

***The labour market and financial
consequences of relationship breakdown
and re-partnering for mothers with young
children***

**Paper presented to the 2007 LSAC Research Conference
3-4 December 2007**

Matthew Gray and Jennifer Baxter



Australian Government

Australian Institute of Family Studies

Background

- **22.5 % families with dependent children are single parent households (2006 Census)**
- **Single mothers - lower rates of employment than couples mothers**
- **Reasons for lower employment rates not particularly well understood**
 - ◆ Much of the existing work has been based on cross-sectional data & takes a “static” approach
- **Limited longitudinal analysis – often limited by relatively small sample sizes (e.g. HILDA)**
- **Little recent analysis of outcomes for those who leave single motherhood via re-partnering**



Background, cont ...

- **Paper uses LSAC to analyse:**
 - ◆ Relationship dynamics for mothers with young children
 - ◆ Impact of relationship changes on paid employment
 - ◆ Impact of relationship changes on financial wellbeing
 - ◆ Impact of relationship changes on reliance on government benefits
- **Dynamic approach that takes account of “inflows” & “outflows” into the single mother population**
- **Sometimes argued that re-partnering is the best way out of poverty for lone mothers**
 - ◆ An issue examined in this paper



Family transitions considered

- **Couple family wave 1**
 - single mother family wave 2
- **Single mother family wave 1**
 - couple family wave 2
- **Single mother family wave 1**
 - single mother family wave 2 [no transition]
- **Couple family wave 1**
 - couple family wave 2 [no transition]



Data

- **Wave 1 & 2 used**
- **1999-2000 (B) & 2003-2004 (K) birth cohorts used**
- **Restricted to non-attriting sample**
 - ◆ may be selection issues due to initial non-response to LSAC & selective attrition
- **Estimates produced using weighted data**
- **Families excluded from analysis:**
 - ◆ headed by adults who are not the child's parents (eg, grandparents)
 - ◆ single father families (small sample sizes)



Measures & definitions

- **Family type**

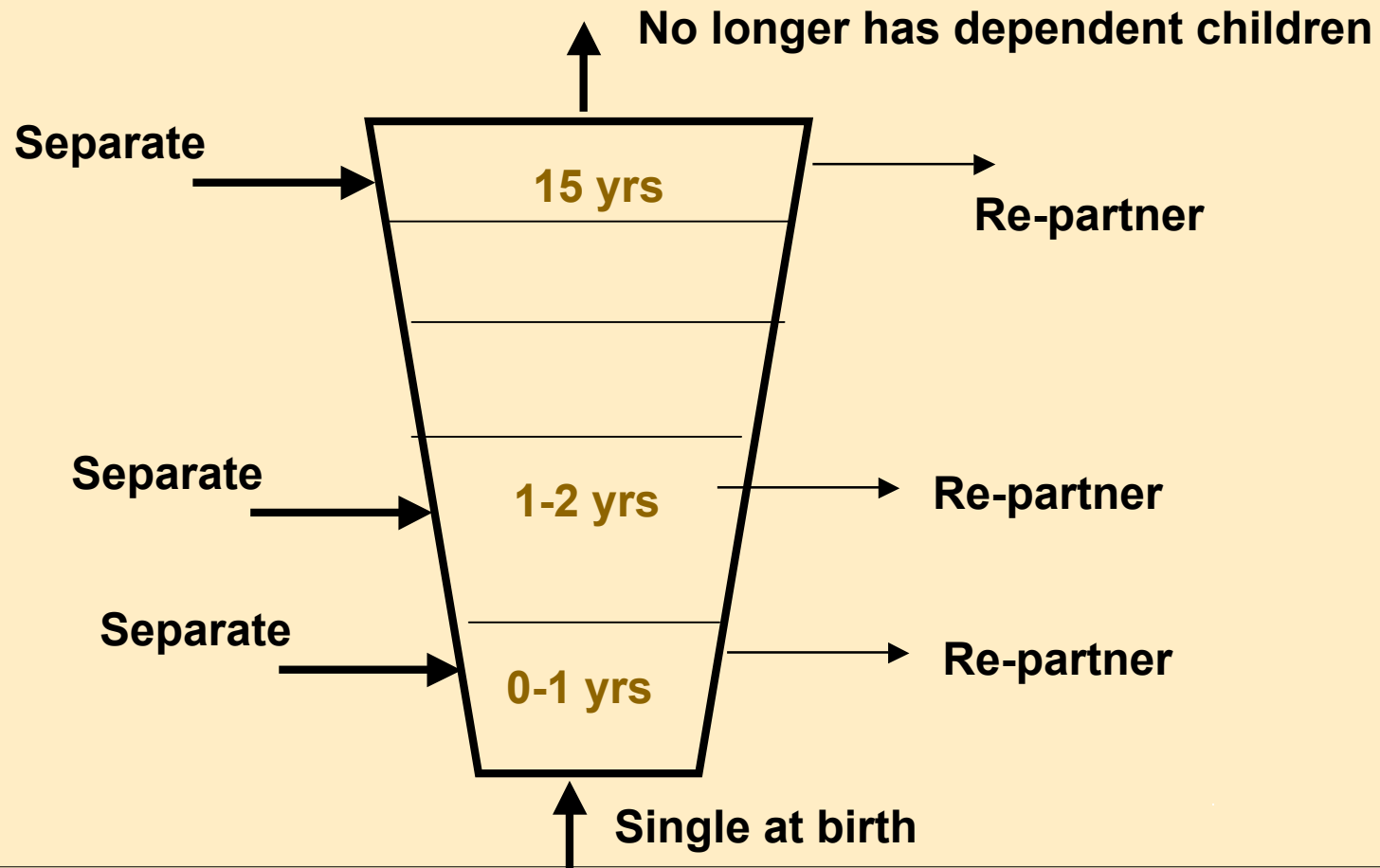
- ◆ Defined by whether mother (with whom the study child lives) lives with a partner

- **Not employed includes**

- ◆ Unemployed
- ◆ not in labour force
- ◆ on long-term leave (eg maternity leave)



Dynamics of the single mother population



Australian Government

Australian Institute of Family Studies

Changes in mothers relationship status between wave 1 & 2 by age of study child

	Relationship status 2006		
	Partnered	Single	Number of observations
Relationship status 2004			
	Infant cohort		
Partnered	95.3	4.7	4,202
Single mother	21.0	79.0	367
	4-5 year old cohort		
Partnered	95.7	4.3	3,847
Single mother	13.3	86.7	518



Differences in characteristics by relationship transitions (%)

	Bachelor degree or higher (mother)	Poor or very poor health (mother)	Owns or buying own home		Partner employed		Cohabiting	
			W1	W2	W1	W2	W1	W2
Couple W1 & W2	35	6	76	79	91	90	13	13
Couple w1, single w 2	20	11	53	33	82		43	
Single w 1, partnered w2	7	12	14	33		83		54
Single both waves (separated after birth)	18	14	34	37				
Single both waves (single at time birth child)	10	11	16	18				



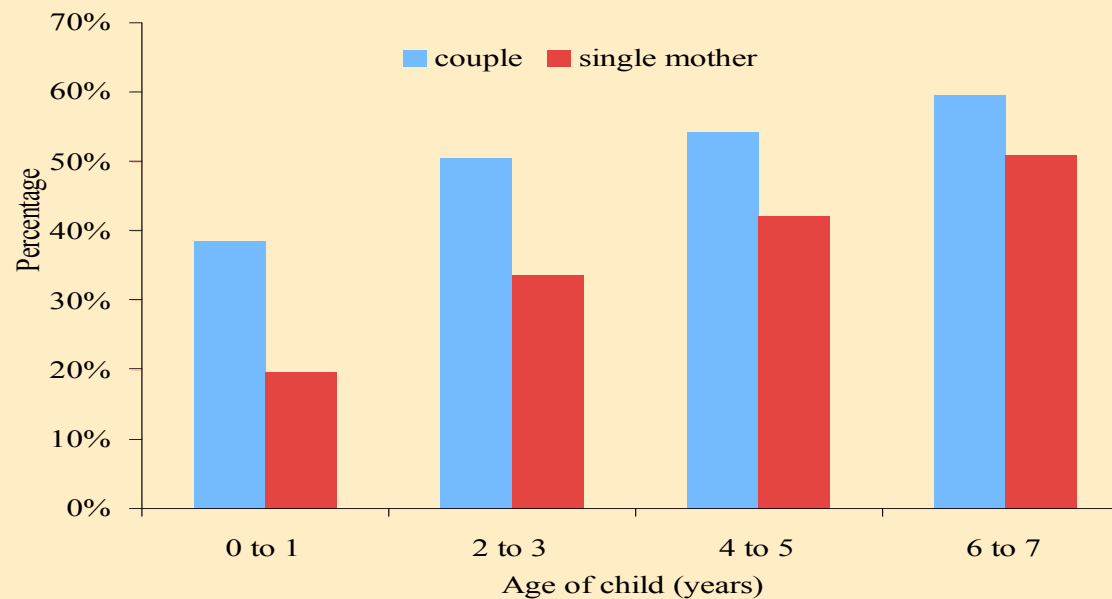
Labour force participation



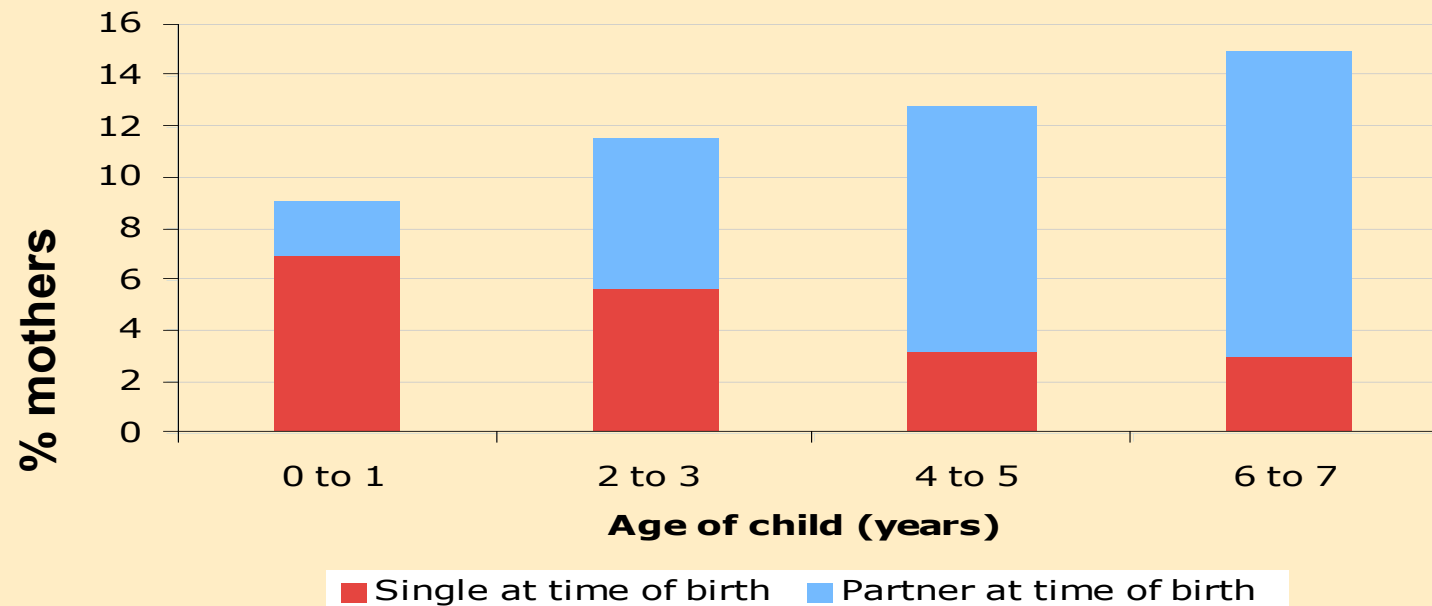
Australian Government

Australian Institute of Family Studies

Maternal employment by age of study child & family type



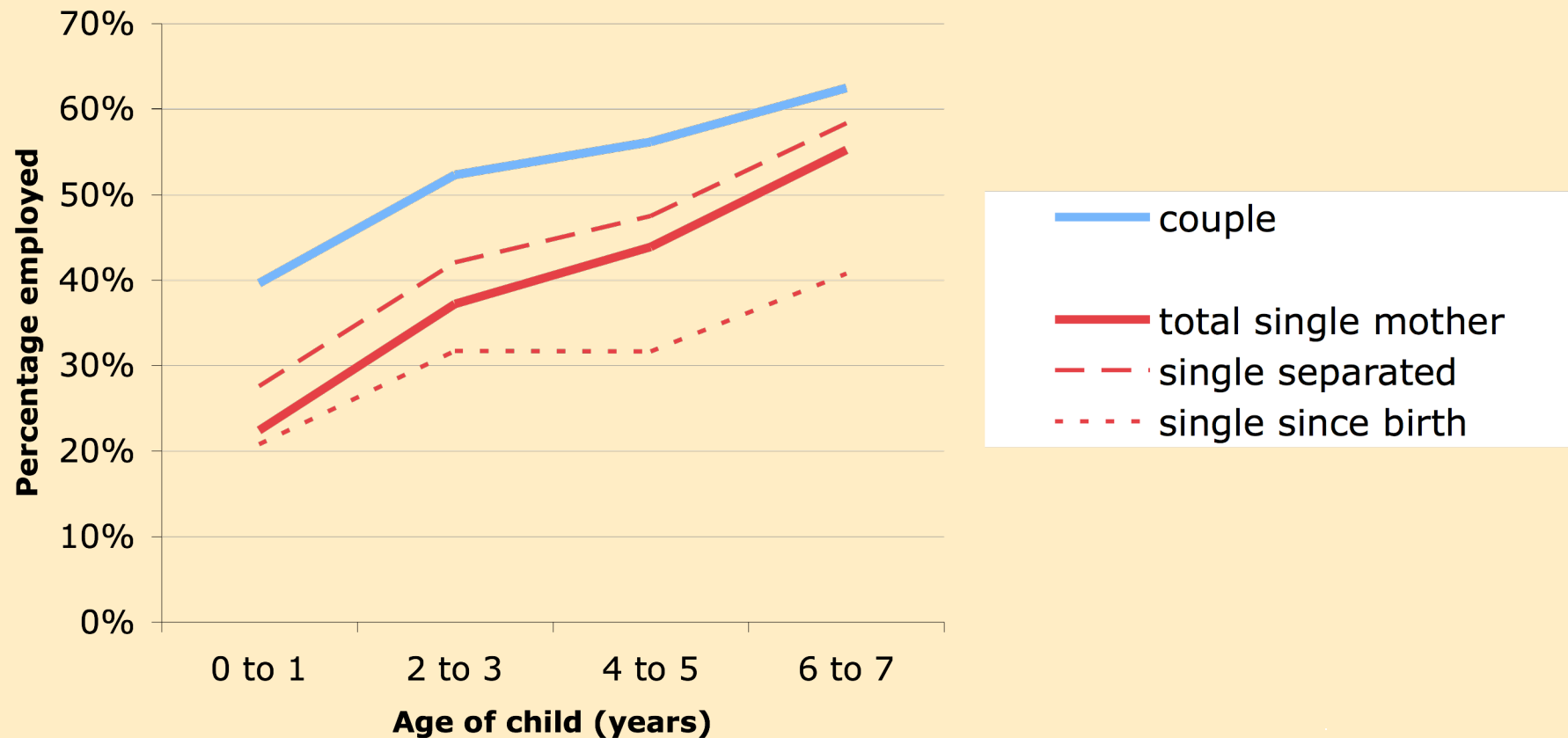
Path into single motherhood by age of the study child (% of all mothers)



Australian Government

Australian Institute of Family Studies

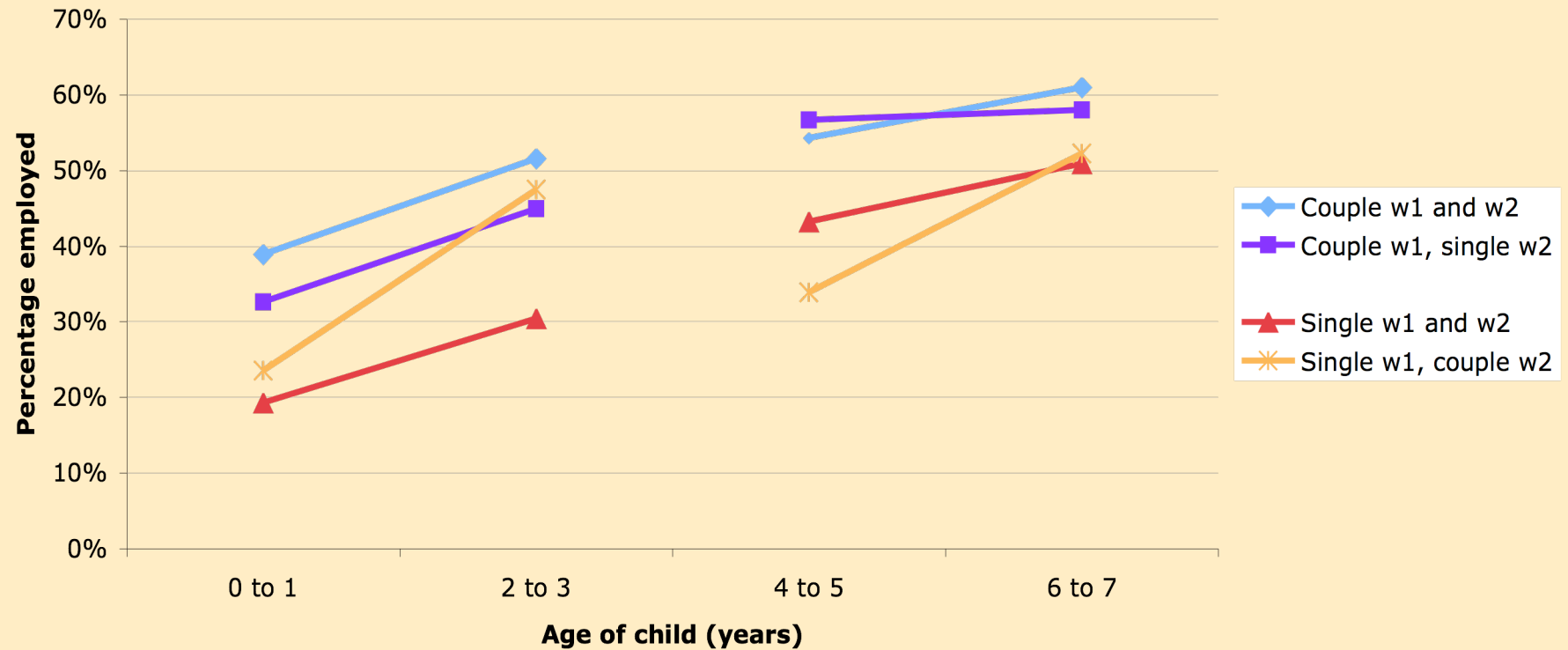
Maternal employment rates by age of study child & relationship status (%)



Australian Government

Australian Institute of Family Studies

Maternal employment & relationship changes



Australian Government

Australian Institute of Family Studies

Maternal employment transition w1 to w2 by family type (%)

Wave 1	Wave 2	
	Not employed	Employed
	Couple W1 & W2	
Not employed	64.1	35.9
Employed	20.5	79.5
	Couple W1, s ingle W2	
Not employed	66.8	33.2
Employed	26.4	73.6
	Single W1 & W2 (separated after birth)	
Not employed	72.8	27.2
Employed	18.9	81.1
	Single W1 & W2 (single at time of birth)	
Not employed	78.9	21.1
Employed	23.6	76.4
	Single W1, c ouple W2	
Not employed	61.9	38.1
Employed	22.2	77.8



Changes in family type & maternal employment, 2004 to 2006 (summary)

	Employment rate		
	Wave 1	Wave 2	Change
Couple w1 and w2	46%	56%	10%
Couple w1, single w2	44%	51%	7%
Single w1 and w2	34%	43%	9%
Single w1, couple w2	28%	50%	21%



Measures of financial wellbeing

- **not just income**
 - ◆ from a child development perspective material and social deprivation important)
- **Perceived prosperity**
- **Number of hardships**
- **Gross parental income (not adjusted for household size)**
 - ◆ \$ per week
 - ◆ Parental **not** household income



Parental Income

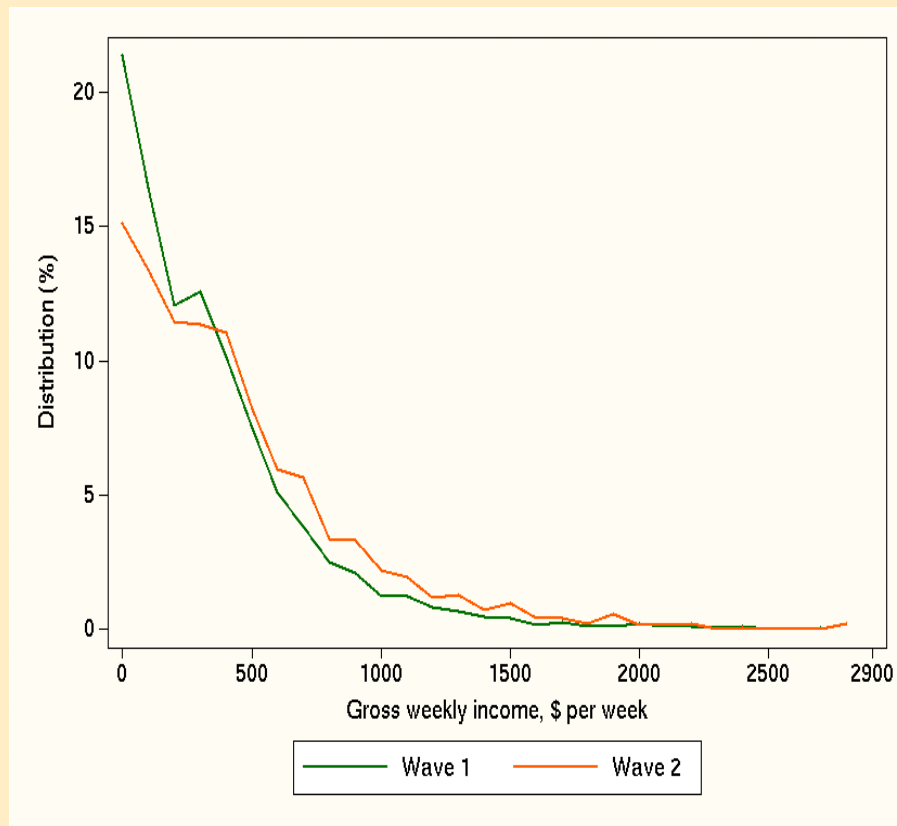


Australian Government

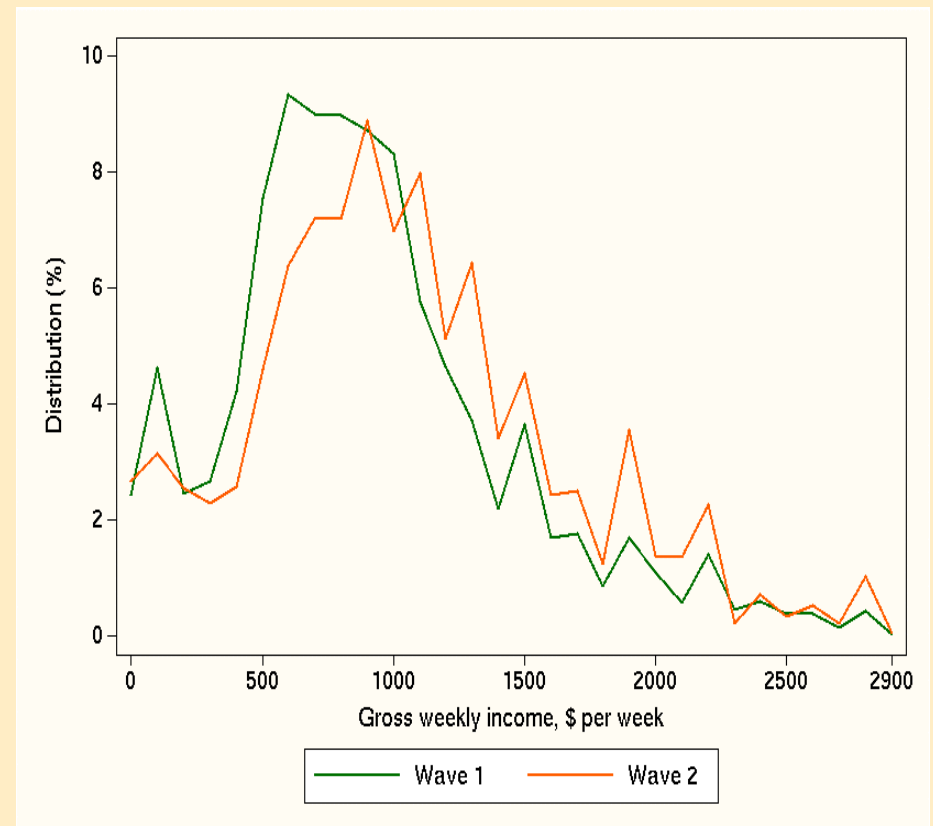
Australian Institute of Family Studies

Mothers & fathers' income

Mothers' income



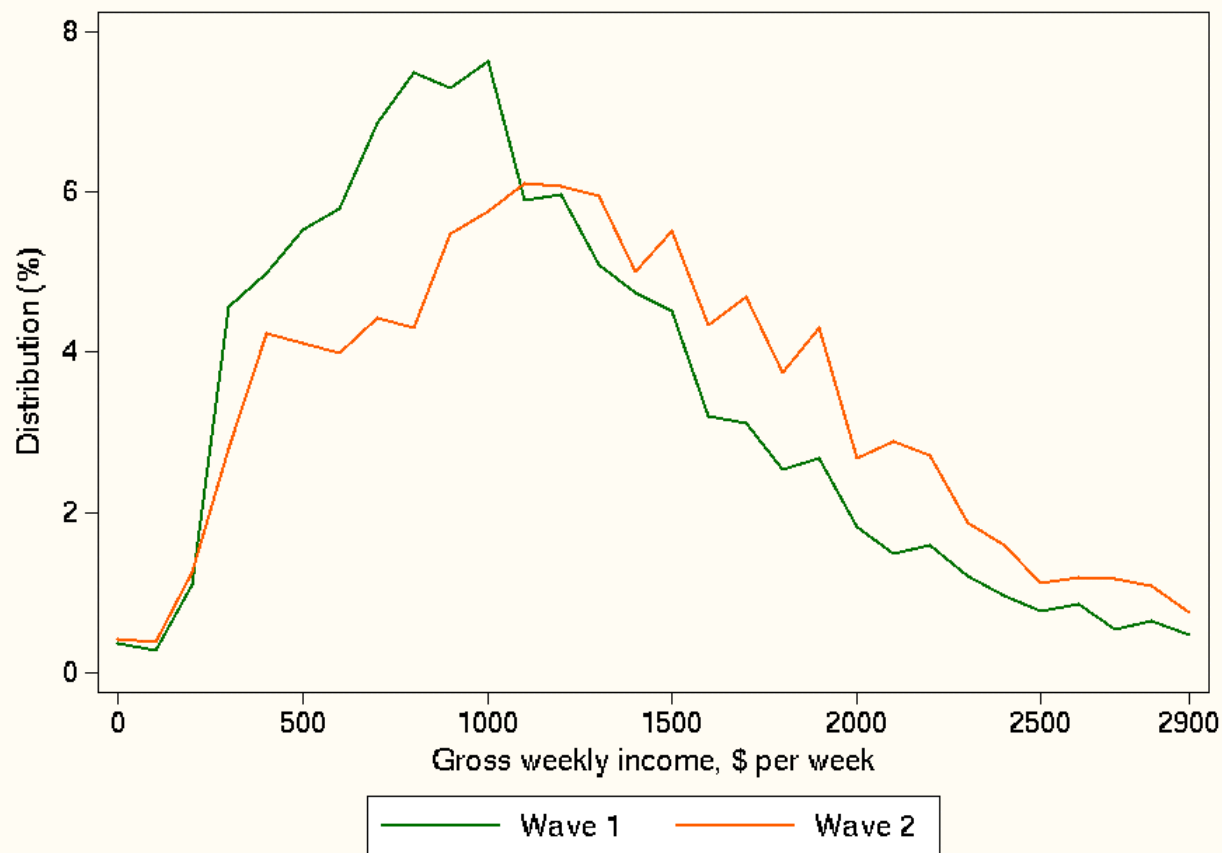
Fathers' income



Australian Government

Australian Institute of Family Studies

Gross parental income, 2004 & 2006



Australian Government

Australian Institute of Family Studies

Gross parental income by family type

	Gross parental income (\$ per week)			
	W1	W2	W2-W1	% change W1 to W2
	\$ per week			
Couple both waves	1375	1679	304	22%
Couple W1, separated W2	1121	646	-475	-42%
Single W1, partnered W2	493	1226	733	149%
Single both waves (separated)	545	596	51	9%
Single both waves (single since birth)	440	511	71	16%
Total	1255	1523	268	21%



Changes gross parental income by family transitions & maternal employment transitions

Maternal employment	W1	W2	W2-W1	% change W1 to W2
Couple W1 & W2				
Not working both waves	1202	1466	264	22.0%
Not working W1, working W2	1272	1747	475	37.3%
Worked W1, not W2	1501	1622	121	8.1%
Working both wave	1611	1933	322	20.0%
Couple W1, Single W2				
Not working both waves	995	501	-494	-49.6%
Not working W1, working W2	989	693	-296	-29.9%
Worked W1, not W2	1146	500	-646	-56.4%
Working both wave	1348	827	-521	-38.6%
Single W1 & W2				
Not working both waves	413	434	21	5.1%
Not working W1, working W2	429	595	166	38.7%
Worked W1, not W2	543	451	-92	-16.9%
Working both wave	706	829	123	17.4%



Government payments as main source of income by family transitions, 2004-2006

	Government payments main source of income					
	Mother		Father		Both parents	
	W1	W2	W1	W2	W1	W2
Couple both waves	42	37	5	4	4	4
Couple W1, single W2	56	59	14		13	
Single W1, partnered W2	86	57		14		13
Single W1 & W2 (separated after birth)	67	61				
Single W1 & W2 (single mother at birth)	87	80				
Total	47	41	5	4	13	12



Australian Government

Australian Institute of Family Studies

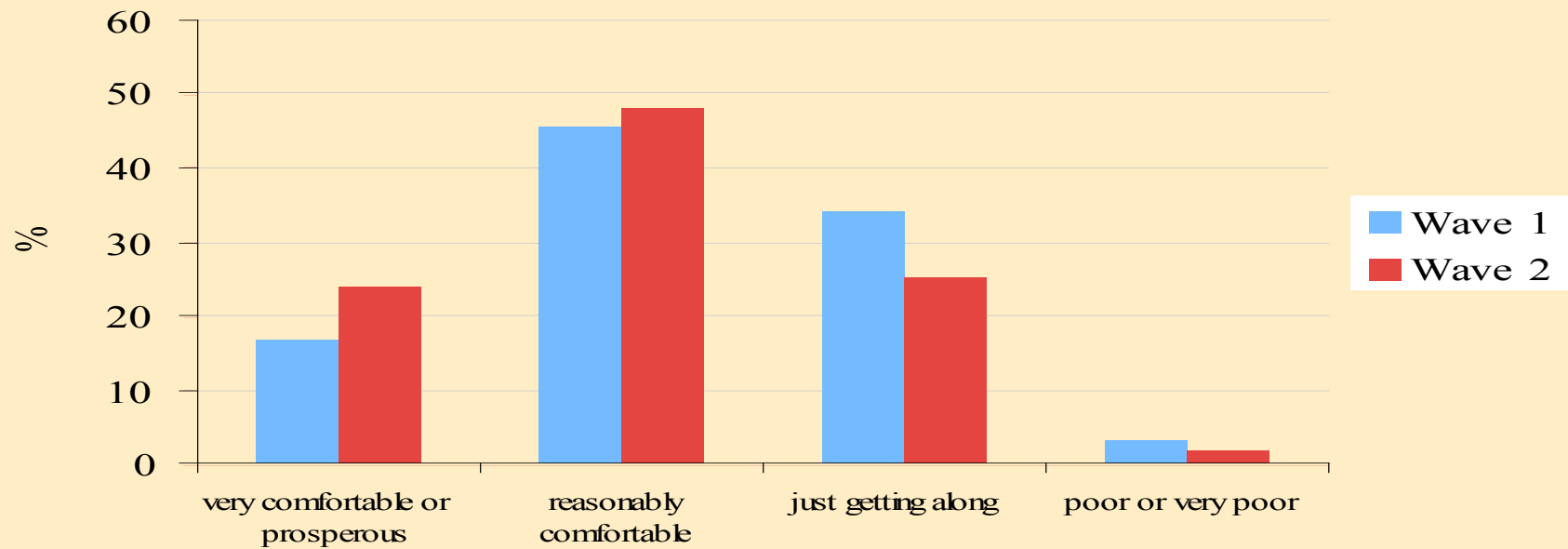
Prosperity and the experience of hardships



Australian Government

Australian Institute of Family Studies

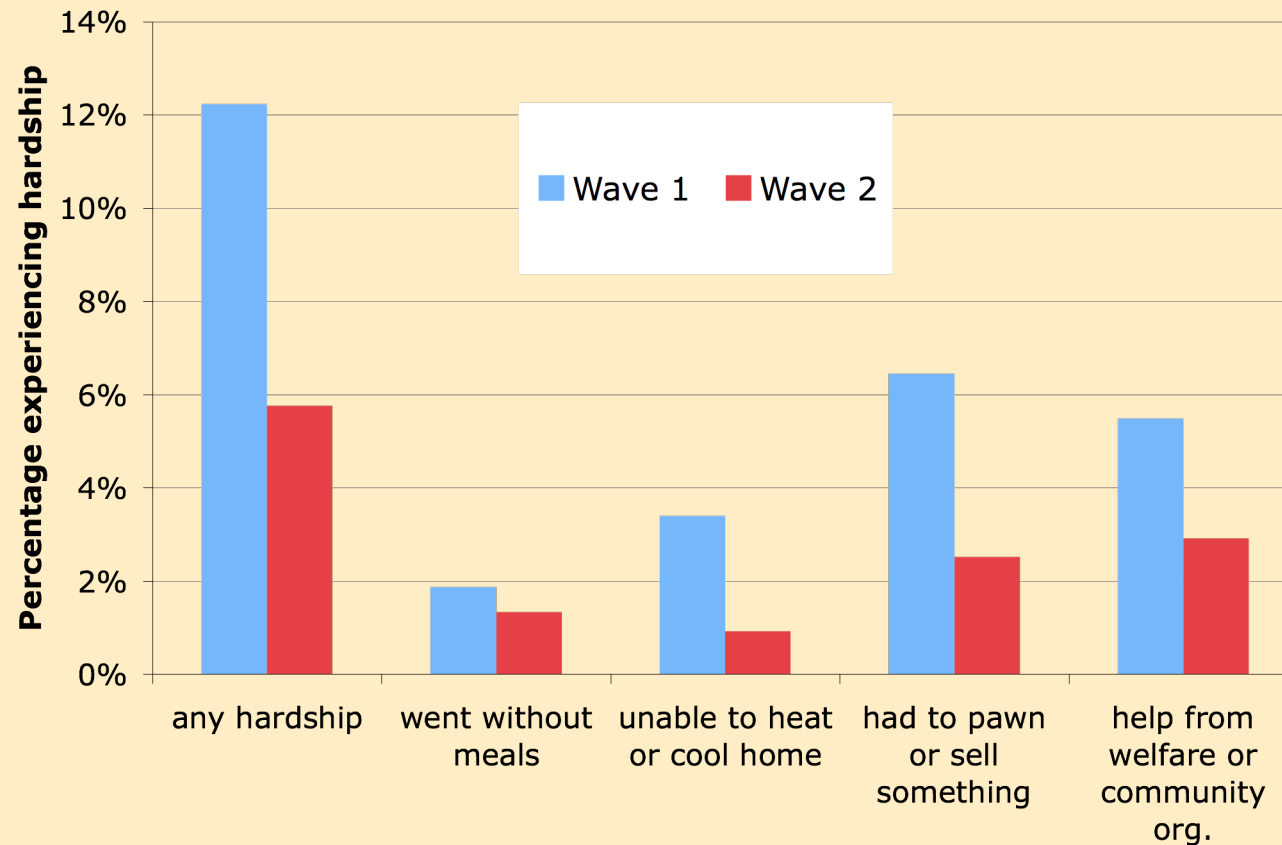
Prosperity, 2004 & 2006



Australian Government

Australian Institute of Family Studies

Hardships in last 12-months, 2004 & 2006



**Mean number
of hardships**

W1 = 0.16

W2 = 0.08



Australian Government

Australian Institute of Family Studies

Transitions in prosperity, 2004 to 2006

Perceived prosperity 2004 (wave 1)	Perceived prosperity 2006 (wave 2)			
	Very comfortable or prosperous	Reasonably comfortable	Just getting along	Poor or very poor
Very comfortable or prosperous	61	31	7	1
Reasonably comfortable	25	60	15	0
Just getting along	8	45	44	3
Poor or very poor	5	25	52	18
Total	25	49	24	2

percentages add to 100% across



Australian Government

Australian Institute of Family Studies

Transitions in the experience of hardships, 2004 to 2006

		Number of hardships 2006 (wave 2)		
Number of hardships 2004 (wave 1)	None	One	Two	
None	96	2	1	
One	79	15	5	
Two	55	28	17	
Total	93	5	2	

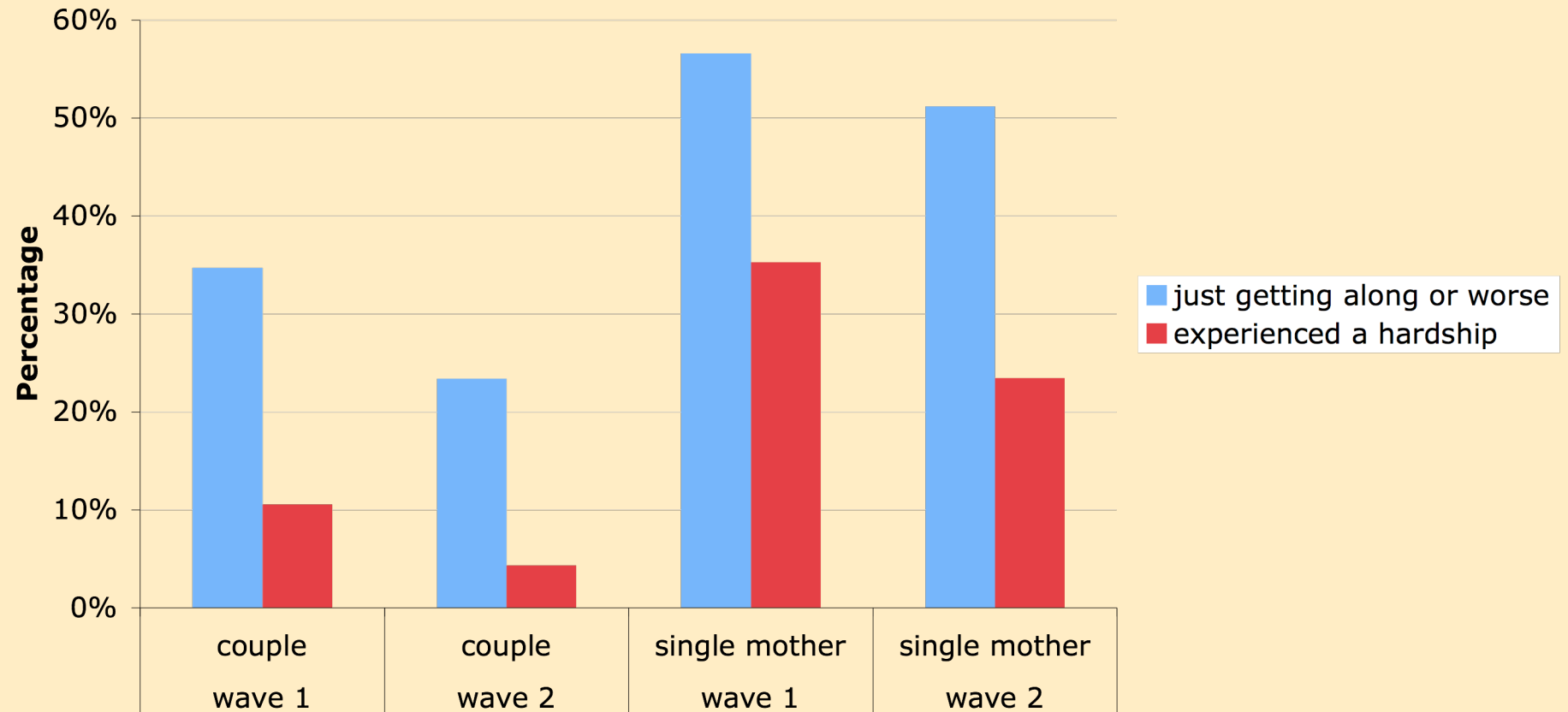
percentages add to 100% across each row



Australian Government

Australian Institute of Family Studies

Prosperity and hardships by family type, 2004 & 2006



Australian Government

Australian Institute of Family Studies

Family type & financial wellbeing (%)

	Just getting along, poor or very poor		Poor or very poor		Experienced at least one financial hardship	
	W1	W2	W1	W2	W1	W2
Couple both waves	34	22	3	1	10	4
Couple W1, separated W2	48	51	5	7	24	25
Single W1, partnered W2	56	40	6	7	35	15
Single both waves (separated)	59	50	8	4	35	18
Single both waves (since birth)	54	51	8	5	36	25



Conclusions

- Taking account of inflows and outflows into the single mother population crucial to understanding how the patterns of employment vary with the age of the children
- Single mothers with young children have lower rates of employment than couple mothers but have a similar rate of growth of employment
- Narrowing in employment gap between single and couple mothers largely a consequence of the changing composition of the single mother population
- Best ways to improve living standards for single mothers is to re-partner or to find employment.
- Re-partnering AND finding employment results in the biggest improvements

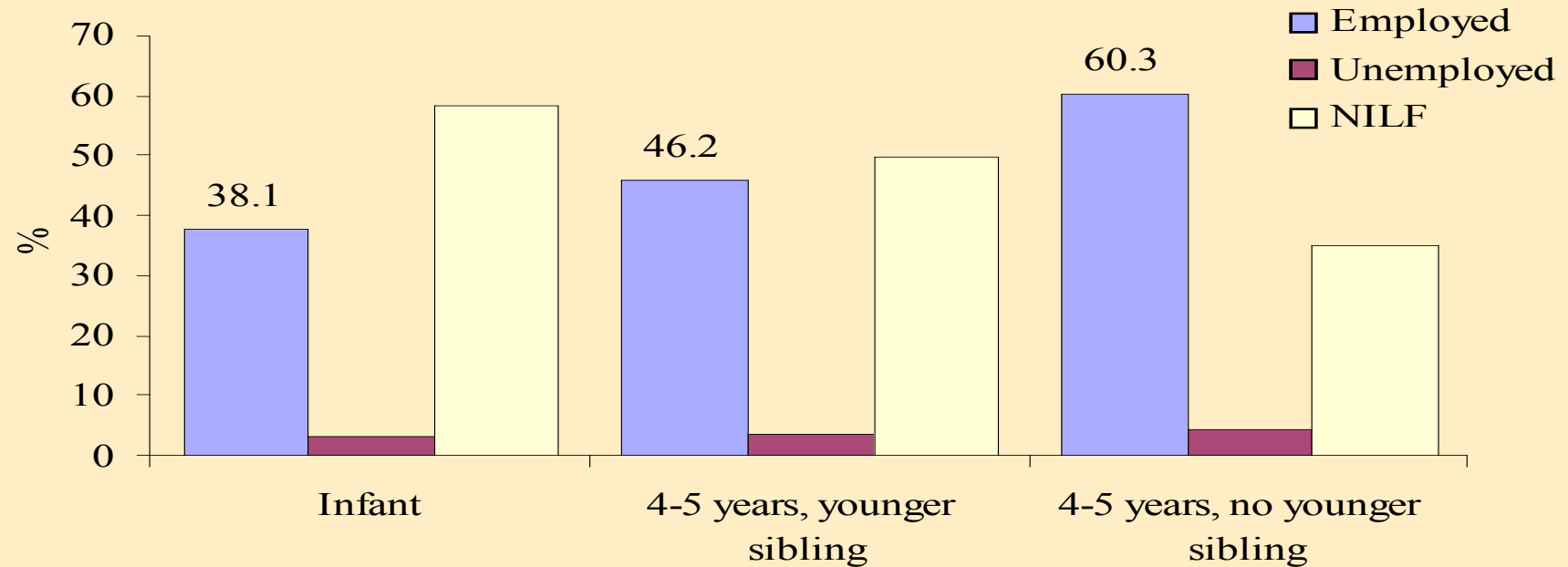


Conclusions, cont ...

- Important for some purposes to distinguish between single mothers who had a partner when child was born and those who were single
- Few study children are stay in households in which the perceived prosperity is poor or very poor over a two year period and most who experience hardships in one wave do not in the other wave
- Next step is to use regression analysis to model the transitions → allow for observable and unobservable differences (individual fixed effect) to be taken into account.



Maternal labour force status by age of youngest child, 2004



Australian Government

Australian Institute of Family Studies