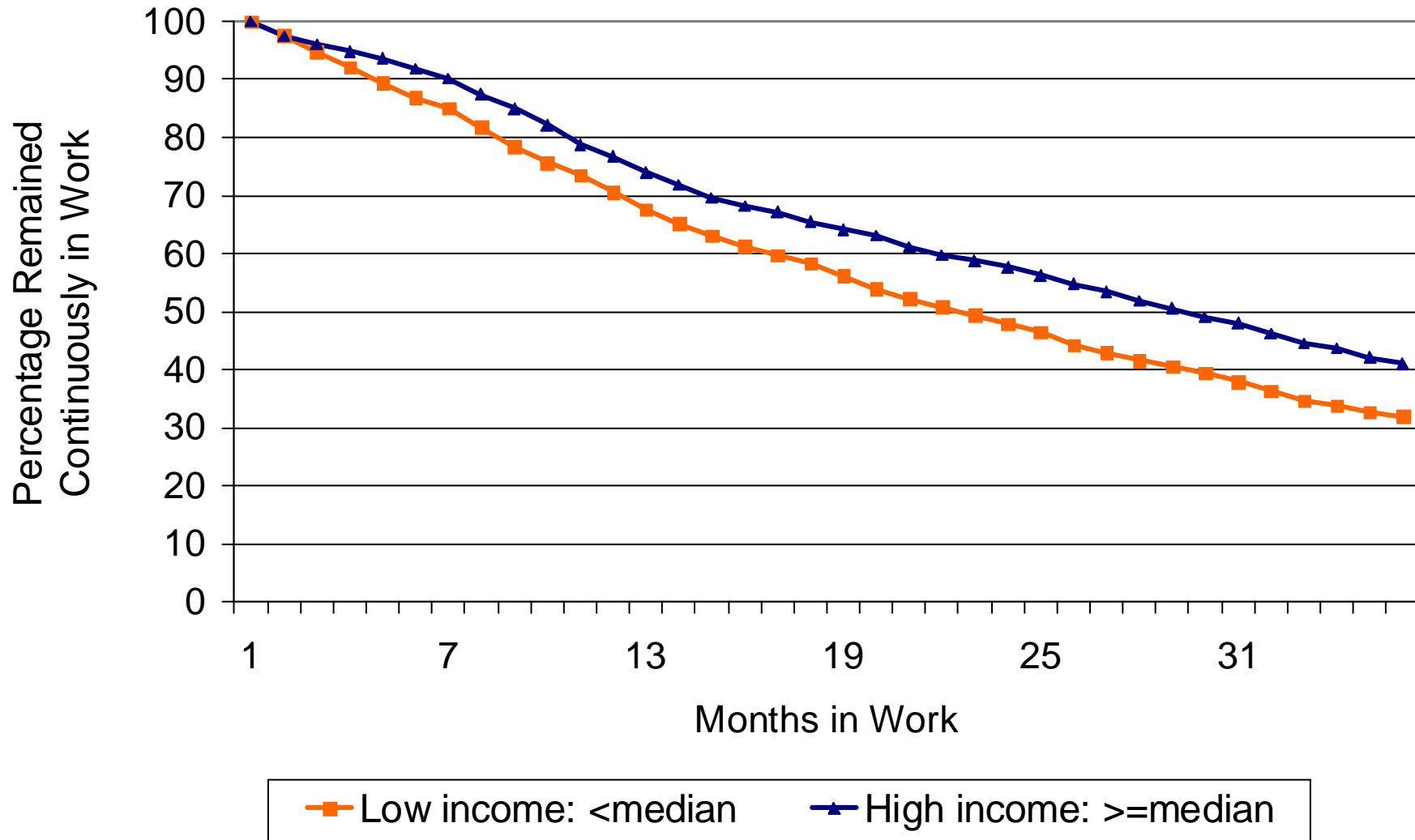
Work retention: important because many families enter poverty when a parent leaves work:

	Mothers in Couples	Lone Mothers	Fathers	All Parents
Poverty entry rate (% of families initially not in poverty who enter)	17	66	67	39

Proportions remaining in work



Proportions remaining in work by income group



For the low income group:

- moving into non-permanent work is associated with shorter retention.
- training is associated with longer work retention, but causation could run in either direction (those expecting or expected to remain in work longer could be more likely to undertake training or education).

Within annual periods	Predicted median months in work
No job-related training	83
Job related training	89
No educational/training courses	86
One educational/training course	69
Two+ educational/training courses	117

Summary

A parent moving into work is important in lifting many families out of poverty, but:

- a substantial proportion of families with children remain in poverty or fall into poverty after a parent enters work
- a high proportion of parents do not remain in work very long and have a high risk of entering poverty if they leave work

Work progression and training within work could do much more to help families with working parents to escape and remain out of poverty.