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Single-Parent Families and In-Work Poverty

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Single-Parent Families and In-Work Poverty

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Abstract

Single-parent families face unique challenges when it comes to in-work poverty. Without a second caregiver and earner, single parents have to compete with dual-earner couples for their position in the earnings distribution. Facing precarious employment and gendered wage inequality, single-parent families face a high risk to experience poverty even when they are working. This chapter presents empirical evidence on in-work poverty and inadequate wages in the policy context of 18 OECD countries. The impact of family structure, occupation, regulations of part-time work, paid parental leave, and various redistributive policies are examined. We distinguish three distinct patterns of performance in countries’ approach to in-work poverty among single parents: A balanced approach of ensuring low inequality on the labor market combined with redistribution, an unbalanced approach of combating in-work poverty mostly through redistribution, and an approach in which high inequality on the labor market is compensated with redistributive policies only to a very limited extent. Countries that rely on a balanced approach to reduce inequality on the labor market, both with respect to class and gender, combined with an adequate level of redistribution, seem best situated for a durable reduction of poverty among working single parents.

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Introduction

Single-parent families represent an increasingly common family structure. Across OECD countries, on average, about 15% of children live in a single-parent household (OECD, 2011a). The number of single-parent families ranges from a low 5% in Greece to a high of 26% in the United States. Single-parent families are projected to rise substantially in nearly all OECD countries by the next decade (OECD, 2011b). Single-parent families face a high risk to experience some degree of income insecurity and, in some cases, poverty (OECD, 2011a; Gornick & Jäntti, 2012; Brady & Burroway, 2012; Maldonado & Nieuwenhuis, 2015a).

The majority of single-parent families are in paid employment (OECD, 2011a, p. 216). Across OECD countries, on average, single parent employment has increased from about 67% in the mid-1980s to over 75% in 2008 (ibid). Single-parent families are often in full-time employment (Casey & Maldonado, 2012). Yet, on average, 21% of employed single parents and their families live in poverty, compared to 61% among the non-employed (OECD, 2011a). While employment is an important factor to reduce single parents' risk of poverty, for many, earnings from employment are not sufficient to lift their household above the poverty threshold (Marx & Nolan, 2012).

In this chapter, we describe the unique challenges of single-parent families, and how difficulties intensify if a single parent is employed in an occupation with lower earnings potential. We first present empirical evidence on in-work poverty and inadequate wages in the policy context of 18 OECD countries. Next we turn our attention to country case studies to better understand how certain policies may reduce poverty among working single parents.

Single Parents and Work

Single parenthood is strongly gendered. Single mothers are more likely to face economic disadvantage as compared to single fathers. Women are disadvantaged in the labor market, which further compounds the economic vulnerabilities of single-parent families. On average, women have lower earnings than men due to the gender wage gap and occupation segregation by gender, which is stronger among mothers (Budig, Misra & Boeckman, 2015). In the United States, as women entered occupations in large numbers that were previously held by mostly men, these occupations paid significantly less than before (Levanon, England, & Allison, 2009). Patterns of segregation persist; this is also the case with women's advancement in education. Women nowadays are increasingly more likely than men to graduate with a university degree (Bradley, 2000), but the majority of women graduate in humanities, which typically have lower earnings potential than the sciences (OECD, 2011a). Women are more likely to be employed in low-wage jobs and part-time employment than their male counterparts. Part-time employment is substantially more common among women, with an average of 22% women and 4% men working in part-time employment in OECD countries (ibid). Moreover, such part-time jobs are low paid and often don't allow for the scheduling of regular weekly hours, flexible working hours, and/or paid annual leave (Marx & Verbist, 2008).

It is within this context, that single-parent families are particularly challenged in terms of in-work poverty. First of all, single-parent families lack a second parent in the household, thus lacking a second caregiver and a second earner. While dual-earnership is often promoted as a strategy against poverty, this is not an option for single-parent

families. While some single-parent families include grandparents and other adults, only 7% of all children in the OECD live in such households (OECD, 2011a). The absence, in many cases, of a (potential) second earner is not only important because it limits single parents' potential to increase earnings by combining two wages, but also because a second earner can help compensate for periods of income loss of one partner.

Besides as a second earner, the absence of the second parent also restricts the single parents' capability to balance and share in the distribution of childcare and household tasks (Gornick & Meyers, 2003). For instance, a dual-earner couple can decide which parent will take time off from work to care for their sick child. Single parents, on the other hand, are primarily responsible for all the financial and care needs of their children, and may not have the financial opportunity to cover the loss of wages when taking time off from work to care. Single parents face a double bind as they have a deficit in both money and time, with less money to pay for professional childcare and fewer hours during the day to work and care for their children. Care responsibilities and constraints, combined with a time deficit, are more pressing with additional children in the household and when children are young.

Single parents increasingly have to compete with other single earners, single-earner couples and dual-earner couples for their position in the earnings distribution. Educational homogamy is often argued to exacerbate income inequality between single earner and dual-earner households (Karoly & Burtless, 1995; Esping-Andersen, 2009). However, it is debatable how the rise of dual-earner couples, which is closely tied to the rise of women's employment, affects inequality and poverty, as researchers typically find that rising women's employment attenuated inequality (Breen & Salazar, 2009; Harkness,

2013; Nieuwenhuis, Van der Kolk & Need, 2016); it remains unclear as to what exactly are the consequences of rising women's employment and rising dual-earner couples on single-parent families.

Policy, Work, and Poverty

To better understand how macro-level policies and institutional contexts can affect in-work poverty among single-parent households, we differentiate between income received through transfers, either from social policies or from inter-household transfers, and wages (and inequality therein) earned on the labor market. In doing so, we follow the model developed by Lohmann and Crettaz in Chapter 4 of this volume.

Policies that provide income support by means of redistributive financial transfers have proven to be effective against single-parent poverty (Gornick & Jäntti, 2012; Gornick & Meyers, 2003). Nevertheless, even after income redistribution, single-parent households face substantially higher poverty risks compared to coupled-parent households, even among those who are employed (Gornick & Jäntti, 2012; Maldonado & Nieuwenhuis, 2015a). There is mounting evidence that child benefits targeted specifically towards single parents are more effective in reducing their poverty than universal policies for all (Van Lancker, Ghysels & Cantillon, 2015). Marx, Salanauskaite and Verbist (2013) have shown that the most generous systems also contain benefit programs that are strongly targeted, and that these systems are effective.

Another significant factor to reduce in-work poverty for single-parent families is child support. Child support is a monetary payment made by the non-custodial parent to the parent that resides with the child(ren). Most countries have a formal child support

system that enforces the child support payment. About half of OECD countries pay an advance on child support payments, if needed: the state advances the money and then demands the non-custodial parent to pay it back in full or part. Examples of countries providing such advance payments are Denmark, Sweden, France, and Germany, although such schemes are more generous in the Nordic countries. The United States does not provide advances on child support payments (OECD, 2011a).

Policy makers increasingly regard employment as an instrument against poverty (Cantillon & Vandenbroucke, 2014). This is reflected in the social investment perspective which seeks to ‘prepare’ individuals for economic independence, rather than the ‘repair’ adverse economic outcomes (Morel, Palier & Palme, 2012). There is, however, an increasing concern that while policies based on this approach might be effective in increasing employment (Card, Kluve & Weber, 2010), these policies stimulate employment of low quality: jobs with inadequate wages, of a temporary nature, high instability, and few opportunities for promotion (e.g. Krug, 2008; Estevão, 2007; Lightman & Herd, 2010). This concern was particularly raised for those already in weaker socio-economic positions such as single parents (Jaehrling, Kalina & Mesaros, 2014; Kahn, 2012; Rønsen & Skarðhamar, 2009; Lindsay & McQuaid, 2009).

Countries vary markedly in the labor market policies available to workers, for instance legislation that protects employment contracts, and legislation that establishes minimum wages (Lohmann, 2009). Policies that reconcile work-family conflicts have been found to reduce barriers for the employment of parents (Nieuwenhuis, Need & Van der Kolk, 2012), and to reduce the employment and poverty gaps between single-parent and two-parent families (Maldonado & Nieuwenhuis, 2015a). Public childcare services,

if affordable and of sufficient quality, further facilitates parents' ability to maintain employment. In addition, having public childcare in place could facilitate single parents to cope with long or irregular working hours. However, with ongoing flexibilization of labor markets, childcare services sometimes lag behind in terms of flexible operating hours (Gornick & Meyers, 2003). Take-up of childcare services facilitates those with more resources such as coupled-parent households as opposed to those with the least resources (Ghysels & Van Lancker, 2011). In many OECD countries, single parents pay a larger share of their wage to childcare than dual earners (OECD, 2011a).

Data and Methods

This chapter combines insights from a quantitative comparison of countries and from selected country case studies. For the former, we used data from the Luxembourg Income Study (LIS, 2016) Database. The LIS data provides income data that are harmonized to a common template to maximize comparability across a wide range of countries. The advantage of using the LIS data is that we can examine in-work poverty based on different income concepts, focus on single-parent families who are in employment, and compare them to single-earner and dual-earner couples with children. We can furthermore differentiate between workers' occupations and observe the impact of different types of social transfer policies across a total of 18 countries. These countries are listed in Table 1. We used LIS Wave VIII, which at the time of writing was the most recent wave to cover a wide range of countries. With the exception of Japan - 2008 - all measurements reported here pertain to 2010.

In-work poverty and inadequate wages

We defined two outcome measures that are used throughout this chapter. The first is being at risk of poverty (AROP), defined as having a disposable household income below the poverty line of 60% of the median disposable household income in a country. Disposable household income refers to all income from labor and capital, after income taxes and social security contributions were paid and after social security transfers and private transfers were received. In determining the national poverty line, all households were accounted for; not only single-parent households. All household incomes were equivalized for household size according to the modified OECD equivalence scale (Hagenaars, De Vos & Zaidi, 1994): the first adult was counted as 1, possible other adults were counted as .5 and children aged thirteen or younger as .3. Other equivalence scales are often used as well, such as the square root of the household size that is often used with LIS applications (Atkinson & Brandolini, 2001). The modified OECD equivalence scale used here explicitly captures the absence of a second parent in single-parent families. It should be noted that such standard calculations of poverty assume equal sharing of disposable household income by all household members; an assumption that is challenged particularly among men and women in coupled households (see Ponthieux in Chapter 5 of this volume).

Our second outcome measure indicates inadequate wages, which was defined as the total income from labor of a household being lower than the poverty line. The same poverty line as defined above was applied here. Wages were defined as the total income

obtained from labor: either paid employment or self-employment. Wages were equivalized for household size, and measured before income taxes were deducted.¹

All our observations were limited to households with children, either single parents or coupled parents, who are in employment. Single-parent households were defined as those households in which an adult parent lives with one or more of her/his children, but without their partner. This definition includes single parents who have a (new) partner, but not if this partner lives in the household. Other adults can live in the household too. We did not differentiate between single mothers or single fathers, as the latter group is very small across countries.

A household was classified as ‘in work’ if the head of the household and / or their partner (if present), had reported “*employment as the usual main activity during the income reference period*”.² This means that respondents were only regarded as being ‘in work’ if they were employed for more than 6 months during the income reference period, which is the year over which all income was reported. This definition corresponds as closely as possible to the definition of “usually employed” of the International Labour Organization (ILO). Table 1 presents descriptive statistics on the number of observations per country, as well as the proportion single parents and coupled parents (both single-earner and dual-earner). It is clear from Table 1 that a limitation of using survey data to study working single parents is that the number of observations per country becomes very small in some countries. This is particularly an issue when studying specific sub-groups,

¹ LIS Datasets can contain measurements of income that are either gross, or net of taxes and social contributions. Disposable household income is always net of taxation. We limited our analyses to datasets that reported the household income from labour before taxation. As a result of this limitation we had to drop Hungary, Slovenia and Italy. Wages in France were reported gross of income taxes, but net of mandatory social contributions. This may result in an over-estimate of the prevalence of inadequate wages. For more information on net and gross datasets in LIS, as well as some of the complexities of estimating income from labor after taxes, see Nieuwenhuis, Munzi & Gornick (2016).

² All variable descriptions were taken from the LIS Variables Definition List.

such as the occupations introduced below. Therefore, the results should be interpreted on general patterns rather than with an emphasis on specific point-estimates.

Table 1. Descriptive Statistics of Numbers of Observations and Family Types

Country	N	Single Parents (%)	Coupled Parents, single-earner (%)	Coupled Parents, dual-earner (%)
Canada	8,281	17	23	61
Czech Republic	3,024	15	31	55
Germany	3,443	15	37	48
Denmark	23,507	17	10	73
Estonia	1,889	21	32	48
Spain	4,769	9	40	51
Finland	3,200	14	28	58
France	5,399	17	25	58
Greece	1,919	4	44	51
Ireland	1,353	15	44	42
Iceland	1,592	16	17	68
Japan	2,006	6	39	55
Luxembourg	2,441	11	32	57
Netherlands	3,902	11	18	71
Norway	68,921	17	19	64
Slovak Republic	2,498	13	27	60
United Kingdom	7,356	18	25	57
United States	30,829	20	31	49

For each household, we measured the workers' occupation, distinguishing between '*managers and professionals*' (ISCO 1 & 2), '*other skilled workers*' (ISCO 3-8, 10), and '*laborers/elementary*' (ISCO 9). For dual earners, the household was classified as the occupation with the highest earnings potential (i.e. managers and professionals > other skilled workers > laborers/elementary). Percentages are presented in Table 2 in the results section.

Policies

The micro-level data from the LIS Database were combined with 2 indicators of labor market policy and conditions, measured at the country-level. The first, employment protection, represents the strictness of regulation on the use of fixed-term contracts and temporary work agencies, as regulated by national legislation. This measure was obtained from the OECD/IDB Employment Protection Database (e.g. OECD, 2013a). Secondly, we measured paid parental leave as an indicator of family policies aimed at the reconciliation of work and family life. Paid maternity and parental leave was measured as the number of weeks fully paid "full time equivalent" maternity and parental leave obtained from Thévenon (2011).

In addition to these policies measured at the country-level, we also examine the redistributive impact of various financial transfer policies. We used measurements of all social security transfers combined, as well as for specific transfer policies with different functions. In addition, we measured inter-household transfers, that are mostly comprised of child support and alimonies, including guaranteed payments in a select number of countries where data were available (Germany, Estonia, Finland and Norway).

Methods

In this chapter we apply three approaches, of which the first two are based on the data described above. The first approach is to present bivariate associations - for single-parent workers and coupled parents - between inadequate wages and (a.) workers' occupation and (b.) national policies. Naturally, these associations should only be interpreted as illustrative, and not as a causal analysis.

The second approach is to examine the redistributive impact of various types of financial transfer policies. In contrast to the labor market policies, these financial transfer policies were recorded in the LIS Database at the level of the household. This provides the opportunity to examine the extent to which households would be able to reach the poverty threshold with, and without, receiving specific types of transfers. To evaluate the impact of a specific transfer, for each household in our data we (1.) took the (gross, equivalized) wages, (2.) added the amount of the specific transfer received (equivalized for household size), and (3.) re-calculated whether the household was now able to reach the poverty threshold (which was set based on the total disposable household income). Next, for each country, we calculated the difference in the proportion of households that had an income above the poverty line, based on only their wages and on wages plus the specific transfer income. This difference was then attributed to the transfer. Comparisons of income pre and post transfers are commonly performed (Maldonado & Nieuwenhuis, 2015a; 2015b; Morissens & Sainsbury, 2005), but it should be noted that a disaggregated analysis of different types of transfers does not take into account possible complementarities between transfers (Nelson, 2004). A households' income can be so far

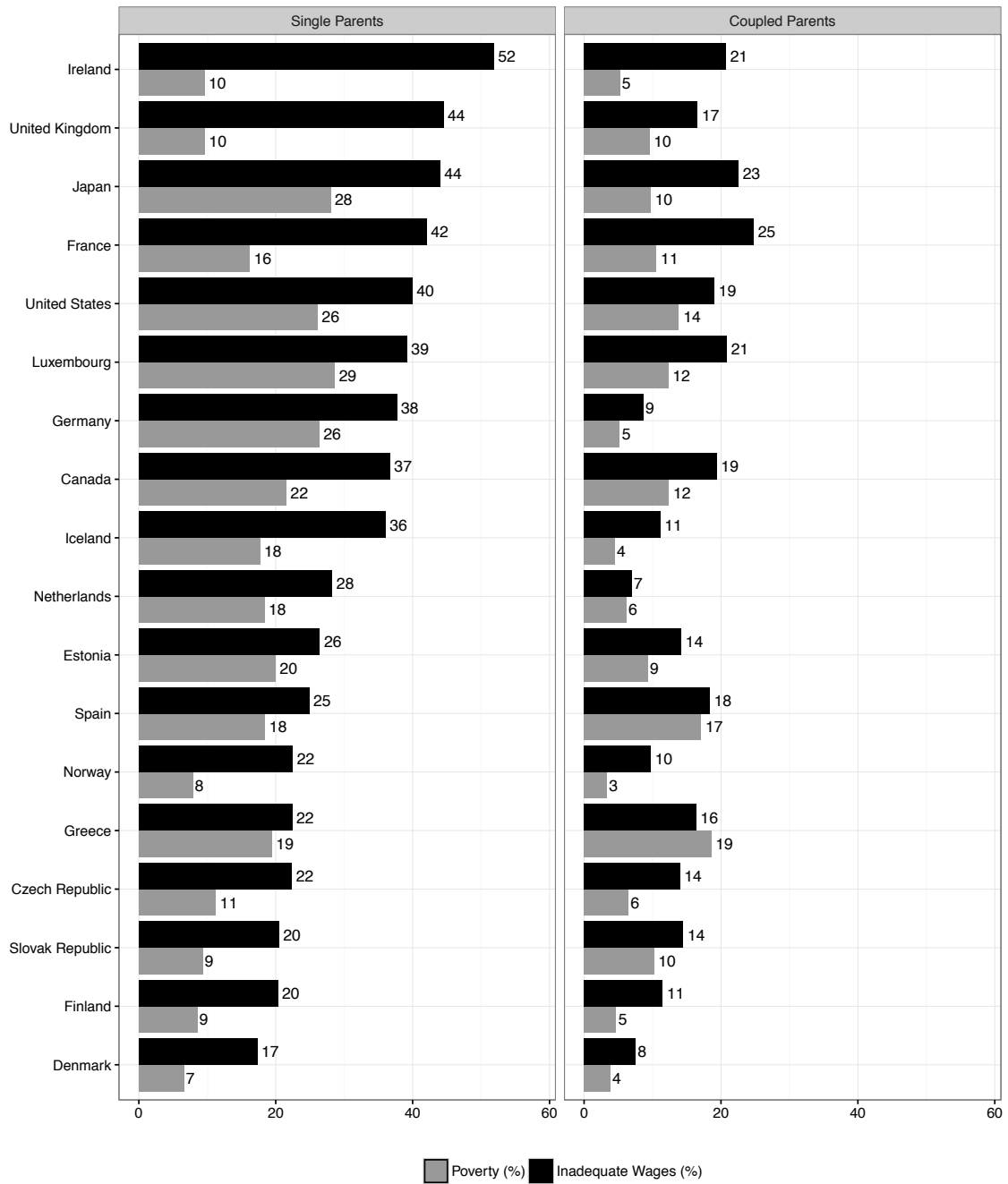
removed from the poverty line, that the amount of a single type of transfer (e.g. a family benefit) is insufficient to lift this household above the poverty line. Only if a second transfer is received (e.g. an unemployment benefit) this household would no longer be poor. In our analytical strategy, we would observe a poverty reduction of neither the family benefit nor the unemployment benefit if the latter was to independently lift the household out of poverty. Alternatively, if this household was just below the poverty line, either of these transfers would be sufficient to raise the household above the poverty line. In that case, we would find a poverty reduction to be associated with both transfers, whereas only one would have been sufficient. These complementarities are not easily examined in the presence of various types of transfer policies (Nelson, 2003), and impose that our results can only be interpreted as a general assessment of the relative impact different types of policies have across countries.

These two sets of comparative analyses are broad in design and often neglect to examine the fine details of particular policies at the country-level. Therefore, our third approach is to provide country case studies to illustrate policy arrangements. These country case studies are selected based on the results of the comparative analyses (Lieberman, 2005).

Results

In this section we present the results of our analyses, starting in Figure 1 with in-work poverty and its link with inadequate wages.

Figure 1: In-work poverty and inadequate wages



We first look at the left panel, presenting the results for single parents. The grey bars represent the (at risk of) poverty rates for 18 countries. The poverty risks for single parents who were employed for most of the year range from 7 percent in Denmark, to 29 percent in Luxembourg. The dark bars show the percentages of households with inadequate wages: the percentage of working households who do not manage to reach above the poverty line based on their labor income alone. Not surprisingly, levels of inadequate wages are higher than poverty rates. This represents the impact of redistribution through the welfare state, private transfers such as child support, and possibly income from capital - in addition to these households paying relatively low levels of taxes. As a general pattern, Figure 1 shows that among single-parent households, higher percentages of inadequate wages are associated with higher rates of poverty. This suggests that inequality on the labor market plays an important role in understanding cross-national differences in working poor single parents. Yet, there are important deviations in which we distinguish three patterns. First, at the bottom of the Figure 1 we observe countries such as Denmark and Finland that have low percentages of both inadequate wages and of poverty. The redistributive effort, measured as the percentage-point difference between inadequate wages and poverty is small but still reduces poverty by half. Secondly, at the top of Figure 1, we observe Ireland and the United Kingdom having very high percentages of single-parent households with inadequate wages, while single-parent poverty risks are similar to those in the Nordic countries. This is due to a substantially higher redistributive effort. Thirdly, we observe countries as Luxembourg and the United States having high rates of inadequate wages,

combined with limited redistributive effort, resulting in high percentages of poverty among single-parent households.

The right panel shows the results for coupled parents. Both percentages of inadequate wages and of being at risk of poverty are substantially lower than among single parents. Nevertheless, the results in Figure 1 demonstrate that inadequate wages partly shape in-work poverty risks among both single-parent and coupled-parent households, while at the same time redistribution plays an important role. Hence, in the remainder of the analyses we will first show selected determinants of inadequate wages, followed by a more detailed examination of the role of different financial transfer policies.

Inadequate wages: occupation and labor market policies

Table 2 presents the distribution of occupations as percentages within each household type. In the Czech Republic, for instance, the majority of 76% of the working single parents were in an ‘other skilled’ occupation. The percentage of single parents working as managers or professionals varies across countries, from 12% in Luxembourg to 41% in Iceland. Looking across family types, it becomes clear that coupled parents that are dual earners are more likely to have at least one partner working as a manager or professional, compared to the other family types. These patterns do not correspond to the educational gradient in divorce (Härkönen and Dronkers, 2006), which is typically negative in countries with lower economic barriers to divorce, such as the Nordic countries. This would suggest fewer single parents to be in professional occupations in these countries, whereas we see very high numbers of single parents as professionals in Iceland and

Denmark. In Spain, Table 2 shows a large proportion of single parents working as a laborer, which is not in line with the positive educational gradient in divorce found in that country (ibid.). This evidence suggests that the patterns in Table 2 are shaped by countries' occupational structure, rather than by social selectivity into single parenthood.

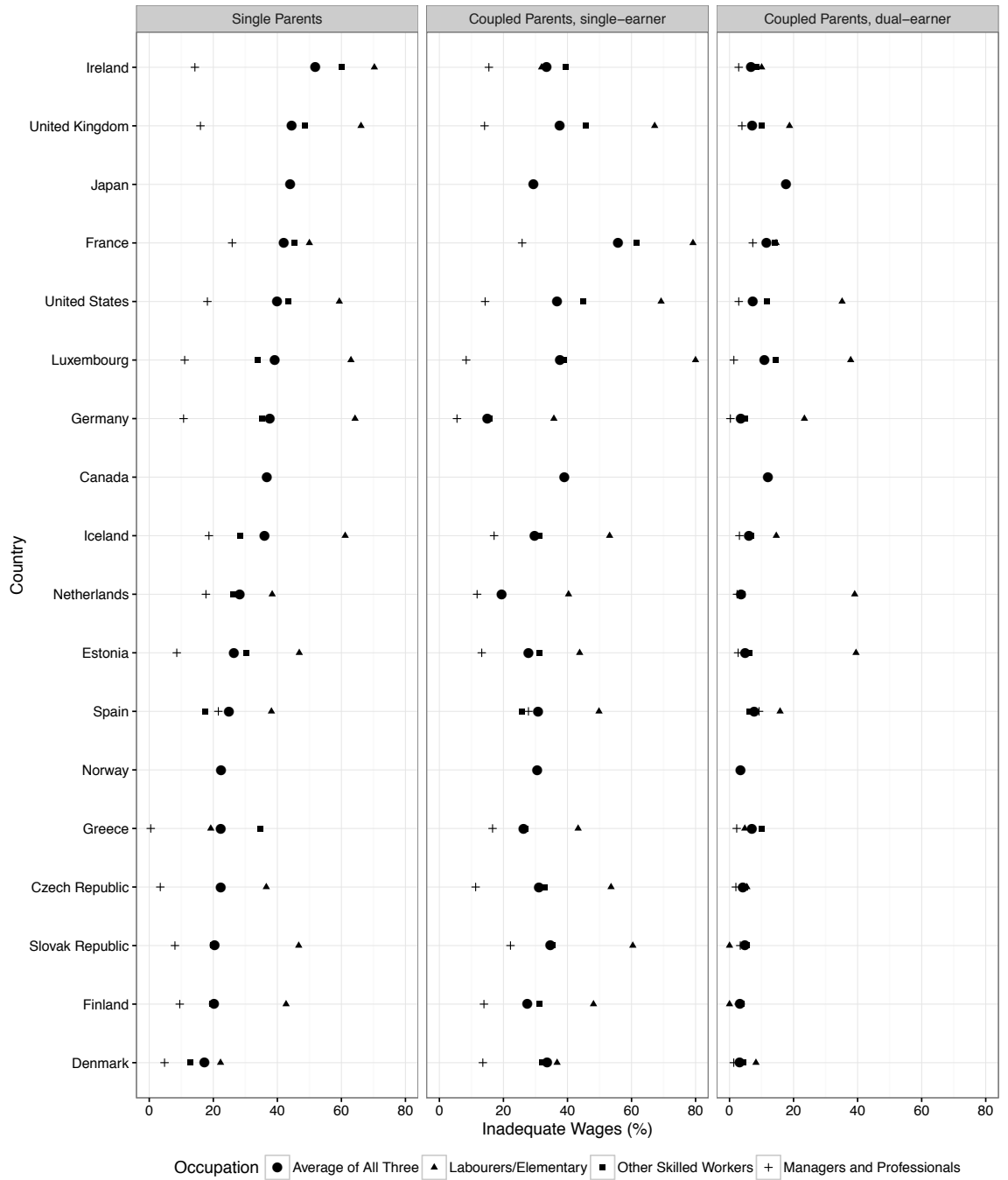
Table 2. Descriptive Statistics of Occupation by Family Type (percentages)

Country	Single Parents			Coupled Parents, single-earner			Coupled Parents, dual-earner		
	Prof.	Skilled	Laborer	Prof.	Skilled	Laborer	Prof.	Skilled	Laborer
Czech Republic	15	76	9	17	78	5	28	71	1
Germany	19	67	14	28	66	6	36	63	2
Denmark	35	57	8	30	59	11	52	46	3
Estonia	37	55	8	35	59	6	50	49	1
Spain	24	53	23	22	64	13	43	54	3
Finland	25	69	7	36	60	4	53	46	1
France	19	73	8	21	68	11	36	63	1
Greece	21	51	28	23	70	7	39	59	2
Ireland	21	68	12	28	61	11	52	45	3
Iceland	41	51	8	44	52	4	60	39	1
Luxembourg	12	69	19	26	59	15	32	65	3
Netherlands	26	62	12	37	57	6	54	45	1
Slovak Republic	19	71	10	19	75	6	30	69	1
United Kingdom	21	65	15	34	53	13	50	48	2
United States	27	66	7	36	57	6	55	44	1

Note. No data on occupation available in Canada, Japan and Norway.

Figure 2 presents percentages of inadequate wages differentiated by occupation. The left panel shows the results for single parents, and the other two panels separate coupled parents in single-earner and dual-earner households. The larger, round dots represent the average percentage of inadequate wages for the respective family type; for single parents these correspond to the numbers presented in Figure 1. Note that in Canada, Japan, and Norway no information on occupation was available, and therefore only the average percentage of inadequate wages is presented for these countries.

Figure 2: Inadequate wages by occupation and family structure

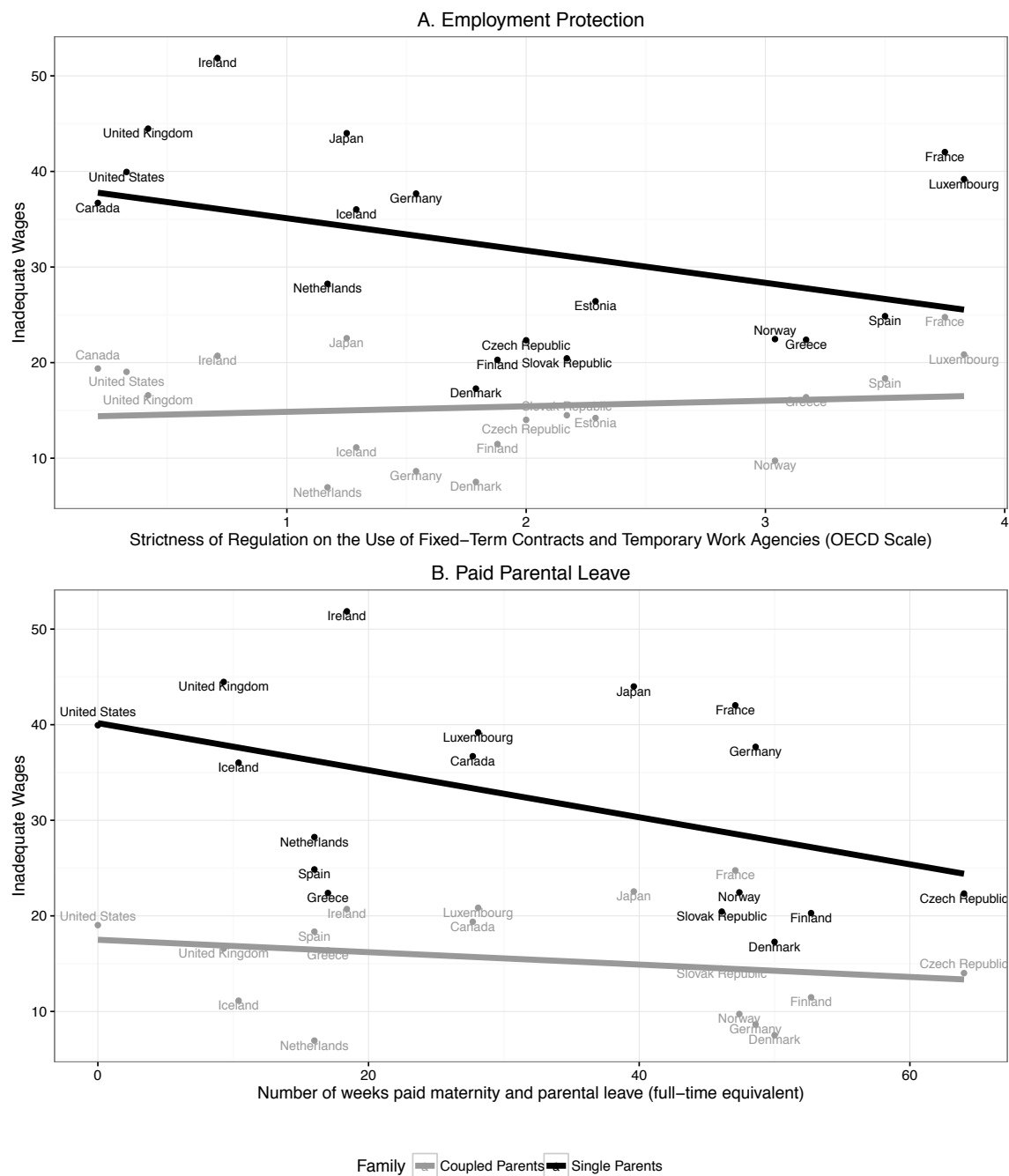


First looking at single parents, it is clear that those working as managers or professionals are substantially less likely to have inadequate wages than those who work in other skilled occupations or as laborers. This inequality between occupations is substantially bigger in for instance Ireland, the United Kingdom, and the United States, compared to Denmark, France, and the Netherlands. Returning to the three patterns we observed in Figure 1, we note that particularly in Denmark working single parents are more likely to have a professional occupation (Table 2) and that professional workers have low percentages of inadequate wages (Figure 2). On the contrary, while single parents with professional occupations have relatively low rates of inadequate wages in Ireland, the United Kingdom, and Luxembourg, such occupations are much less common in these countries. This again suggests that the occupational structure plays a role in explaining cross-national differences in inadequate wages among single parents. Finland and the United States, however, show a very similar occupational structure (Table 2), but still widely different rates in adequate wages, suggesting once more that other factors are in play as well.

Comparing single parents to coupled parents, it becomes clear that inadequate wages are substantially less likely among dual earners (right panel) but not so among single earners (middle panel). This suggests that for many a single wage is inadequate to reach above the poverty line. Moreover, comparing these averages to those presented in Figure 1 suggests that the advantage coupled parents have over single parents in terms of inadequate wages and working poverty is to an important extent driven by their capability to both be active in the labor market. Among dual-earner couples with children, only

those who both work as laborer show comparatively high rates of inadequate wages in a select number of countries.

Figure 3: Inadequate wages and institutional context



Next, in Figure 3, we examine the association between two labor market policies and the prevalence of inadequate wages among single parents and coupled parents. In Panel A, it is shown that a stricter level of regulation of the use of temporary employment contracts is associated with lower rates of inadequate wages among single parents, but not for coupled parents. This suggests that particularly single parents benefit from having more stable employment contracts, while couples can compensate the falling away of each other's wages in case one had a fixed-term contract ended. Of course, it should be emphasized that these bivariate associations can easily be affected by omitted variables. France and Luxembourg represent outliers to the association among single parents, but their removal would not affect our interpretation here (regarding France, see footnote 1). Panel B shows that single-parent workers are less likely to face inadequate wages in countries that provide a longer period of paid maternity and parental leave. For couples this might also be the case, but the association is much weaker. With respect to single parents, it is relevant to note that we cannot differentiate between single parents currently benefiting from the provision of paid leave, or that the observed association is due to mothers maintained their employment prior to becoming a single parent – and thus, after becoming a single parent, benefitting from their prior work experience. Further results (not shown) indicated that inadequate wages were also lower in countries with higher expenditure on childcare and on active labor market policies, although these policies did not seem to close the gap between single and coupled parents. Going back to the three patterns found in Figure 1, we note that the high rates of inadequate wages in the United Kingdom, United States and Ireland are in line with the limited regulation of part-time

work, and limited or no availability of paid maternity and parental leave. The paid leave and stronger regulation of part-time work in Finland (also providing generous public childcare) compared to the United States provide a partial explanation of high rates of inadequate wages we found in the United States compared to Finland, despite both countries having a similar occupational structure.

Redistribution

Now, we turn to the impact of redistribution through financial transfer policies. Table 3 presents the impact of transfers from various transfer policies and child support on in-work poverty. The first column shows the impact of the combined social security transfers: compared to their inadequate wages, poverty among working single parents is substantially lower across countries in association with social security transfers, ranging from 5 percentage points in Greece up to 42 percentage points in Ireland. Note that these numbers do not exactly match the differences in Figure 1, because here the redistributive impact of social security on top of only wages was examined.

Comparing the impact of different sets of policies, transfers focused on families with children seem to have the biggest impact on reducing poverty among single-parent households. Particularly the large redistributive effort we saw in the United Kingdom and Ireland seems to be founded on extensive family benefits. Many more working single-parent households will qualify for such family and child-oriented transfers, compared to, for instance, unemployment transfers whereas our sample includes the employed and therefore most would not qualify for unemployment. These findings therefore do not mean that family transfers are most important in general, or even most important for

single parents. As our study focused on single parents who worked for at least 6 months, many others could potentially benefit more from unemployment transfers. The findings do suggest that a cut in family benefits would likely have a sizeable impact on working single-parent households. The second most important type of transfers are the inter-household transfers (including advance payments on child support), ranging up to 6 percentage points in Finland and the Netherlands.

Table 3. Poverty reduction among single-parent households associated with different types of transfer income (percentage points).

Country	All Social Security	Survivor	Family benefits	Unemployment	Housing	Inter-household transfers
Czech Republic	-8			0	0	
Germany	-14	-6	-6	-3	0	-2
Denmark	-14		-6	-2	-2	-3
Estonia	-10	0	-4	0		-3
Spain	-7	-3	0	-3	0	-2
Finland	-12	-1	-7	-2	-4	-6
France	-19		-5	-2	-4	-5
Greece	-5	-2	-2	0	0	-2
Ireland	-42	-2	-35	-6	-1	-1
Iceland	-17	-1	-4	-1	-5	-3
Luxembourg	-21	-1	-7	-2	0	-1
Netherlands	-14	0	-4	-2	-2	-6
Norway	-19	-1	-7	-1	0	-2
Slovak Republic	-12	-3	-2	-1		-4
United Kingdom	-33	0	-15	-1	-3	-4
United States	-15	-1	-6	-1	0	-3

Note. Missing values represent no measurement on policy available in LIS database.
Japan and Canada were not shown due to too many missing variables.

Country Case Studies

A key finding in the previous section was that inadequate wages are an important determinant of in-work poverty among single parents, whereas some countries deviate from this overall pattern by means of redistribution. Based on these findings we selected for our country case studies (1.) the Nordic countries that have low rates of inadequate wages, (2.) Ireland and the United Kingdom that have very high rates of inadequate wages yet low in-work poverty, and (3.) the United States and Luxembourg that have high in-work poverty among single parents.

Balanced performance: The Nordic Countries have low in-work poverty through low inadequate wages and redistribution

The Nordic countries stand out with low in-work poverty among single-parent families. Denmark, Finland, and Norway have low rates of inadequate wages, while Iceland has slightly higher inadequate wages and diverges from the other Nordic countries.³

The Nordic welfare state model has a strong tradition of promoting equality on the labor market, both with respect to class and gender (Korpi, 2000). With a long history of women's strong political representation, the Nordic countries have been a proponent of the dual earner model promoting gender equality on the labor market, both through policies and through norms. Indeed, gender equality is essential to address some of the

³ Sweden is not included in the LIS database since 2005, and therefore also not include in the description here.

underlying challenges that single parents experience in the labor market. Notably, the Nordic countries have not only supported the dual-earner model, but also actively promoted the dual-carer model (Lewis, 1997).

Nordic countries are forerunners in providing family policies that facilitate the employment of single parents through paid leave and subsidized childcare for pre-school children. Work-family policies are designed for *both* parents: mothers and fathers. They stimulate the employment of mothers in couples, which has both short and long-term benefits for their economic independence, such as after separation. In addition, the policy design to “use-it-or-lose-it” has stimulated the uptake of parental leave by fathers (Eydal et al., 2015).

Nordic family policy is universal, while also providing supplemental benefits to single-parent families. Paid leave is designed for all families, with some Nordic countries providing single parents with additional leave. Likewise, childcare is a universal scheme with added benefits for single parents. There are many options for publically paid childcare for when the child is aged three and up. Parents can choose to place their child(ren) in center-based day care, private day care, or receive a childcare home allowance to look after their child(ren) themselves. In some cases, the childcare arrangements require out-of-pocket expenses, for which many Nordic countries offer discounts to single-parent families (OECD, 2013b). Norwegian single parents also receive a supplemental childcare benefit (OECD, 2013b). Many of these center-based day care arrangements are part-time and full-time care and also offer around the clock care if needed (OECD, 2013a), affording working single parents greater flexibility to combine

work and care for their families. Parents who decide not to use daycare are offered a monthly allowance to care for a child up until age three, and their job remains protected.

Even though the Nordic countries are without minimum wage legislation, levels of inadequate wages are low (Figure 1). This is partly due to the fact that these countries have collective bargaining agreements between trade unions and employment organizations that create fair wages. The Nordic model is one with strong social partners, high union membership, and extensive labour market regulations through collective agreements (Kristiansen, 2015).

The level of equality with respect to both class and gender (cf. Korpi, 2000) in the Nordic countries was represented in our findings. It was, for instance, seen in Table 2 that in Denmark a comparatively large share of single parents worked as manager of professional, often with adequate wages (cf. Figure 3). Among single parents working in elementary/laborer occupations in Denmark and Finland the risk of inadequate wages was low compared to many other countries, indicating the level of equality on these labor markets.

The low levels of inadequate wages in the Nordic countries make for a comparatively small distributional challenge: i.e. the amount of distribution required to achieve desirable outcomes, for instance with respect to in-work poverty (see: Atkinson, 2015). The Nordic countries take a balanced approach of ensuring low wage inequality as well as redistribution. Child benefits are typically universal with additional benefits for single-parent families. In Denmark, for example, single parents receive normal family benefits but also qualify for supplemental payment and additional payments for each child (OECD, 2013b). A single parent widow or widower can also receive a special

family benefit for each child. In Finland and Norway family benefit is paid at a higher rate to single parents, representing a supplement for one child more than the actual number (OECD, 2013b). Iceland is the exception, as the one Nordic country that does not have universal family benefit and is targeted for low-income families (Ólafsson, 2015). Nordic countries have a high percentage of single parents receiving child support (European Parliament, 2014), and provide an advance on child support payments if needed (OECD, 2011a). Inter-household transfers, including child support, were found to reduce in-work poverty by 3 percentage points in Iceland and Denmark, and 6 percentage points in Finland.

Unbalanced performance: Ireland and the United Kingdom have low-in work poverty through high redistribution

Ireland and the United Kingdom are notable regarding the large impact of redistribution on reducing in-work poverty among single-parent families. Despite having the highest levels of inadequate wages, both countries have low levels of in-work poverty among single-parent families.

The high rates of inadequate wages among single parents are in line with low levels of employment protection. Atkinson brought this issue to the fore and stated that much more needs to be done to reduce poverty before redistribution, emphasizing the importance of reducing labor market inequalities (Atkinson, 2015). These inequalities on the labor market were clear in Figure 2, showing the large differences between occupations in the degree of inadequate wages of single-parent workers. Compared to the

Nordic countries, fewer single-parent workers seemed to be in professional occupations in Ireland and the United Kingdom, and other skilled and laborer occupations were substantially more likely to provide inadequate wages. Dual-earner couples were substantially less likely to face inadequate wages, irrespective of their occupation.

Ireland and the United Kingdom, as compared to the Nordic countries, have less generous family policies for paid leave and early childhood education. Ireland has 13 full time equivalent weeks of paid leave and the United Kingdom has 9 weeks. The United Kingdom does provide some free early education for three and four years olds (OECD, 2013b), but the childcare expenditure per child for pre-school in the United Kingdom is significantly lower than in the Nordic countries.

Ireland and the United Kingdom made significant strides in reducing their poverty rates through redistribution. A substantial part of their redistribution was achieved through family-oriented transfers. Through family transfers, Ireland reduced poverty by a remarkable 35 percentage points and the United Kingdom reduced poverty by 15 percentage points. Inter-household transfers, including child support, in comparison, reduce poverty much more modestly at 1 percentage point in Ireland and a more substantial 4-percentage points in the United Kingdom. The United Kingdom guarantees an advance on child support payments, whereas Ireland does not. Still, with an advance on child support payments, the percentage of single parents receiving child support in the United Kingdom is low with 22.8% in 2004 (Beamont & Mason, 2014). In addition to transfers, there is a supplement to basic tax credit, different income tax schedules, and nonrefundable tax credit for working single parents (OECD, 2013b).

In contrast to the Nordic countries with universal schemes with supplemental benefits for single-parent families, Ireland and the United Kingdom have means-tested benefits for single-parent families. In Ireland, single parents are entitled to unemployment insurance and a family payment (OECD, 2013b). This amount represents the 50% of unemployment insurance benefits, single parents can also receive child supplements in addition to the One-Parent Family Payment (OFP). The OFP is paid at the same rates as unemployment benefits, but was formerly not activity tested before the youngest child was aged 18. In the United Kingdom, single parents not in work are eligible for Jobseekers Allowance or Income Support that is a means-tested benefit with no work penalties for single parents with children under 5 (OECD, 2013b). Entitlement to these benefits is not affected by child support payments received from the non-custodial parent. In addition, single-parent families were eligible to receive a supplemental working tax credit (OECD, 2013b).

It should be mentioned that there have been recent changes in legislation of both Ireland and the United Kingdom that have not yet been reflected in these data, but that affected a large number of families by disqualifying them. Prior to reforms, Ireland provided means-tested benefits to single parents with few stipulations to engage in employment, education or training, though the One-Parent Family Payment (OFP). However, this has since changed. In 2015, the age limit for children was reduced from 18 to 7 years. Consequentially, many families were no longer eligible for the OFP. A greater emphasis was placed on single parents to work, however, according to advocacy organizations like One Family, without adequate training and childcare services (Duffin, 2015).

In 2010 the United Kingdom government announced budget cuts and the merging of six working age benefits, including the child tax credit as well as the income-based jobseeker's allowance, income-related employment and support allowance, income support, child tax credit, working tax credit and housing benefit will receive a single universal credit payment into a 'Universal Credit', to be phased in from 2013 (Bennett, 2012). The associated cuts may hit single-parent families especially hard as they have fewer other options for income security. The issue for many is that work is not paying adequately and subsidized childcare expensive and not flexible enough to facilitate irregular and non-standard working hours.

Limited performance: Luxembourg and the United States with high in-work poverty, high inadequate wages and low redistribution

Luxembourg and the United States are examples of countries with exceptionally high in-work poverty rates for single parents, that are associated with limited performance on two accounts. These countries have very high rates of inadequate wages, associated with work-family policies that fail to support working single parents and limited employment protection, that are not matched with levels of redistribution to achieve poverty rates that are on par with other countries.

Luxembourg is an interesting case because even though it has strong regulation of part-time employment and an average duration of full-time equivalent paid parental leave, it has high rates of inadequate wages that combined with low levels of redistribution result in the highest poverty risks for working single parents in the 18

countries examined here. This is in line with Luxembourg being described as a corporatist welfare state, and having high and rising rates of low pay for all workers (see Chapter 8 by Maître, Nolan and Whelan, and Chapter 9 by Horemans, in this volume). Moreover, we show that in Luxembourg, single-parent workers were least likely to be employed in professional occupations, with the other occupations less commonly providing adequate wages.

The United States has limited employment protection, a low minimum wage, and weak collective bargaining. The United States has the highest rate of low-wage employment with approximately one-quarter of all workers in the low-wage labor market; whereas the OECD average is 17% (OECD, 2015, p. 290). Within this context of a large low-wage labor market, single parents have disproportionally high rates of low-wage employment with 35% percent of single-mother families were low-wage and low-income workers from 1979 to 2011 (Albelda & Carr, 2014, p. 11).

The United States has no national policies for paid leave and child benefit, inadequate coverage for (affordable) child care and pre-school services. Smaller localities such as states and cities have passed legislation on minimum wage, paid leave, and universal pre-kindergarten for four year olds. These are promising initiatives, however there is missing policy at the federal level. Child care of high quality and low cost is out of reach for many single parents as the out-of-pocket expenses are too high. Even if childcare is available, fewer than one-third of low-income families use center-based child care (Williams & Boushey, 2010). The child care options do not necessarily align with work schedules. Many single parents often rely on informal kinds of child care from grandparents or other relatives (ibid).

Luxembourg has universal policies that are not targeted to single parents, including child benefits. The particular policy design is not necessarily lifting working single parents out of poverty. Luxembourg's child benefits reduce single parent-poverty by 7 percentage-points. However, unlike the Nordic countries, there are no supplemental benefits targeted for single parents. Whereas in most other OECD countries, the design of child benefits was favorable to single-parent families, resulting in a relatively large reduction of poverty among single parents, in Luxembourg, there is some evidence that the design was more favorable to coupled parents (Bradshaw & Finch, 2002).

While Luxembourg does provide an advance on child support payments, the child support is much less effective in reducing poverty than the Nordic countries. This is partly due to the majority of single parents do not receive child support in Luxembourg. In 2000, in the Nordic countries, the percentage of single parents receiving child support in Denmark was a high of 99%; Finland a high of 73%, and Luxembourg a low of 40% (European Parliament, 2014, p 17).

The United States has often been presented as a case with exceptionally high poverty among single parents (e.g. Gornick & Jäntti, 2012; Maldonado & Nieuwenhuis, 2015a), and described as the country where single parents are worst off (Casey & Maldonado, 2012). Here, the results show that the United States also still shows very high poverty rates among single parents who are (mostly or fully) employed, but not the highest. This suggests that is partly due to the poverty reduction of 6 percentage points associated with family and child related transfers, which include the Earned Income Tax Credit (EITC) and Temporary Assistance for Needy Families (TANF), reducing poverty by 6-percentage points among working single parents are inadequate to counter high

levels of inadequate wages. Social assistance is targeted to single parents, and in association with this targeting the uptake is low. In 2014, for every 100 families in poverty, only 23 actually receive social assistance (Floyd, Pavetti & Schott, 2015). The United States does not provide an advance on child support payments and the child support receipt is low.

Conclusion and discussion

In studying in-work poverty among single parents, the distinction made in this chapter between redistribution and inequality on the labor market (as indicated by inadequate wages), proved to be insightful. Across countries, lower rates of inadequate wages were associated with lower rates of in-work poverty - for single parents as well as for coupled parents. Yet, our findings suggest three distinct patterns of performance in countries' approach to in-work poverty among single parents.

Inadequate wages were found to be less common among single parents in countries that provide more strict regulation of fixed-time employment contracts and the use of temporary work agencies. Of course, this type of employment protection does not stand on its own, and other factors play a role in shaping workers' capability to earn adequate wages on the labor market. Yet, it indicates an overall commitment to employment protection for workers in more precarious forms of employment, and it corresponds to stronger positions of unions (as we have seen, for instance, in Nordic countries), which is also important for other employment conditions such as (minimum) wages and regulations on irregular and non-standard working hours. This finding also

illustrates how many of the known determinants of in-work poverty (e.g. see Lohmann, 2009) are important to single-parent families.

Given the strongly gendered nature of single parenthood, with women more likely to be a single parent and facing disadvantaged positions on the labor market, it is not surprising that policies aimed at facilitating the combination of work and family responsibilities are associated with a lower prevalence of inadequate wages, particularly for single parents. This was shown for paid parental leave, but also applies to public expenditure on childcare - if affordable and available when the work schedule demands it. These policies prevent interruptions in work histories of single parents, as well as of women in coupled households, thereby increasing both current wages and future earnings potential. This highlights the importance of taking a life-course perspective: policies that facilitate more gender equal employment patterns within households contribute to a better position on the labor market of single parents after they separated. From this perspective it also becomes clear that stimulating the uptake of parental leave by fathers, which so far we have only seen in the Nordic countries to a substantial degree (Eydal et al., 2015), would foster the capability of (future) single mothers to earn adequate wages.

The importance given here to adequate employment to reduce (income) poverty is not to imply that other activities and life domains are of a lesser importance (Saraceno, 2015; Folbre, Gornick, Connolly & Munzi, 2013). Likewise, for many, employment is important for more than just the paycheck at the end of the month. That said, the relevance of our findings lies in the fact that social policy perspectives increasingly regard employment as a primary strategy in reducing poverty (Cantillon &

Vandenbroucke, 2014). This is, for instance, evident in the social investment package adopted in 2013 by the European Commission.

Our results raise the concern that employment might not be a sufficient anti-poverty strategy for many single parents. We showed that single parents have substantially higher rates of inadequate wages and in-work poverty compared to coupled parents, and that this difference was mainly driven by dual-earner couples. This suggests that as dual earnership becomes more common, single earners, both single parents and in couples, have more difficulties of earning a wage that is considered adequate. In addition to a second wage, dual earnership provides additional security such as being better able to compensate for temporary interruptions in employment of one of the partners. With ongoing diversification in family structures, including single-parent families becoming more common, this marked advantage that dual-earner families have challenges employment as an adequate and sufficient strategy against poverty for those with a less strong position on the labor market. This is further underlined by our finding that occupations differ markedly in the degree to which they provide adequate wages. Despite educational expansion and increasing attention to life-long learning, a future scenario in which everyone works in a managerial/professional occupation (or with a similar earnings potential) seems implausible.

This means that redistribution remains an important strategy to reduce poverty among working single parents. Indeed, it was redistribution that made the difference between Luxembourg and the United States on the one hand, and Ireland and the United Kingdom on the other hand. The effectiveness of redistribution policies is not only determined by the amounts individuals or households are entitled to, but also by the

policy design. We saw this in Luxembourg with child benefits actually favoring coupled parents and in the United States where, due to strong targeting and complex rules, uptake of social assistance was very low. As we focused on working single-parent families, it is not surprising that benefits related to families with children were found to be very important here. Private transfers, mostly in the form of child support and alimonies, were also found to reduce poverty across countries. Unemployment benefits contributed to reducing poverty somewhat, which represents the importance of a safety net for the employment interruptions among those who are mostly employed.

It was shown in Ireland and the United Kingdom that redistribution can go a long way in compensating high rates of inadequate wages to comparatively low rates of in-work poverty. Yet, recent policy developments in these countries also demonstrate the risk of an unbalanced reliance on redistribution strategies alone to achieve low in-work poverty. When faced with budget pressures, policy makers may perceive these redistributive strategies as too expensive. If, as was the case in Ireland and the United Kingdom, the labor market produces high rates of inadequate wages, reducing the redistributive capacity of social security may quickly result in high rates of in-work poverty. On the other hand, redistribution played an important role even in countries with low rates of inadequate wages. Hence, it seems that countries that rely on a balanced approach of reducing inequality on the labor market (both with respect to class and gender), policies to support working parents and gender equality, combined with an adequate level of redistribution, are best situated for a durable reduction of poverty among working single parents.

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