

# Women, Work and Poverty: The 21<sup>st</sup> Century Challenge



## Executive Summary

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## **Foreword and Acknowledgements**

Poverty is at the root of almost all of America's social issues and concerns. It is a prominent factor in explaining differences in children's health, education, social development and economic well-being as adults. It contributes to the profound disparities that exist by race, language, culture and place in the United States.

Poverty disproportionately affects women, and it is most pronounced and devastating to children in single-parent families. In the 1970s and 1980s, the women's liberation movement made the "feminization of poverty" into a significant broad-based policy issue – with documentation and use of the wage gap experienced by women compared to men (59 cents) and the impoverishment that women often faced after divorce.

Since that time, advocates in Iowa, and in the U.S. as a whole, have made gains on many of these issues, but broad public discussion of gender-based inequities has dissipated. In the 1990s, personal responsibility became a dominant theme in welfare reform and family policy.

With poverty again taking on greater public prominence today, it is time to revisit the issue from a gender perspective.

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## Executive Summary

**Introduction.** There always has been a strong gender basis to poverty in the United States. Discussions of the “feminization of poverty” brought these issues to public prominence in the 1970s and 1980s. At that time, advocates of women’s rights identified multiple factors contributing to gender-based poverty:

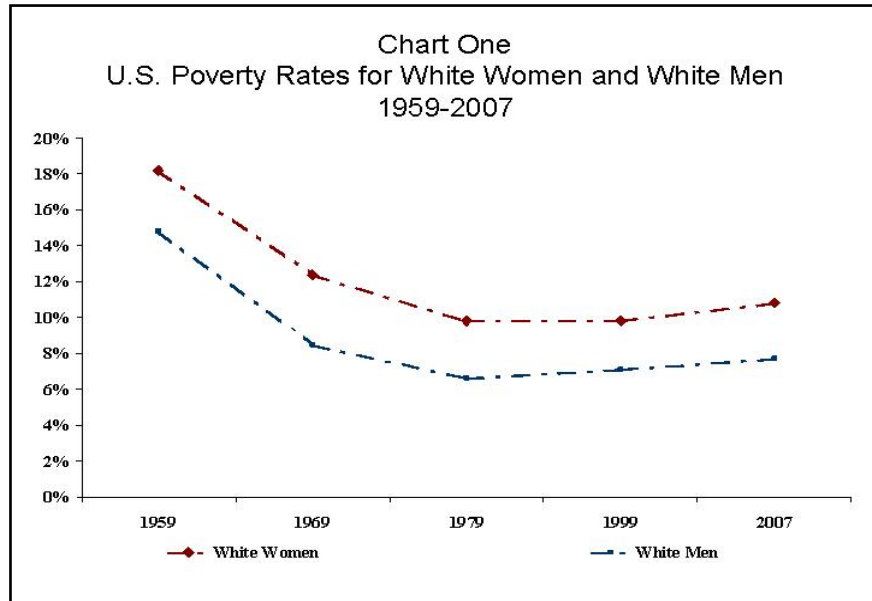
- pay inequities within job classifications and across jobs of comparable worth;
- occupational segregation, with “women’s jobs” among the lowest paid;
- employment discrimination, glass ceilings and blocked career ladders;
- the absence of family-leave policies and practices;
- the lack of affordable child care for working mothers;
- gaps in the establishment, adequacy, and enforcement of child-support orders; and
- the increase in single-parenting, a trend that places particular strains on young women raising their children.

Over the last quarter-century, lawmakers at both the national and state levels have sought to address many of these factors. In fact, trend data – both nationally and Iowa – show improvements in some areas. Still, disparities have not disappeared. Coupled with changing demographics, their persistence clearly demonstrates the need for continued and concerted public efforts to support women – particularly low-income single mothers – in obtaining the fairly-paid work they need to support their children.

**Fifty-Year Overview.** The last half-century has seen a persistent gap in the poverty rates of men and women. The ratio of poverty rates of women compared to men actually widened between 1959 and 1990 and has remained stable since that time. Working-age women have been 40 percent more likely to be in poverty than working-age men. The ratio of the rates among retired women and men have been even greater, although there have been dramatic reductions in poverty among seniors as a whole.

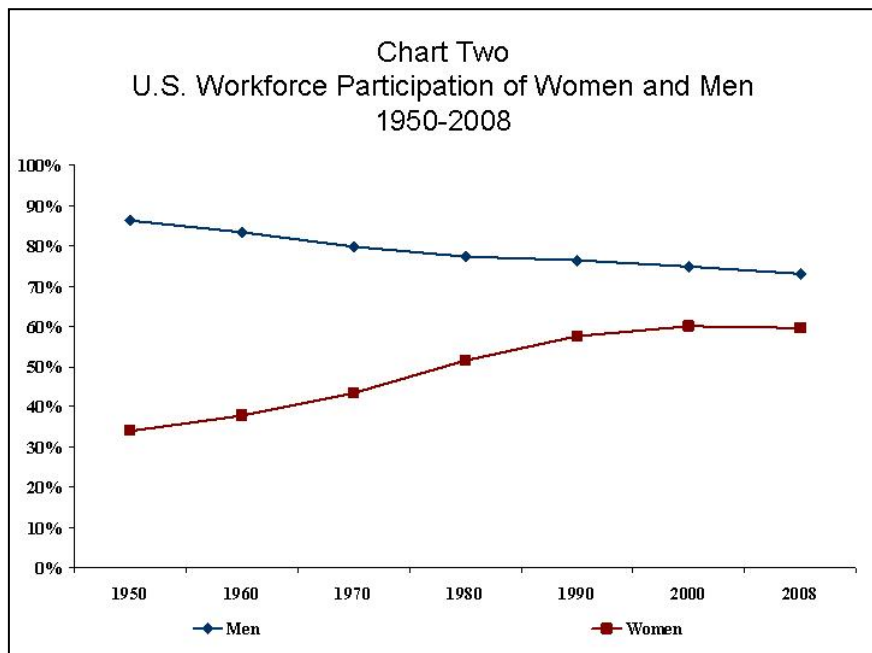
These figures confirm the persistence of large gender gaps in poverty into the 21<sup>st</sup> century.

Poverty data like these are based on household units. Both the man and woman in a married-couple household are given the same poverty designation. Therefore, the difference in poverty rates by gender is the result of differences between single-male and -female heads of households and their prevalence in society.



**Workforce Participation Rates.** Women have always worked, but not always in the form of paid employment outside the home. Overall workforce participation rates of women, however, have more than doubled since 1950, while rates of employment of men declined (primarily the result of reduced work levels of men over 65). By 2008 in the United States, 73.0 percent of men over the age of 16 were in the workforce, compared with 59.5 percent of women. In Iowa, participation rates were even higher and the gaps lower, with 74.7 percent of men and 63.3 percent of women in the workforce.

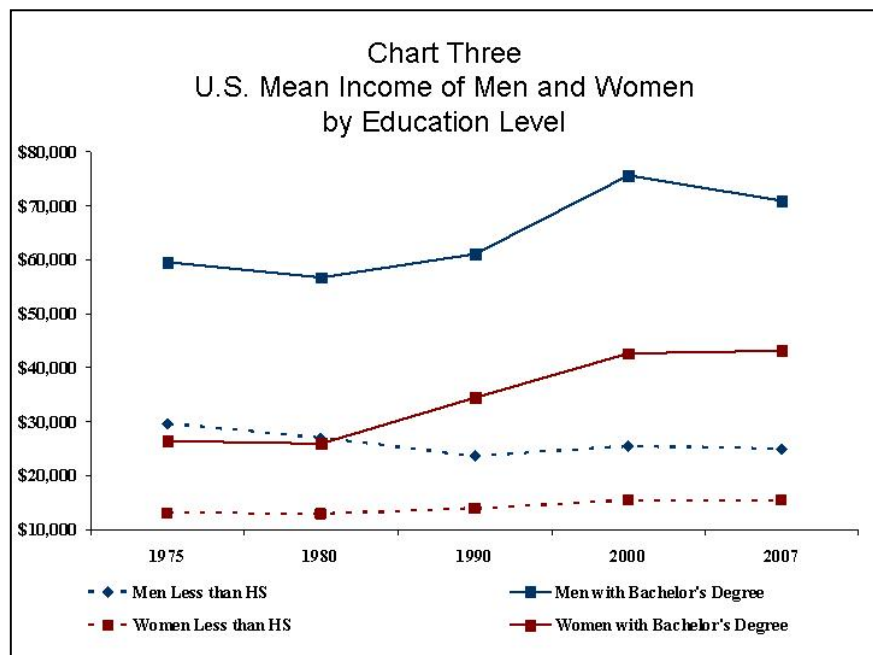
This increase in the workforce participation rates of women has contributed substantially to economic growth and the national and state gross domestic products. It also has contributed to the much greater security and affluence among married-couple households, the majority of whom have two sources of wage-earning support.



**Causes of the Gender Poverty Disparity – Earnings.** One of the major policy foci in the 1970s and 1980s to addressing gender-poverty disparities was to improve wage equity. While women were increasingly likely to be in the workforce, their pay levels were consistently well below those of men. During the years that women’s workforce participation rates rose most dramatically (1955 to 1980), the median income of a full-time, year-round white woman worker actually declined relative to that of a man, from 65 cents for every dollar a man earned down to 59 cents. Since that period, this gap has narrowed by nearly one-half, to 78 cents.

Education is strongly related to earnings, and one of the factors behind the narrowing of the earnings gap between men and women is that women have increased their education levels much more dramatically than men. Between 1990 and 2007, the percentage of women in the 30- to 34-year-old age range who had college degrees increased from 24.1 percent to 37.0 percent, while the share of men in the same age range increased from 24.9 percent to 31.0 percent. This trend will have very long-term consequences for employment and wage distribution in the United States.

These trends also highlight the work still to be done. Although the wage gap between men and women of similar educational backgrounds has narrowed slightly over time, it has not disappeared. Moreover, since highly educated and compensated women are likely to marry highly educated and compensated men, the overall impact upon reducing gender-poverty disparities is likely to be minimal.



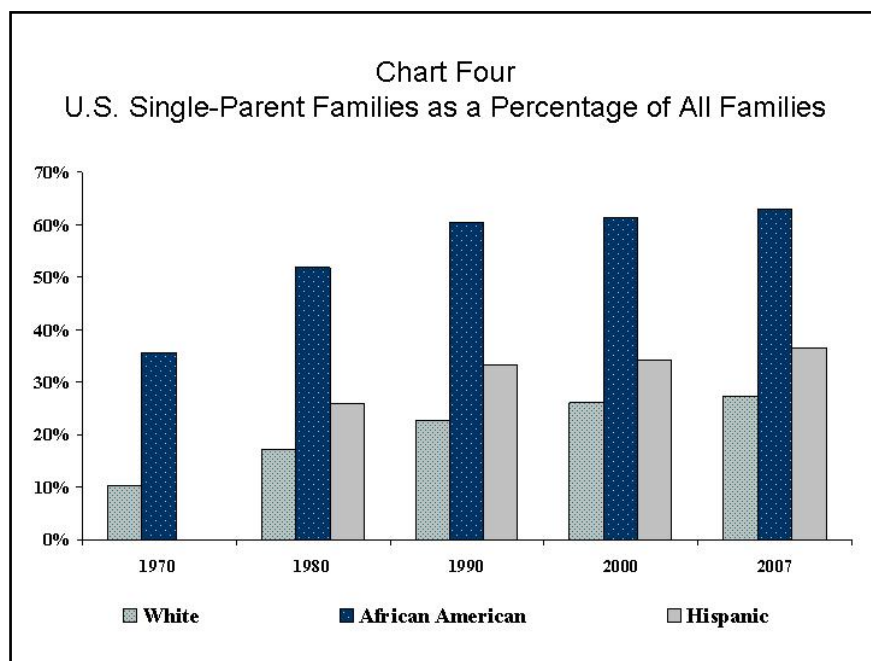
While Iowa’s trend data is similar to national data, the workforce participation of women in Iowa has grown more dramatically and is higher than that of the nation as a whole. At the same time, the proportion of both men and women with college degrees, and particularly graduate degrees, is below the national average – a cause for considerable concern for Iowa’s overall economic growth and development.

**Causes of Gender-Poverty Disparity – Single Parenting.** While there are differences in poverty rates among single, working-age and retired women and men, the major contributor to gender-poverty disparities is the higher prevalence of single-parent families headed by women than those headed by men – and the much higher rate of poverty among those families. Nationally, 6.4 percent of married-couple families live in poverty, compared with 36.5 percent of mother-only families and 17.2 percent of father-only families (the figures for Iowa are more pronounced – 4.4 percent, 37.1 percent, and 16.0 percent, respectively). Moreover, there are almost seven times as many mother-only families as there are father-only families.

Single-parenting rates grew steadily from 1970 to 2007 across race and ethnicity. Among whites, the percentage of single-parent families rose from 12.8 percent to 26.3 percent, and among African Americans it rose from 35.7 percent to 62.9 percent. While the African-American rate has leveled off over the last two decades (at the same time the white rate has continued to rise), the increase in incarceration rates among African-American men during this period has put additional strains on gender- and child-poverty rates in the African-American community.

While divorce plays a role in this increase in single parenting, the biggest factor is the increase in the share of never-married parents-- a pattern most common among women with low levels of education. Contrary to popular belief, this has not been the result of greater rates of adolescent child-bearing, as the birthrate among 15- to 19-year-old women declined over the period. Those that did give birth, however, were much less likely to be married.

Currently, Iowa's rates of single parenting, never-married parents, and birthrates among adolescents remain lower than those in the country as a whole, but Iowa is catching up. The gap between the proportion of children living in single-parent families in Iowa and the U.S. has narrowed by more than half since 1980. While the rate of



adolescent parenting among whites in Iowa remains below the national average, adolescent parenting among African Americans and Hispanics has increased and, among African Americans is two-thirds higher than in the country as a whole.

**Iowa Policies to Reduce Income and Poverty Disparities by Gender.** Since the “feminization of poverty” was brought to the attention of state policymakers in the 1980s, Iowa has taken a number of steps to address poverty and the gender bases to that poverty. Some have shown significant success in addressing particular factors associated with poverty, but other policies have not kept pace with changing Iowa demographics.

*Equal Pay, Comparable Worth, and Low-Wage Women’s Jobs.* Wage disparities still exist within specific job classifications, but both federal and state Equal Pay statutes have worked to eliminate discrimination by gender regarding “equal pay for equal work.” In addition, recognizing that many jobs were segregated by gender, in 1983 Iowa became one of a handful of states to enact comparable worth legislation designed to provide “equal pay for jobs of comparable worth” in state government, as defined by the skills, safety concerns, and responsibility of the jobs. Iowa’s comparable worth legislation resulted in very significant pay-grade increases in many jobs held predominantly by women, particularly in nursing, social work and residential treatment. At the time, two-thirds of Iowa job classifications were segregated by gender. Comparisons of the pre-comparable worth state workforce in 1982 with the workforce today show an increase in the percentage of women employed by the state and a very dramatic narrowing in pay-grade differentials between women and men employees – from six pay grades to one. In addition, female pay as a proportion of male pay has increased from 76 cents on the dollar to 96 cents, and women moved from holding 11.0 percent to 34.9 percent of the highest pay-grade jobs.

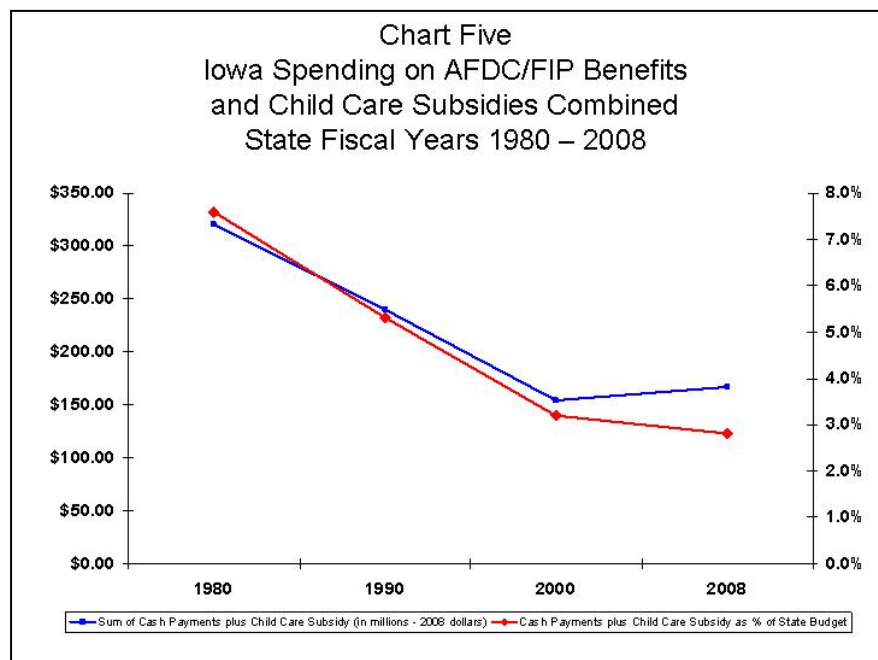
While these are dramatic improvements in the state workforce, they do not speak to the private workforce, where most people are employed. There remains substantial segregation of employment by gender, with women disproportionately represented in some of the lowest-paid jobs. This includes areas of rapidly growing employment, such as child care and home-health care. Both fields are comprised of approximately 90 percent women, and their mean hourly wages are 51.7 percent and 62.2 percent of the Iowa mean hourly wage for all work, respectively.

*Direct Public Assistance and Transfer Payments – AFDC/TANF Benefits and Child Care Subsidies.* While not necessarily moving families above the poverty line, federal and state governments provide safety-net services to support families with children. The Aid to Families with Dependent Children (AFDC) program was established in 1935 to provide a financial safety net to children who were deprived of a family breadwinner, usually due to death, divorce or disability. In the 1960s and 1970s, there was much attention to raising benefit levels for low-income parents to enable them to stay at home to care for their children. Welfare reform in the 1990s resulted in a philosophic and financing shift toward Temporary Assistance to Needy Families (TANF) as a bridge to employment, with the expectation that families must seek to take on breadwinning, as

well as caregiving roles, in order to receive assistance. Child-care subsidies grew during this period as a means to enable families to be at work.

In light of shifting policy priorities in Iowa and most of the rest of the country, there has been a dramatic erosion of the value of these welfare payments due to inflation and a freezing of benefit levels. In 1980, AFDC payment levels to families with no other income represented 61.5 percent of the federal poverty level. In 2008, TANF payments had declined to just 29.5 percent of the federal poverty level. Welfare caseloads also declined substantially during this period as well.

Meanwhile, funding for child-care subsidies grew dramatically, and by 2008 surpassed funding for direct welfare payments. Overall, however, between 1980 and 2008, Iowa investments in direct welfare payments and child-care subsidies combined – supports primarily to single-parent families in or at risk of poverty – declined by nearly one-half in inflation-adjusted dollars. As a share of the Iowa budget, they declined by two-thirds, from 7.6 percent to 2.8 percent. In fact, Iowa’s child-care subsidy program has one of the lowest eligibility ceilings in the country – 145 percent of the federal poverty level.



Similarly, expansions in the federal supplemental nutritional assistance program, SNAP (the successor name for food stamps), mean its role in supporting low-income families now well exceeds that of TANF direct payments, even though Iowa has not yet taken up the federal option to expand eligibility for SNAP for working families above 130 percent of poverty.

The relatively low cut-offs for child-care subsidies and SNAP benefits contribute to a “cliff” in the government support available to low-income families, as the reductions in food support and child-care subsidies negate most, and sometimes all, of the gains they see from even modest improvements in their wages.

Iowa has made substantial gains in providing health-insurance coverage for low-income children, through both Medicaid and *hawk-i*, and these gains have helped address children’s health needs amidst rising costs and reduced employer coverage. These

programs do not provide additional income supports to families, however. Further, Iowa's coverage of adults under Medicaid only covers very low-income parents, those with incomes well below the federal poverty level.

*Tax Credits and Supports – Earned Income Tax Credit and Child and Dependent Credit.* At the federal level, the most significant actions, in dollar terms, to address poverty have been through the tax code – the enactment and major expansions of the federal Earned Income Tax Credit (EITC) and the establishment of a very significant child credit. The refundable nature of these credits effectively has lifted tens of millions of children and families out of poverty.

Iowa was one of the first states to adopt a state earned income tax credit (in 1989), but Iowa's EITC has been expanded only slightly since that time. Because of its minimal child and dependent credits and its small EITC, Iowa's income tax code actually negates some of the benefits of the federal earned income tax credit. A working single parent, as well as a working two-parent family, begins paying Iowa income taxes at the poverty level, although those families receive refunds from the federal government until they earn at almost 200 percent of poverty level. Iowa's tax structure places much heavier relative burdens on working families with children than it does on any other type of taxpayers.

*Alimony and Child Support.* Divorce not only disrupts social relationships, it has serious economic consequences, with women often left worse off than men. When there are children involved, the custodial parent – still most likely to be the women – faces particular challenges. Alimony and child-support laws were placed under great scrutiny in the 1980s, and both Iowa and the nation enacted major reforms to address problems – in paternity determination, Child Support Orders, and the enforcement and collection of that support. The Iowa Supreme Court made major changes to Child Support Order guidelines and protocols and continues to do so, including updating award orders. The Iowa Department of Human Services dramatically increased its work in child-support enforcement, with the benefit of technology that enables wage withholding and tax-refund enforcement. Today, 95 percent of all births have paternity determinations and expectations for economic responsibilities for child-raising by both parents. As a result, public child-support enforcement efforts nationally now gather over \$26 billion annually, superceding the amount of benefits under TANF. In fact, public child-support enforcement, along with the EITC and food stamps now represent the major public income-supplementation efforts for families, with the benefits accruing particularly to single mothers with young children.

*Family Leave.* Many countries seek to address the economic needs of families with very young children through family leave policies. Families with young children are most likely to be in poverty, because they tend to be at starting and lower-end salary stages of their careers and because their parenting responsibilities are most time-consuming during this period. Paid family leave has been demonstrated in other countries to reduce poverty and to address gender disparities in income. Increasingly, states, including

Iowa, are looking at family-leave policies and options for paid family leave, as another way to address family economic stability and gender disparities in poverty.

**Conclusions.** In Iowa, the work in the 1980s on the feminization of poverty included positive action in state comparable worth, greatly improved child-support enforcement, the expansion of child-care subsidies, and the adoption of a state Earned Income Tax Credit. Welfare reform in the 1990's created a new expectation for persons receiving welfare benefits to secure employment, but actual state financial support to families on welfare – disproportionately women with children – actually declined.

The issues that focused policymakers on “the feminization of poverty” decades ago remain today. Women continue to earn less than men. Work supports continue to be insufficient to ensure financial security for lower-waged employment. The rate of single-parenting continues to rise. Families of color face special obstacles to family stability. These challenges will require continued attention by federal and Iowa officials to the many policy areas touching the lives of working mothers.

## For Additional Reading: Related Publications on Poverty and Public Policy

Bruner, C. (2008). ***Reshaping the Advocacy Direction on Poverty Reduction: Bridging Individual and Community Strategies***. Volume One of Northwest Area Foundation Policy Series: *Policy Matters: Policy Levers to Reduce Poverty and Build Prosperity*. [Find at: [www.nwaf.org](http://www.nwaf.org) or [www.cfpciowa.org](http://www.cfpciowa.org)]

*Reshaping the Advocacy Direction on Poverty Reduction* describes two complementary but traditionally separate approaches to poverty reduction: (1) a work pathway to economic self-sufficiency approach that focuses upon individual and personal responsibility and opportunity, and (2) a community-building and social-justice pathway to community vitality approach that focuses upon broader community economic development strategies. It then describes the lessons learned from past efforts in each area and argues for developing advocacy strategies within states that bridge the two.

Bruner, C. & Crawford, M. (2005). ***Securing Iowa's Economic Future: Strengthening Skills, Work Supports and Economic Security for Working Families***. Policy Paper: Iowa Fiscal Partnership. [Find at: [www.iowafiscal.org](http://www.iowafiscal.org)]

*Securing Iowa's Economic Future* examines the poverty levels and educational status of Iowa working families and the investments government currently makes to help them achieve economic self-sufficiency. It shows that many of these investments have declined over the last two decades, while Iowa's workforce has not kept pace in education and skill development with the country as a whole. It contrasts this decline with the increasing investments made through tax credits and new grant programs to stimulate business, which at best represent only one part of the equation in building a strong Iowa workforce.

Child and Family Policy Center (2006). ***The Challenges of Getting By and Getting Ahead: A Multi-Pronged Strategy to Help Families Get Out of Poverty***. Policy Brief Series: Every Child Counts. [Find at: [www.everychildcountsiowa.org](http://www.everychildcountsiowa.org)]

This series of policy briefs outlines state policies to support working families in getting out of poverty and achieving financial security. The series discusses five complementary strategies: (1) making work pay; (2) providing needed work supports; (3) investing in education, skill development, and entrepreneurship; (4) promoting savings and addressing debt; and (5) welcoming new workers. Each policy brief begins with a description of a family struggling to get by and describes policies need to help that family address current barriers getting ahead.



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