In-work poverty among families with children

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Relative (AHC) poverty rates in working households

Source: Figure 4.7 of Living Standards, Poverty and Inequality in the UK: 2017

Living Standards, Poverty and Inequality in the UK: 2017 © Institute for Fiscal Studies
Proportion of children living in each family type

- Workless couple
- One-earner couple
- Two-earner couple
- Workless lone parent
- Working lone parent

Source: Figure 5.1 of *Living Standards, Poverty and Inequality in the UK: 2017*
Median income growth for working families with children

Growth in real median household income

- One-earner couple
- Two-earner couple
- Working lone parent

1994-95 to 2015-16
2002-03 to 2015-16

Source: Figure 5.4 of Living Standards, Poverty and Inequality in the UK: 2017
Income poverty and deprivation for children in working families

Source: Figures 5.5 and 5.6 of *Living Standards, Poverty and Inequality in the UK: 2017*
Characteristics of one earner couples with children

One-earner couples with children are:

• More likely to have **3 or more children**
• More likely to have **a child aged under 5**
• More likely to contain a mother who **left school by 16** (though not compared to working lone parent families)
• More likely to contain at least one **non-white** parent (particularly Asian)
  – Explained by lower employment rates for non-white mothers
• More likely to have been **born abroad**
Explaining poor income growth for one-earner couples with children

Main reason for poor income growth for one-earner couples:

• Median pre-tax family earnings 11% lower than in 2015-16 than 1994-95

Why have earnings for these families performed so poorly?

• 85% of the working partner in these families are male...
• ... and the earnings of men have grown very slowly compared to women over the last 20 years
Fathers’ earnings growing very slowly compared to mothers’ earnings

Average annual real growth, 1994-95 to 2015-16

Source: Figure 5.9 of Living Standards, Poverty and Inequality in the UK: 2017

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Fathers’ earnings growing very slowly compared to mothers’ earnings

Average annual real growth, 1994-95 to 2015-16

Percentile

Source: Figure 5.9 of *Living Standards, Poverty and Inequality in the UK: 2017*
Explaining poor income growth for one-earner couples with children

Earnings of fathers in one-earner couples grown less quickly than other fathers since mid 90s

• 6% lower over 20 years, compared to 10% higher for other fathers

Working fathers in one earner couples relatively less likely to have high occupational class job

• Despite similar education levels

Higher fraction of fathers in one-earner couples born abroad

• Immigrants tend to have lower earnings that similarly qualified workers born in the UK

• This is only a partial explanation
Large increase in % of fathers born abroad

Working fathers in one-earner couples

Other working fathers

Source: Figure 5.11 of Living Standards, Poverty and Inequality in the UK: 2017
Increases in benefits and tax credits have supported the incomes of one earner families.
Conclusion

Weak earnings growth for fathers means it is harder for one-earner couples with children to keep up with other families

One third of children in poverty live in a one-earner couple family

Scope for boosting the earnings of the working parent?

• Very few part-time; higher hourly wages important

Potential for the non-working spouse to move into work?

• To some extent, though only 12% are actively seeking paid work

Higher benefits /tax credits could boost incomes of these families

• Would be likely to weaken incentives for non-worker to work