

Parents' Work Entry, Progression and Retention
and Child Poverty

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Recent policy has focused on facilitating employment for parents as a mean 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 ?

Previous research:

- For overall population, poverty entry is associated with changes in work circumstances and poverty exit is associated with movements into work and increases in work hours or earnings.
- For families, work participation is important for keeping families out of poverty and for escaping from poverty, but number of earners, work hours and work tenure also important
- Low paid jobs for lone parents have shorter work retention than higher paid work, but some are “stepping stones” for work advancement.

This study:

- 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.

Findings:

- 1) Overview of family work and poverty
- 2) Changes in family poverty with work entry
- 3) Poverty dynamics within work spells following work entry
- 4) Work retention

Percentage of families in poverty by family type and work participation
(table 4.1)

Couples:		Lone mothers: - no work	61
- neither works	67	- works	22
- only mother works	51		
- only father works	21	Lone fathers: - no work	62
- both parents work	3	- works	13

Monthly poverty dynamics within three year periods (table 4.2)

	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
For those sometimes in poverty:				
- mean number of poverty spells	6	7	6	6
- mean percentage of time in poverty	33	45	47	39

Changes associated with monthly poverty transitions (table 4.3):

- 50 percent of poverty exits and 58 percent of poverty entries are not associated with any change in partnership, number of children or work participation.
- 31 percent of poverty exits coincide with a parent entering work.
- 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.
- Only 5 percent are associated with a partner leaving and 6 percent with the arrival of a dependent child.

Summary 1: Overview of family work and poverty

- The poverty rate is much lower for working parents than parents not in work, but work does not guarantee protection against poverty. For couples, the father's work participation is critical for poverty status.
- Persistent poverty is relatively rare, but there is considerable movement into and out of poverty.
- Most changes in poverty are not associated with any change in family structure or work participation, but a substantial proportion of poverty exits (entries) are associated with a parent entering (leaving) work.

Main analysis considers - work entry

- and subsequent three years in work

- Work entry is a monthly movement from not working to working.
- Mothers divided into those with and without partners, but fathers combine those in couples and (a few) lone fathers.
- The sample is not typical of working parents: fathers are those recently out of work and mothers are in unusual period of re-entry.
- The statistics for each month after work entry are based on those still in work and in the survey (and with unchanged partnership).
- The focus is the individual parent --- but poverty state is determined by family income and can change through changes in the parent's earnings and through changes in other family income, number or age of children, or the poverty threshold.

Change in poverty with work entry (table 5.1)

	Mothers in Couples	Lone Mothers	Fathers	All Parents
Percentage of parents:				
- 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

Poverty exit rates with work entry by work hours (tables 5.2-5.4)

	Mothers in Couples	Lone Mothers	Fathers
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
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

Who is most likely to escape poverty with work entry ?

- use a multivariate regression model to identify which demographic factors have statistically significant differences controlling for related differences in other characteristics.

Poverty exit rate (table 5.6):

- higher for fathers than mothers in couples or lone mothers
- falls with the number of children
- rises with qualification level
- higher for owner-occupiers than renters or other types of housing

(No significant relationship for age of youngest child, age of parent, ethnicity and health status)

Which work characteristics are associated with a greater likelihood of poverty exit ?

- again, use a multivariate regression model

Poverty exit rate (table 5.7):

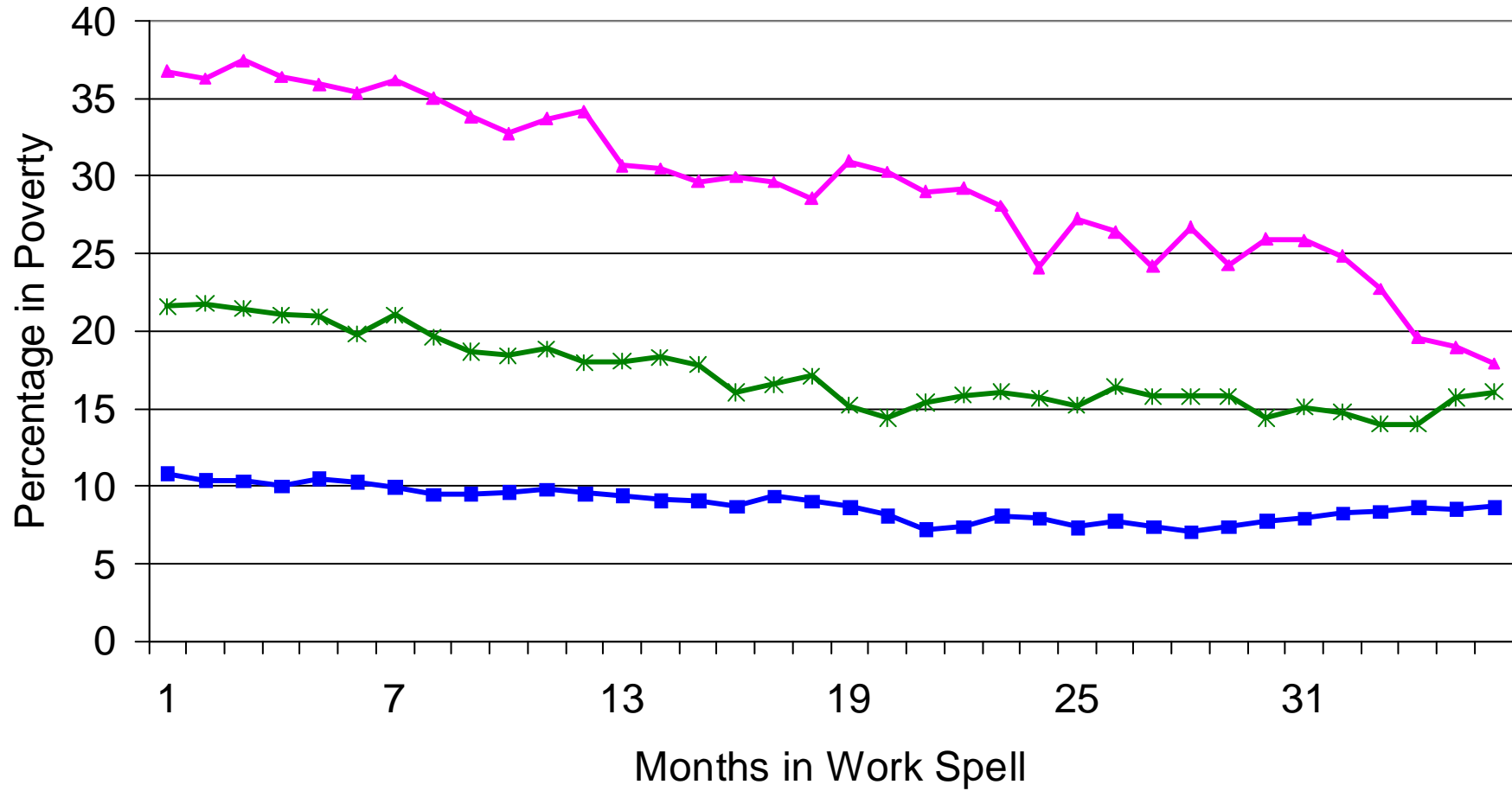
- falls with the amount of time spent out of work
- rises with hourly earnings
- higher for full-time than mini-jobs or part-time
- (higher for supervisory roles and larger firms but only because of associated higher earnings and longer hours)

(No significant relationship for whether employed or self-employed and for whether permanent or temporary position)

Summary 2: Changes in family poverty with work entry

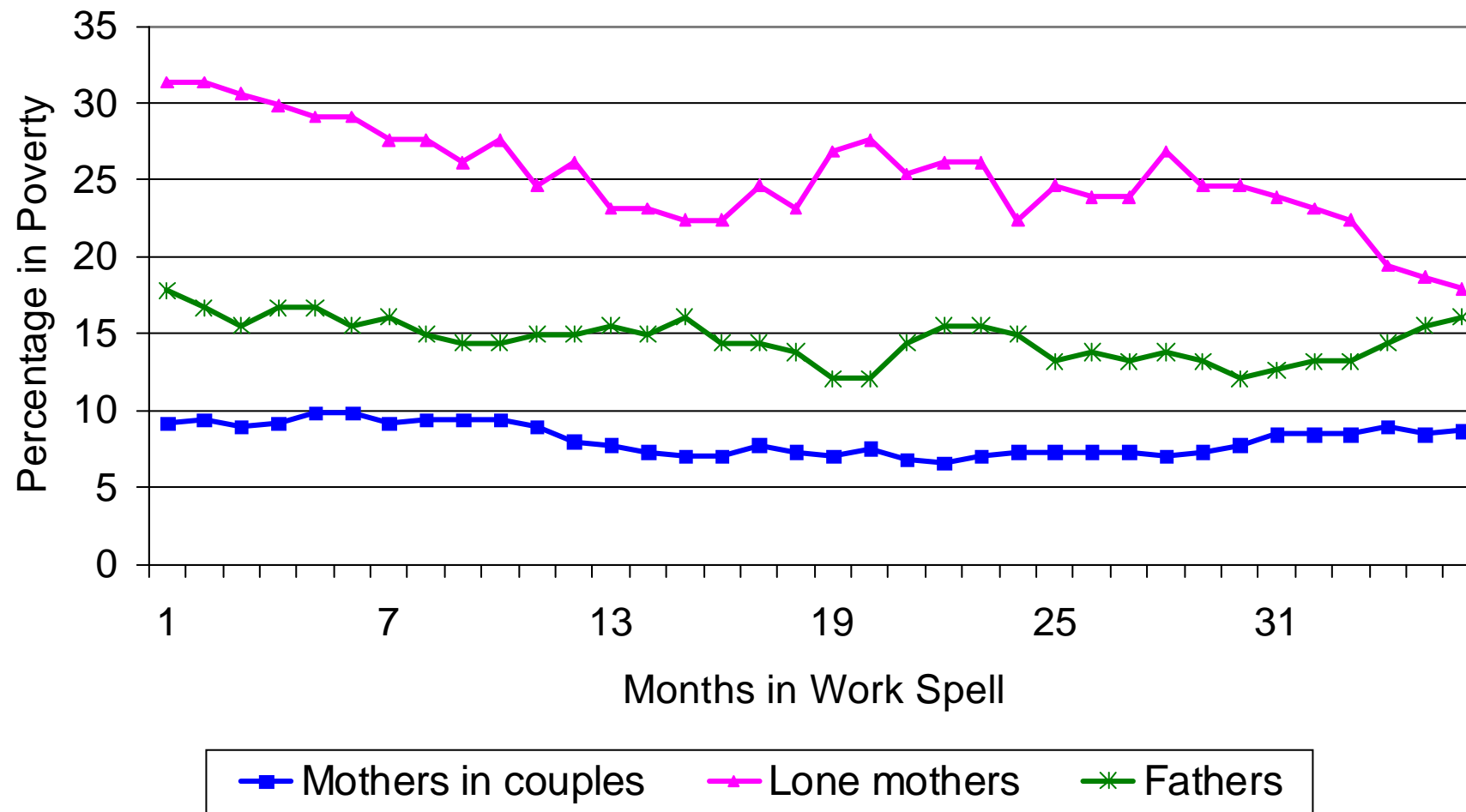
- Some 65 percent of parents who are in poverty in the month prior to work entry escape from poverty when they enter work.
- Fathers entering work are more likely to leave poverty than mothers.
- The poverty exit rate is considerably higher for parents entering full-time work, but there is little difference between mini-jobs and part-time work.

Percentage in poverty over the work spell (figure 6.1)



Mothers in couples Lone mothers Fathers

**Percentage in poverty for work spells lasting 36 months plus
(figures 6.2-6.4)**



Monthly poverty transitions within first three years in work (table 6.1)

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

Section 6.2 in the report describes in detail the changes in working hours, hourly earnings and poverty rates during the three years following work entry:

- The proportions of mothers in couples and lone mothers working in mini-jobs declines substantially, while the proportions working full-time rise.
- The slight upturn in poverty in the third year for mothers in couples and fathers is driven by those working less than full-time.

Who is most likely to exit poverty or fall into poverty within work ?

- use a multivariate regression model for monthly transitions to identify which demographic factors have statistically significant differences controlling for related differences in other characteristics.
- (tables 6.4 – 6.5)

Which work characteristics are associated with a greater likelihood of poverty exit or poverty entry ?

- again, use a multivariate regression model
- (tables 6.6 – 6.7)

Significant demographic factors for poverty transitions within work:

Poverty exit rate:

- Higher for mothers in couples than lone mothers
- Rises with qualification level
- Higher for white ethnic group than black or other non-white/non-black group

Poverty entry rate:

- Highest for lone mothers and lowest for mothers in couples
- Rises with age of youngest child
- Rises with the number of children
- Falls with qualification level
- Lower for black ethnic group than other non-white/non-black group

Significant work characteristics for poverty transitions within work:

Poverty exit rate:

- Falls with the amount of time spent out of work
- Rises with hourly earnings
- Higher for full-time than for mini-jobs or part-time (Higher for mini-jobs than part-time due to associated hourly earnings)
- Rises with firm size

Poverty entry rate:

- Rises with the amount of time spent out of work
- Falls with hourly earnings
- Higher for part-time than mini-jobs or full-time
- (Lower for those in supervisory work and larger firms due to associated hourly earnings)

Does work progression or training help families to exit poverty ?

- Does progression or avoidance of “regression” also help protect against falling into poverty ?
- Consider annual periods within the 36 months following work entry
- Just over one-third of poverty exits and entries can be attributed at least in part to a change in the parent’s earnings (rather than solely to changes in other family income or changes in the number of children) (table 6.8)

Percentage of parents experiencing work “progression” (“regression”) within annual periods (table 6.9):

Hourly earnings rise (fall) by more than 5%	39	(33)
Weekly hours rise (fall) by 5 or more hours	23	(14)
Move into permanent (non-permanent) work	8	(4)
Move into a supervisory (non-supervisory) position	10	(6)
Move to a larger (smaller) firm or firm size rises (falls)	17	(15)
Change employer	26	
Change occupation	29	
Change industry	19	

Significant work progression factors in multivariate regression models for annual poverty exit and entry rates (tables 6.10 - 6.11)

	% poverty exit rate	% 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	

Percentage of parents undertaking training over annual periods (table 6.9)

Job-related training	33
Other educational or training courses:	
- one course	18
- two or more courses	12

Significance of training in multivariate regression models for annual and biannual poverty exit and entry rates (tables 6.12 - 6.13)

	% poverty exit rate		% poverty entry rate	
	One year	Two years	One year	Two years
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

Summary 3: Poverty dynamics within work spells following work entry

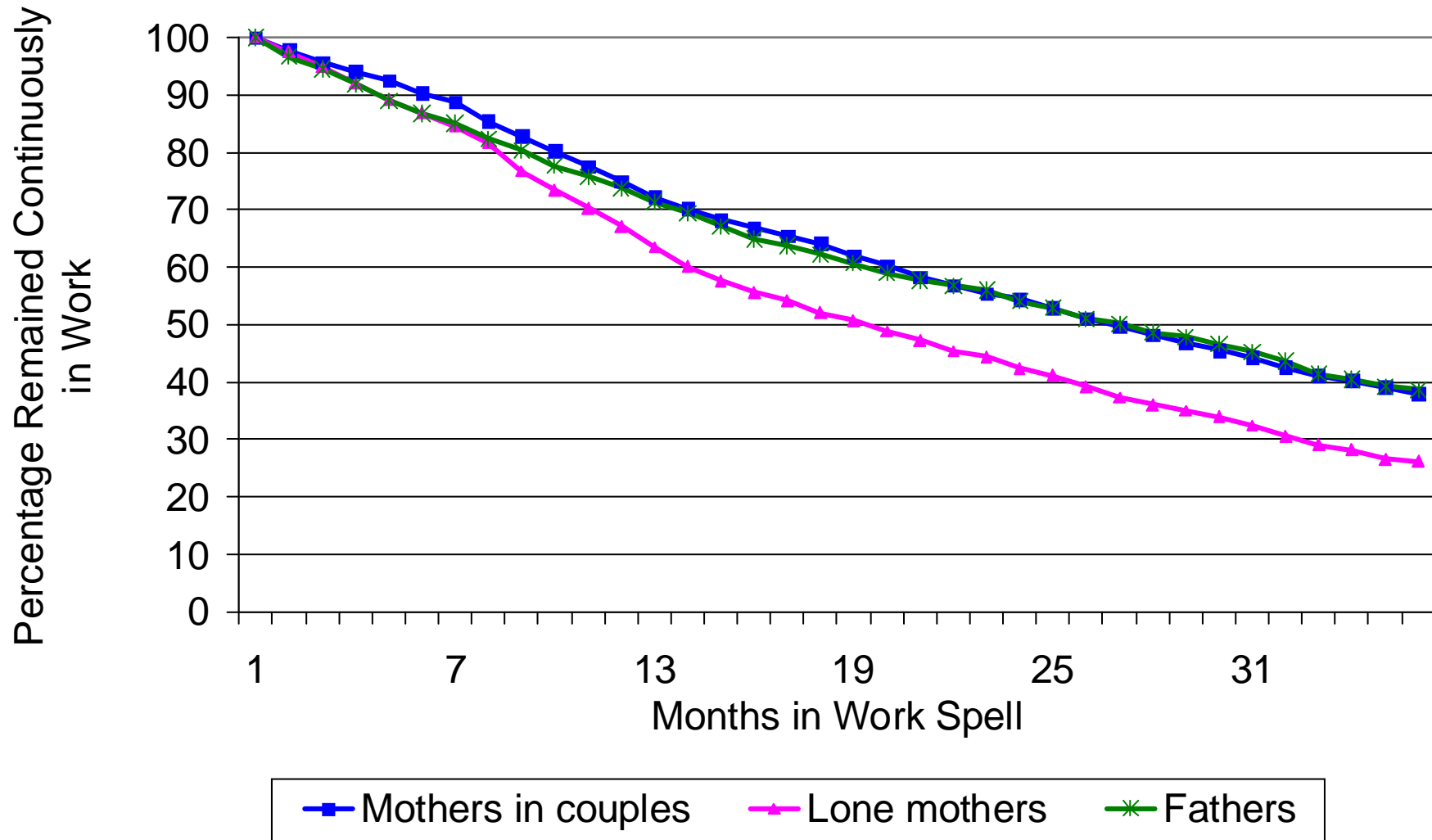
- There is a considerable decline in the likelihood of poverty for lone mothers in the 3 years following work entry, but there is little change for mothers in couples and fathers.
- There is considerable turnover in the poverty population with substantial proportions of parents entering as well as leaving poverty.
- Poverty exits and entries are associated with changes in hourly earnings and weekly hours which occur independently of other measures of work progression.
- Some evidence that job-related training may guard against falling into poverty, but no conclusive evidence that training helps families escape from poverty.

Importance of work retention:

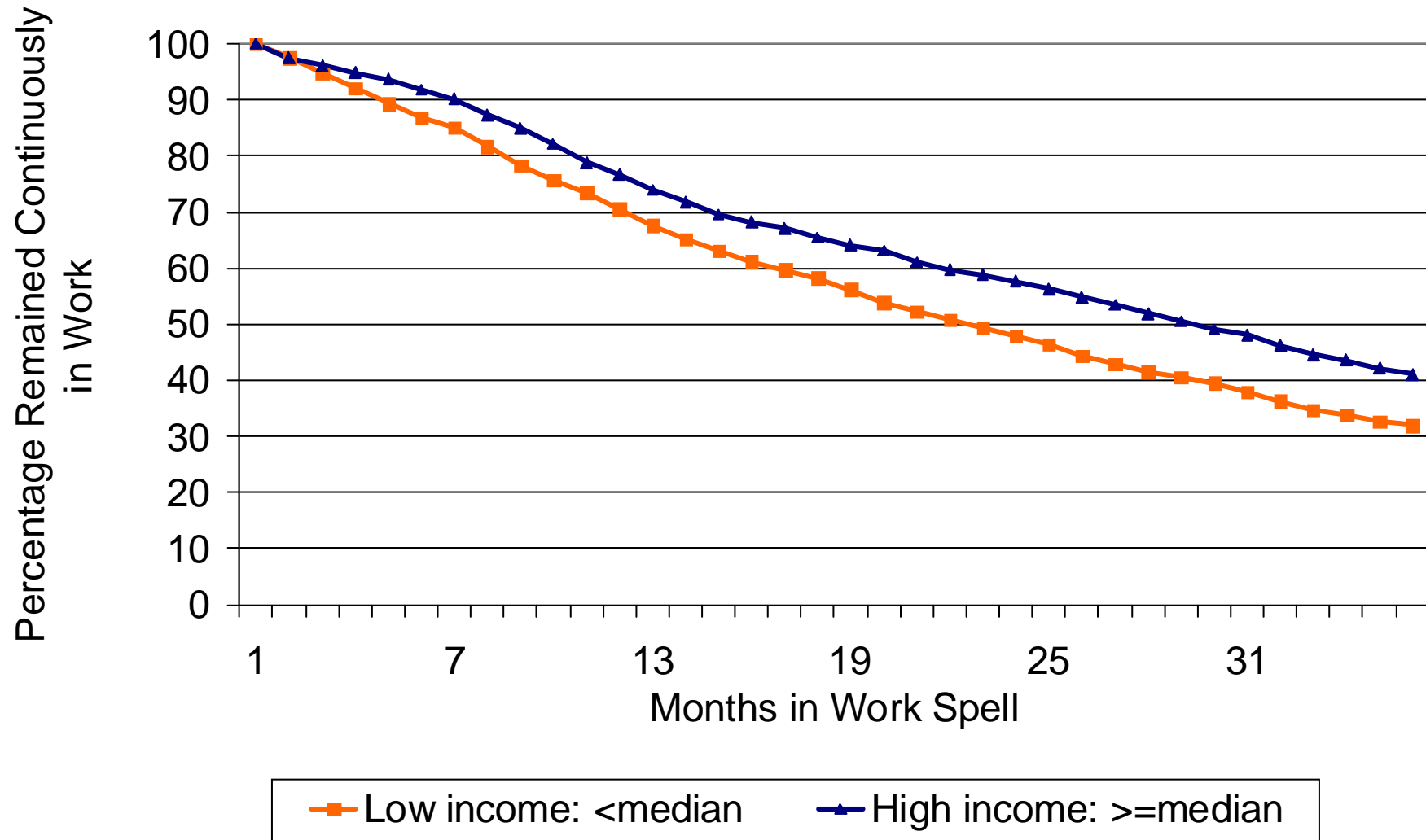
Change in poverty with work exit (table 5.5)

	Mothers in Couples	Lone Mothers	Fathers	All Parents
Percentage of parents:				
- remaining in poverty	7	26	18	14
- leaving poverty	2	7	2	3
- entering poverty	16	44	54	32
- remaining out of poverty	76	23	27	51
Poverty entry rate (% of those initially not in poverty who enter)	17	66	67	39

Proportions remaining in work (figure 7.1)



Proportions remaining in work by income group (figure 7.3)



Use multivariate Weibull regression models to test:

- who remains in work for longer ?
- which work characteristics are associated with longer work retention ?
- whether work progression or training associated with longer work retention ?

Regression models:

- demographic factors and work characteristics defined in month of work entry
- work progression and training defined over annual periods
- separate models for low income and high income groups

Significant demographic factors for work retention (table 7.1):

<p>For low income group:</p> <ul style="list-style-type: none">• Higher for fathers than lone mothers• Rises with parents' age • Higher for owner-occupiers• Lower for those with health problems	<p>For high income group:</p> <ul style="list-style-type: none">• Lower for black ethnic group than other non-white/non-black group• Higher for owner-occupiers
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Significant work characteristics for work retention (table 7.2):

<p>Low income group:</p> <ul style="list-style-type: none">● Rises with hourly earnings● Lower for mini-jobs than part-time or full-time● Higher for self-employed● Rises with firm size	<p>High income group:</p> <ul style="list-style-type: none">● Lower for mini-jobs than part-time or full-time
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Significant work progression factors for work retention (table 7.3)

Predicted median time in work (months)	Low income	High income
Weekly hours - fall by 5+ hours		68
- unchanged within 5 hours		90
- rise by 5+ hours		83
Remain permanent	87	
Move to non-permanent	60	
Do not change employer		89
Change employer		69
Do not change industry		87
Change industry		72

Significance of training in factors for work progression (table 7.4)

<p>Significant differences</p> <p>Not significant differences</p>	Predicted median time in work (months)	
	Low income	High income
No job-related training	83	86
Job related training	89	96
Other educational or training courses:		
- none	86	87
- one course	69	87
- two or more courses	117	90

Summary 4: Work retention

Substantial proportions of parents do not remain in work for very long:

- And many families enter poverty when a parent leaves work, particularly for lone mothers and fathers.

Within the low income group:

- Fathers remain in work longer than lone mothers.
- Work retention is longer for those with higher hourly earnings and for those in full-time or part-time work rather than mini-jobs.
- For most measures, work progression is not related to work retention.
- Work retention is higher for those undertaking job-related training or two or more educational/training courses (but causation could run in either direction).

Conclusions

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

This suggests considerable scope for work progression and training to play a greater role in lifting and keeping families out of poverty.

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