



WOMEN'S ECONOMIC SECURITY IN ILLINOIS

THE IMPACT OF THE RECESSION ON SINGLE MOTHERS

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During the Great Recession, economic circumstances for single-mother households have become more fragile.¹ They continued to earn less income than their married counterparts and even single-father households. Unemployment rates and poverty rates among single mothers have increased substantially. Single mothers, unlike most married mothers, bear the entire cost of raising their children and providing for their needs. When single mothers struggle to support their families, children also suffer – it can worsen issues such as hunger, homelessness, and inadequate access to quality child care.

This report discusses the impact of the recession on the economic security of women – particularly single mothers – in Illinois. Single-mother families represent almost a quarter of all Illinois families with children. Income assistance and work support programs have played critical roles in providing women and their families with greater economic security. Such programs are vital not only during an economic crisis but also for many years after a recession. This report emphasizes the need for policies that help enhance economic security for single mothers by ensuring they are able to work and provide for their children's well-being. The main focus is on four key factors that are crucial for improving the economic security of women and their families: earnings, employment, income support, and child care. The report concludes with recommendations for strengthening economic security programs, including the Supplemental Nutrition Assistance Program, unemployment insurance, Temporary Assistance for Needy Families, and targeted tax credits for working families with children.

THE WAGE GAP: WOMEN CONTINUE TO EARN LESS THAN MEN

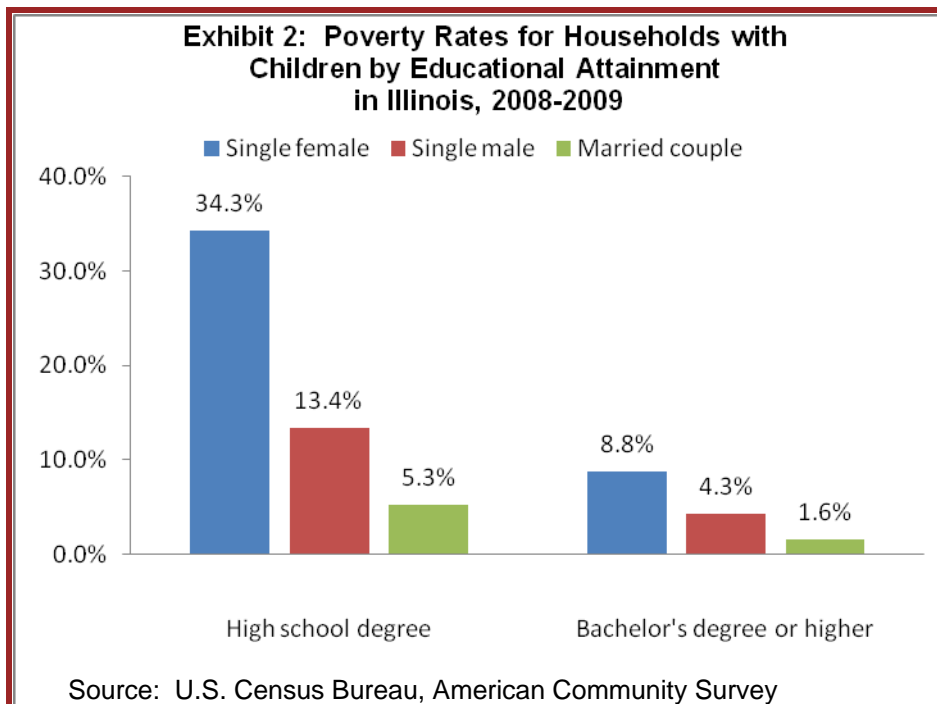
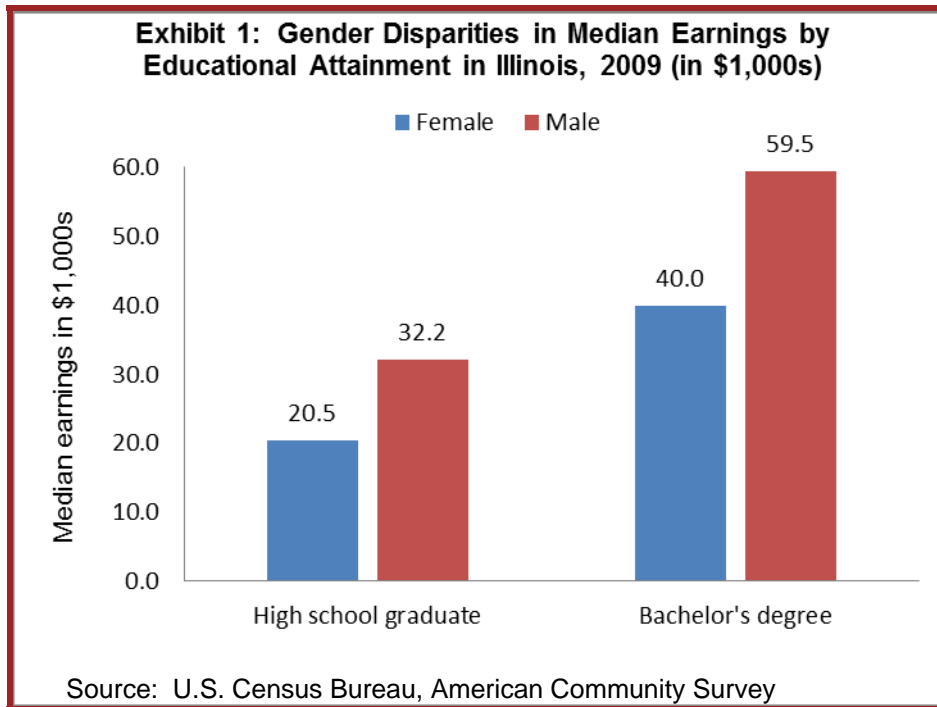
More than 80 percent of all single mothers in Illinois are in the labor force. However, among full-time, year-round workers in 2009, women made only 77 cents per dollar earned by men. In fact, women make less than men even at similar levels of educational attainment (see Exhibit 1). For example, median earnings for women with a bachelor's degree were 33 percent below earnings for men at the same education level. Among those with only a high school diploma, the earnings gap was 36 percent.² It is no wonder that more than one-third of single female householders with a high school education were living in poverty in 2009, compared with 13 percent of single men and only 5 percent of married couples (see Exhibit 2).

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¹ In this report, a single-mother household is defined as a household headed by a single female (widowed, separated, divorced, or never married) living with her own children under age 18.

² U.S. Census Bureau, American Community Survey.

Single mothers want to work and earn sufficient wages that will help them achieve economic self-sufficiency. However, large disparities in earnings contribute to the inability of single mothers to afford basic necessities for their families. Closing the wage gap between men and women could pull more single mothers out of poverty, enabling them to be more financially stable and save more, helping them get through tough economic times.



UNEMPLOYMENT: SINGLE MOTHERS HIT HARD

Overall, the unemployment rate in Illinois climbed rapidly from 5 percent in 2007 to almost 10 percent in 2009. Unemployment for women rose from 4.5 to 8.7 percent, while male unemployment increased from 5.6 percent to 11.1 percent.³

Although labor force participation is very high for single mothers, they are twice as likely as married mothers to be unemployed. Among Illinois households with children, unemployment in 2009 was 13.5 percent for single mothers, 12 percent for single fathers, and under 7 percent for married parents living together. Single mothers have been hit hard by the recession, as their unemployment rate jumped from 9 percent in 2007 to almost 14 percent in 2009 (see Exhibit 3).

Exhibit 3: Unemployment Rates and Poverty Rates for Households in Illinois

	Household Type	2007	2008	2009
Unemployment rates	Single mother	9.1%	8.6%	13.5%
	Single father	7.5%	7.3%	12.0%
	Married couple:			
	Married mother	4.4%	4.1%	6.6%
	Married father	3.3%	3.1%	6.5%
Poverty rates	Single mother	34.2%	36.9%	38.6%
	Single father	17.1%	17.1%	21.6%
	Married couple	5.6%	5.3%	6.4%
Number of households in poverty (in 1,000s)	Single mother	139.8	147.9	153.5
	Single father	20.4	20.9	26.4
	Married couple	63.5	58.7	68.6

Source: U.S. Census Bureau, American Community Survey

POVERTY SPIKES FOR SINGLE-MOTHER HOUSEHOLDS

In 2009, over 650,000 Illinois children, about one-fourth of all children in the state, lived in single-mother households. And almost 40 percent of single-mother households had incomes below the federal poverty level (\$17,285 for a single mother and two children), compared with 22 percent of single-father households and only 6 percent of married couples with children.

In 2009, the poverty rate for single-mother households in Illinois was nearly 40 percent.

Between 2007 and 2009, the number of single-mother households in poverty increased by almost 14,000 (see Exhibit 3). And among single, female-headed families with children under age 5, an alarming half were living in poverty in 2009, up from 45 percent in 2007 (see Exhibit 4).

³ Illinois Department of Employment Security and U.S. Bureau of Labor Statistics.

Exhibit 4: Poverty Rates for Families with Young Children in Illinois

	2007			2009		
	Female house- holder	Male house- holder	Married couple	Female house- holder	Male house- holder	Married couple
All families with children	34.2%	17.1%	5.6%	38.6%	21.6%	6.4%
Total with children under age 5	45.0%	24.7%	7.1%	50.1%	24.2%	8.6%
Under 5 only	39.9%	18.8%	4.7%	45.1%	21.2%	5.7%
Under 5 years and 5 to 17	49.2%	34.3%	9.3%	54.2%	28.6%	11.2%
Ages 5 to 17 only	28.2%	12.7%	4.5%	31.7%	19.7%	5.0%

Source: U.S. Census Bureau. American Community Survey

INCOME SUPPORTS: A MIXED PICTURE FOR WOMEN

Unemployment Insurance

Unemployment insurance is crucial to providing temporary financial support to those who have lost their jobs, especially during a recession. In Illinois, the average number of weeks for those receiving unemployment benefits increased from 17 in 2007 to 21 in 2009. Total claims in Illinois rose from 2008 to 2009 by nearly 40 percent, to 1.2 million.⁴ The federal Emergency Unemployment Compensation program, originally provided through the American Recovery and Reinvestment Act of 2009 (ARRA), was recently extended until the end of December 2011. The program provides additional weeks of benefits (13 to 20 weeks) to unemployed workers who have exhausted their basic state unemployment insurance.

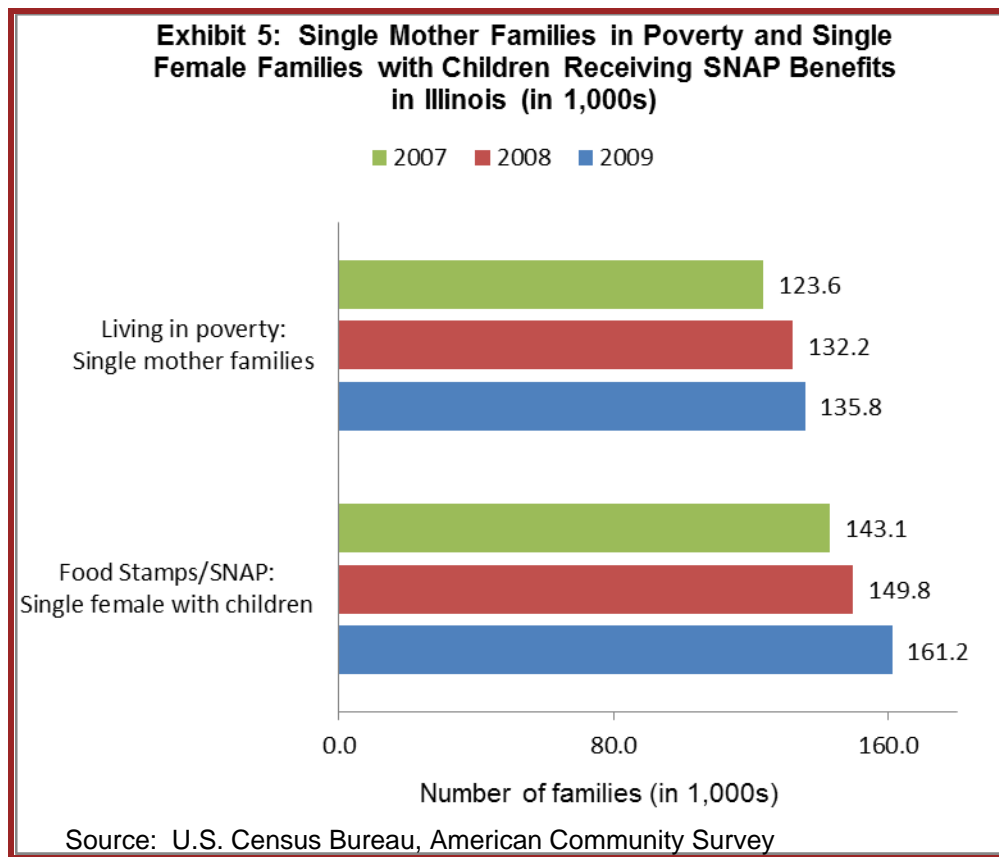
Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, is another key federal program that provides additional assistance during an economic downturn.⁵ In contrast to unemployment insurance, SNAP offers benefits based on need to all households with children, regardless of employment status. The income eligibility limit is 130 percent of the federal poverty level, or about \$22,500 for a family of three. In 2009, the median income for households that received SNAP benefits in Illinois was about \$18,000. One-third of SNAP households in the state were single women with children. The number of single-female SNAP households with children rose by almost 20,000 from 2007 to over 160,000 in 2009 (see Exhibit 5).⁶

⁴ Illinois Department of Employment Security.

⁵ Center on Budget and Policy Priorities, “Policy Basics: Introduction to the Supplemental Nutrition Assistance Program (SNAP),” March 21, 2011.

⁶ U.S. Census Bureau, American Community Survey.



With the average monthly benefit for households in Illinois at about \$300, the SNAP program has been critical to single mothers because it helps provide basic necessities for their families through the recession.⁷ In fact, a mother’s purchasing power increases as the extra income is used to buy food for her children. And those additional dollars go to local businesses and act quickly to stimulate the local economy.⁸

Temporary Assistance for Needy Families

The number of single-parent TANF families in Illinois increased by nearly 68 percent in 2010.

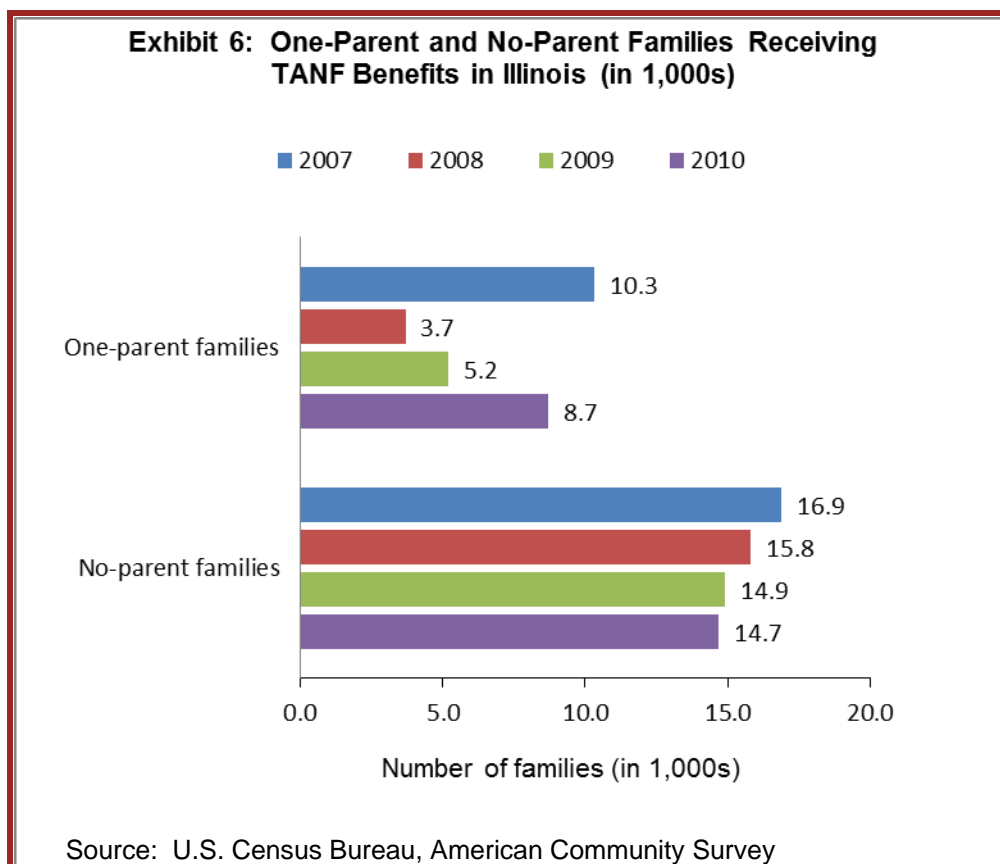
The Temporary Assistance for Needy Families (TANF) program has, in the past, served as a safety net for struggling, single-mother families, but it has been much less effective during the recent recession. Overall, the average monthly number of Illinois families receiving TANF benefits decreased by nearly 26 percent from 2007 to 2009. One-parent TANF families, primarily single-mother families, fell by nearly 50 percent, while the number of “no-parent” families (i.e., cases where only children receive benefits) declined by 12 percent. The TANF program’s restrictive block grant structure, static and inadequate funding streams, and state flexibility in allocating money for other purposes have played a major role in the decrease in the share of funding available for TANF cash benefits over several years. In contrast to the

⁷ U.S. Department of Agriculture, Food and Nutrition Service.

⁸ CBPP, “Policy Basics: Introduction to the Supplemental Nutrition Assistance Program.”

SNAP program – which is funded entirely by the federal government and structured to be responsive during economic downturns – the TANF program clearly has not responded as effectively. And coupled with the state’s own budget crisis—which has led to harmful cuts in an array of human service programs – the reduction in TANF funding produced a gap between the pool of eligible families and children and the actual number of recipients.

In 2010, the number of average monthly TANF recipients actually increased due to the state strengthening its TANF program by enacting legislation that utilized ARRA funds to improve access to benefits and expand the number of eligible families.⁹ The number of single-parent TANF families increased by nearly 68 percent in 2010, although it was still lower than the 2007 level. The number of no-parent families decreased slightly, by about 2 percent (see Exhibit 6).



In the face of critical state budget problems and the elimination of additional federal TANF funds, Illinois recently cut funding for TANF income assistance by one-third for state fiscal year 2012. In federal fiscal year 2009, the Illinois spent only 5 percent of its TANF block grant and state maintenance-of-effort funding on providing actual cash assistance – which was one of the lowest levels in the nation. A single mother with two kids living in Illinois receives a maximum of only \$432 in cash assistance to help get her through the month and provide her family with basic supports. As a result of state budget decisions, benefits could be cut and/or the number of families receiving assistance reduced – which would force thousands of single-mother families deeper into poverty.

⁹ Sargent Shriver National Center on Poverty Law, “TANF Changes Effective July 1,” June 30, 2010.

Earned Income Tax Credit and Child Tax Credit

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are among the country's most effective anti-poverty measures and, therefore, essential supplements to low-income workers, especially single women raising children. Illinois has one of the nation's smallest state EITCs. It is set at only 5 percent of the federal credit and the maximum amount is a mere \$241 per family for one year. ARRA strengthened the federal EITC by increasing the credit for families with three or more children and raising the earnings level at which a married couple's credit begins to phase out. And ARRA strengthened the CTC by lowering its earnings threshold. These improvements have lifted an additional 77,000 Illinoisans – including 43,000 children – above the federal poverty level.¹⁰ The EITC and CTC changes were recently extended for another two years, but they are set to expire in December 2012.

CHILD CARE: OBSTACLES FOR SINGLE MOTHERS IN POVERTY

In 2010, more than half of families served by the Illinois Child Care Assistance Program were at or below the poverty line.

Finding affordable, stable, quality child care has proven to be an enormous challenge for many single mothers. The cost of child care can consume the majority of a single mother's income, leaving her less able to provide other essentials (such as enough food, reliable transportation, or adequate housing) for her family. When providing just the bare necessities is a challenge, single mothers depend on quality child care to keep their jobs. In fact, mothers are considerably

more likely to stay employed if they have dependable child care – saving their families from the harmful consequences of missed work days without pay, loss of higher wages or promotions, and even job loss.¹¹

Affordable, quality child care in Illinois is not feasible for poor single mothers with young children – whose numbers have grown significantly during the recession. For example, a family of three living in poverty earned less than \$17,285 in 2009. And a poor single mother with two children would have to spend about \$8,000 per year – or 45 percent of her income – for full-time child care at a licensed child care center for just one child.¹² She would be left with only about \$10,000 and would be struggling to provide her family with even the very basic necessities. Without child care assistance, single mothers are more likely to go into debt; rely on welfare; have less reliable, lower quality child care arrangements; and restrict or forego other necessities, including food, clothing, and health care.

Several factors can contribute to child care challenges for single mothers. These include a child's age, a child's disability status, a mother's work schedule, and a family's community. It's not only more expensive to place a young child, compared to an older child, in a licensed child

¹⁰ Data from the Center on Budget and Policy Priorities.

¹¹ Women's Economic Security Campaign, "Child Care Matters: Building Economic Security for Low-Income Women," September 2010.

¹² National Association of Child Care Resource and Referral Agencies and Illinois Network of Child Care Resource and Referral Agencies, March 2009.

care center, but there are also a smaller number of openings available for infants and toddlers than for older children. Also, many poor single mothers do not work the usual nine-to-five day and instead have unpredictable hours that can change from day to day or week to week. This can make finding the right child care setting a tricky and time-consuming process. Finally, poor neighborhoods are less likely to have a sufficient number of quality child care facilities available. Compared to higher-income neighborhoods and metropolitan areas, poorer and non-metropolitan communities are in shorter supply of licensed centers with sufficient openings for younger children.¹³

Thousands of Illinois parents depend on child care assistance to help them maintain their jobs. In state fiscal year 2010, the Illinois Child Care Assistance Program (CCAP) served an average of 89,900 families and 168,000 children per month. Almost 95 percent of the families were headed by single parents, and about 52 percent were at or below the poverty line. The majority of the costs of the program, about 70 percent, were for children under the age of 6. The average size of families participating in CCAP was 3.3, and the average cost of care was \$418 per month. This includes the family co-pay, which is only 13 percent of the cost, or just \$54.¹⁴

STRENGTHENING ECONOMIC SECURITY PROGRAMS

The growth in unemployment, disparities in earnings, and access to quality child care, coupled with the downturn in the economy, have challenged and burdened many single women with families. Illinois' single mothers and their children were especially hard hit as their unemployment rates were twice that of their married counterparts. The increases in poverty lead to an increase in the reliance of benefits from targeted income support programs like unemployment insurance and SNAP.

Single-mother families are a significant portion of all Illinois families with children, almost 25 percent. We need to maintain and strengthen policies and programs that alleviate poverty among single mothers and enable them to improve the well-being of their children.

- **Pass the Paycheck Fairness Act.** The federal Paycheck Fairness Act passed the House in 2009, but stalled in the Senate in November 2010. The legislation would strengthen the Equal Pay Act of 1963 by closing loopholes, boosting incentives to prevent pay discrimination, and protecting workers who disclose or even inquire about their wages. It would require employers to prove that wage gaps are the result of something other than gender discrimination, mandate the collection of critical data on wages, and institute training in salary negotiation skills for women.¹⁵
- **Improve access to unemployment insurance benefits for women.** Illinois has made some improvements in access to benefits for women in the last two years, but the state needs to remove more obstacles in order for unemployed women to receive bene-

¹³ Women's Economic Security Campaign, "Child Care Matters: Building Economic Security for Low-Income Women," September 2010.

¹⁴ Illinois Department of Human Services, "Illinois Child Care Report, FY 2010."

¹⁵ National Partnership for Women and Families, "The Paycheck Fairness Act: Essential to Combating Wage Discrimination," April 2011.

fits and continue to provide for their families. This includes giving access to women who leave work due to lack of childcare and when women indicate they are looking solely for part-time work.

- **Avoid further cuts in SNAP benefits.** Under ARRA, SNAP benefits were temporarily increased by 13.6 percent beginning in April 2009. As a result of legislation enacted in 2010, the termination date for the increase was moved up from April 2014 to November 2013.¹⁶ Additionally, the recent fiscal year 2012 House budget proposal would cut the SNAP program by about \$127 billion. If those cuts came from benefits, the result would be a reduction of over \$30 per person per month. For a single-mother with two kids, this could mean a loss of over \$1,000 a year.¹⁷
- **Raise the Illinois EITC to at least 20 percent of the federal EITC** (from its current 5 percent level). This would place the state on a more level playing field with other states' EITC amounts. The higher credit would provide struggling, single mothers and their families with some relief from a heavier tax liability and could help lift many out of poverty.
- **Maintain ARRA improvements for the EITC and CTC.** Every extra dollar is even more critical to Illinois' families due to the fact that we have one of the nation's smallest state-level EITCs and have no state-level CTC. If these credits are not extended or made permanent, over 600,000 Illinois children could lose some of their EITC benefits and over 500,000 Illinois children could lose some or all of their CTC benefits.¹⁸
- **Avoid further harmful restrictions and increased costs to families in the state's child care assistance program.** The state fiscal crisis has strained the Child Care Assistance Program. Illinois received an extra \$74 million in federal ARRA funds for child care, but those funds have run out.¹⁹ In April 2011, the income eligibility limit for the states' CCAP was lowered from 200 percent to 185 percent of the federal poverty level, and required family co-payments were increased.

Single mothers have been hit especially hard during the recession. These women already had higher poverty and unemployment rates and were receiving lower wages than their male counterparts. To avoid falling into deep poverty, single women raising children need income and work supports that remain strong and stable. The priorities above – most of which were strengthened by ARRA – need to be permanently extended and improved in order to provide certainty and security to struggling single mothers in Illinois.

¹⁶ CBPP, "Policy Basics: Introduction to the Supplemental Nutrition Assistance Program."

¹⁷ Sargent Shriver National Center on Poverty Law, "House Proposal Would Vastly Increase Hunger in America," April 20, 2011.

¹⁸ Data from Center on Budget and Policy Priorities, December 2010.

¹⁹ National Women's Law Center, "Supporting State Child Care Efforts with American Recovery and Reinvestment Act Funds: Illinois," October 7, 2010.

About the Budget & Tax Policy Initiative

The Budget & Tax Policy Initiative (BTPI) at Voices for Illinois Children provides timely, credible, and accessible information and analysis on fiscal issues that affect children, families, and communities in Illinois. BTPI is a member of the State Fiscal Analysis Initiative (SFAI), a network of nonprofit organizations in more than 35 states. SFAI is coordinated by the Center on Budget and Policy Priorities, a Washington, D.C.-based research organization and strategic policy institute that works on a range of federal and state issues.

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