

GOVERNMENT



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SHOULD SUBSIDIZE, NOT TAX, MARRIAGE



SOCIAL POLICIES HAVE INFLUENCED THE RATE
OF GROWTH IN SINGLE-PARENT FAMILIES

Key facts about one-parent families are amply documented elsewhere in this issue of *Education Next*, which is devoted to reflections on the Moynihan Report. In a rich, diverse set of essays, the scholars report multiple, challenging findings. To mention only a very few:

- The number of children being raised by single parents has increased dramatically since the report was written in 1965.
- In the 21st century, the growth rate in births to unmarried mothers has been steeper among whites than among blacks.
- The percentage of 15-year-olds living with a single parent is 50 percent higher in the United States than in the average industrialized country.
- Children raised in single-parent families suffer educationally, socially, and economically.

Yet root causes of the growth in single-parent families have yet to be well identified, making it difficult to figure out where to go next. Some authors support new birth-control technologies. Others accept today's American family as inevitable and search for ways in which preschools, schools, and other public institutions can ameliorate the impact on children. Still others suggest strategies for restoring marriage or at least parental cohabitation.

Possible Explanations

Understanding the root causes of the growth in single parenthood is no easy task. But in my opinion, a number of potential causes can be pretty much ruled out. The growing problem cannot be attributed to declining educational attainment, or to declining incomes, or to inadequate access to contraceptives, or to higher crime and juvenile detention rates, or to teenage pregnancy, or to slavery's legacy. At any single point in time, all of these factors are closely associated with single parenthood, and therefore it is tempting to use them to "explain" growth in parenting outside of marriage. But the direction of change in all of these factors has been favorable, not antagonistic, to marriage. Census data reveal that high-school graduation rates climbed from 61 percent to 90 percent between 1960 and 2012; during roughly the same time period, college enrollments rose from 26 percent to 41 percent. If additional years of education are the solution to the marriage problem, the issue should have disappeared. Per capita median income (in inflation-adjusted dollars) has also risen—by nearly 23 percent between 1974 and 2013. Juvenile arrest rates dropped by 32 percent between 1980 and 2011, while adult crime rates plummeted sharply from their highs in the 1990s. Births to women ages 15 to 19 plunged from 9.6 births for every 100 women in 1957 to just 2.7 births in 2013. Slavery's legacy recedes

by PAUL E. PETERSON

into the past with every passing decade. In short, many societal trends have been marriage-enhancing.

Growth in single parenthood must be due to something else. Suspects include female participation in the labor force; changing social norms; young male isolation from the workforce, schools, and other societal institutions; and government subsidization of single parenthood. All of these factors may be a part of the story, but a close look at exactly when the problem intensified—and when its growth slowed—suggests that the main culprit has been the government. Moynihan's report was not only condemned by the activists of his day; his findings were totally ignored by those who designed public policies at the time.

Admittedly, male unemployment together with high crime and incarceration rates are bad for family life, as William Julius Wilson and his colleagues make clear in their essay. But if these are the only driving forces, why did the percentage of births to unmarried mothers begin to stabilize within the African American community during the mid-1990s (admittedly, at the high 70 percent level)? Why does the trend line in the percentage of African American, Hispanic, and white children living in single-parent households stabilize toward the end of the 20th century? Why has the percentage of children raised in single-parent families not increased for the past 20 years? Admittedly, the percentage of births to unmarried white and Hispanic (but not black) women did increase in the 21st century, but many women married subsequent to childbirth, so the overall percentage of children *living* in single-parent households did not continue to grow.

The steep upward jump in single parenthood—from less than 30 percent to more than 50 percent among black Americans—took place in the late sixties and early seventies, immediately after the Moynihan Report was issued. The rate then climbed to 70 percent over the next 15 years. Among whites, single parenthood also doubled during this period—from about 5 percent to about 10 percent. What happened during the sixties and seventies to cause

this great decline in marriage? Why did the scope of the marriage problem then stabilize—yet not recede—in the 21st century?

The Modern Welfare State

To find an answer we need to inquire into the development of the modern welfare state. Few recognize how dramatically government policy changed in the decade after the Moynihan Report was written. Prior to 1965, assistance available to families with children was largely limited to a meager, restrictive program distributed by state and local governments, Aid to Families with Dependent Children (AFDC). That all changed with the arrival of the Great Society, largely instigated by the Johnson and Nixon administrations. A host of novel programs, together with revisions in the design of older ones, made new resources and services available to poor families. Courts ordered a liberalization of state regulations governing AFDC; a new Medicaid program covered most medical costs; basic sustenance for the disabled was institutionalized through Supplemental Security Insurance (SSI) and Social Security reforms; a generous, broadly defined food-stamp program replaced a more restrictive one; poor children won access to Head Start; and vouchers for housing supplemented and largely replaced an ineffectual brick-and-mortar housing policy. The many holes in the safety net were closed to the point that a system of social services gave relief and support to single-parent families throughout the child-raising years.

Some programs actively discouraged marriage. Welfare assistance went to mothers so long as no male was boarding in the household. Access to food stamps and Medicaid was automatic only if the welfare assistance met government approval. Once a family income crossed a specific threshold, access to these resources disappeared. Marriage to an employed male, even one earning the minimum wage, placed at risk a mother's economic well-being.

These incentives encouraged childbirth even when the prospects of marriage were minimal. A young woman who wanted to establish herself independently of her parents could access valuable, if minimal, resources by having a baby. In many urban neighborhoods, pregnancies were seen by future mothers as opportunities to begin life anew.

Economists and policy analysts of the day worried about the negative incentives that had been created. While many welcomed government's readiness to help families in need, they feared what came to be called the "poverty trap." Analysts estimated that in 1975 a household head would have to earn \$20,000 a year to have more resources than what could be obtained from Great Society programs. Until that point was reached, "tax rates" on marginal dollars the mother earned could exceed 100 percent.

As a solution, in the early 1960s, University of Chicago economist Milton Friedman proposed the Negative



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Income Tax (NIT). Instead of welfare benefits, he urged government payments to supplement the earnings of those who worked. Those payments would slowly fade out as earned income increased, but the phase-out was to be slow enough that workers always had an incentive to earn more. As Friedman put it, if NIT is introduced, “An extra dollar earned always means more money [for the low-income family] available for expenditure.” The Office of Economic Opportunity, the new anti-poverty agency, ran a number of NIT experiments, but, as designed, they departed from the Friedman formula by allowing food-stamp and Medicaid benefits to continue. Researchers found negative impacts on labor supply and marriage rates.

Despite these discouraging results, in 1975 Congress passed the Earned Income Tax Credit (EITC), which exempted low-income workers from both the income tax and the Social Security tax and paid workers if their earnings were below a certain amount, an idea closely resembling an NIT. Initially, EITC was very small, adding only a few hundred dollars to the incomes of poor families each year. As late as 1990, the maximum credit was less than \$1,000 annually. But in 1994, maximum benefits for two-child families approached \$4,000 annually. The program was of greatest benefit to single mothers, whose employment rates increased from 73 percent in 1984 to 85 percent in 2003. The program continued to expand so that by 2005 economists Nada Eissa and Hilary Hoynes concluded that, at a cost of \$34 billion annually, it lifted “more children out of poverty than any other government program.” The size and scope of the program was further enhanced by the stimulus package signed into law by Barack Obama in 2009. But the best available research indicates its impact on labor supply among married mothers has been minimal, and any favorable impacts on marriage rates are marginal at best. Apparently, married parents have incomes that are too large to benefit significantly from the EITC. To encourage changes in family structure, EITC needs to be redesigned so that benefits are much larger for married couples with children.

With EITC in place, the political ground was laid for the Clinton welfare reforms. Those initiatives formed the centerpiece of Clinton’s pivot to the middle in the aftermath of the Republican victories in the 1994 congressional races. The president signed into law Temporary Assistance for Needy Families (TANF),



Clinton signed into law *Temporary Assistance for Needy Families*, which required single parents to enter a training program or the workforce.

which required single parents to enter a training program or the workforce if assistance were to continue. That change, together with an expansion of the EITC, reduced the size of the poverty trap. Those reforms also seem to have reduced, though they have certainly not eliminated, the marriage penalty for low-income families, as a single woman now must enter the workforce to receive welfare assistance. The percentage of children in single-parent households did not continue to grow in the years following the redesign of federal welfare policy.

The number of single-parent families escalated immediately after the publication of the Moynihan Report, during the very years that government institutionalized a host of new federal programs, which, for all their good intentions and beneficial effects, discouraged marriage among those of low income. Admittedly, other events were occurring at that time, among them the Vietnam War, racial violence, and celebration of nontraditional lifestyles, making it difficult to disentangle the relative importance of all the possible causes of the problem the report had identified. But changes in government policy were the most immediate, the most direct, and the most obvious root cause.



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Remedies

I do not deny that single-parent families may under certain circumstances be much better for a child's well-being than the two-parent option available. Nor do I recommend draconian measures that would reverse the Great Society, though it must be said that none of those programs have resulted in noticeable reductions of official poverty levels or the level of African American and Hispanic male unemployment. What is needed is a redesign of these programs so that marriage is rewarded and families are empowered. Despite the celebration of alternative lifestyles, most people, including low-income individuals, hope for and seek marriage and stable families. Even adolescents have arranged their lives in such a way so as not to give birth



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to children during their teenage years. But when government taxes marriage and subsidizes single parenthood, it fuels the marriage problem.

Here are a few of the steps government needs to take if, 50 years from now, the 100th anniversary of the Moynihan Report is to be an occasion for celebration, not remorse:

- Reward marriage, especially for those at risk of low incomes. EITC needs to be redesigned so that its incentives have positive effects for married couples, not just for single parents.

As University of Virginia sociologist W. Bradford Wilcox observes, "Instead of depending on household size and household earnings—which creates the potential for a marriage penalty—it could become a wage subsidy for individual low earners. Someone making a low wage could then marry someone with children (or expecting a child) without incurring a major income penalty." Wilcox also recommends a tax credit for benefits lost upon marriage. More generally, Europe's child-focused social policies, which reduce the stress on dual-income families with children, should be studied closely for their marriage-enhancing qualities.

- Educate disadvantaged young people to their full potential. Some charter schools are demonstrating that this can be done, but high-quality schools remain an aberration in urban neighborhoods, exactly where they need to be pervasive.

- Create new job opportunities for young workers with limited job skills. Minimum wage and other laws governing labor practice need to be altered so that employers have incentives to hire young employees who can through early work experience enhance their skills.

- Facilitate student access to a broad range of high schools, vocational programs, training programs and other institutions that offer young people choices and support during the key years of transition from school to work. It is unfortunate that Catholic schools are closing in those neighborhoods where many children have only one parent in the home, despite the fact that these schools are especially valuable under these circumstances.

- Enhance the control of all parents over key decisions affecting the lives of their children. When government determines what public services are to

be provided, and families cannot make choices that best suit their circumstances, it breeds a sense of helplessness. Parental choice and control over children's education—in preschool, kindergarten, high school and beyond—foster the parental engagement and self-reliance that children require.

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