INSTITUTE *for* RESEARCH *on* POVERTY

UNIVERSITY OF WISCONSIN–MADISON

Innovations in Family Policy:
Designing Policies for the New Reality

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Acknowledgements

This presentation draws on:

- Cancian, Maria and Deborah Reed. 2009. "Changes in Family Structure, Childbearing, and Employment: Implications for the Level and Trend in Poverty." In Maria Cancian and Sheldon Danziger, Eds, *Changing Poverty.* New York: Russell Sage Foundation.
- Cancian, Maria, Daniel R. Meyer and Deborah Reed. 2010. "Promising Antipoverty Strategies for Families." *Poverty and Public Policy.*
- Cancian, Maria, Daniel R. Meyer, and Steven Cook. 2011. "The Evolution of Family Complexity from the Perspective of Children." *Demography*.
- Cancian, Maria, Daniel R. Meyer, and Eunhee Han. 2011. "Child Support: Responsible Fatherhood and the Quid Pro Quo." in the *Annals of the American Academy of Political and Social Science*.
- Cancian, Maria and Daniel R. Meyer. 2011. "Who Owes What to Whom? Child Support Policy Given Multiple Partner Fertility." *Social Service Review*

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Outline

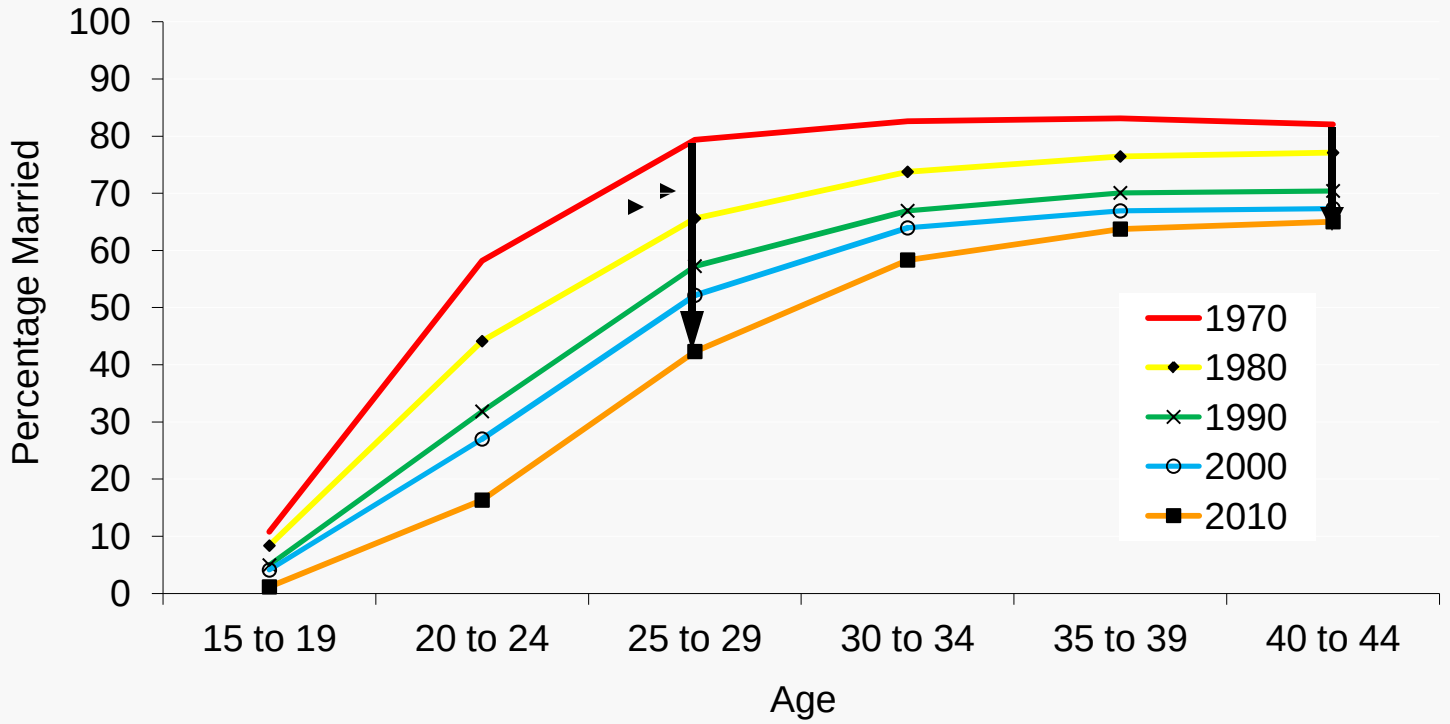
- Demography: Changing patterns of marriage, childbearing, and employment
- Policy:
  - What's the problem?
  - What role for family change?
- Designing policies for the new reality
- A final example of why it's complicated

Changing Patterns of Marriage, Childbearing, and Employment

- Marriage:
  - Less and later
- Children:
  - Fewer children, born later
  - Less likely to be born to, or live with, married parents
- Employment:
  - Men and women's work and earnings converging, but men still ahead
  - Working mothers (and fathers) are the norm

Decline and Delay in Marriage

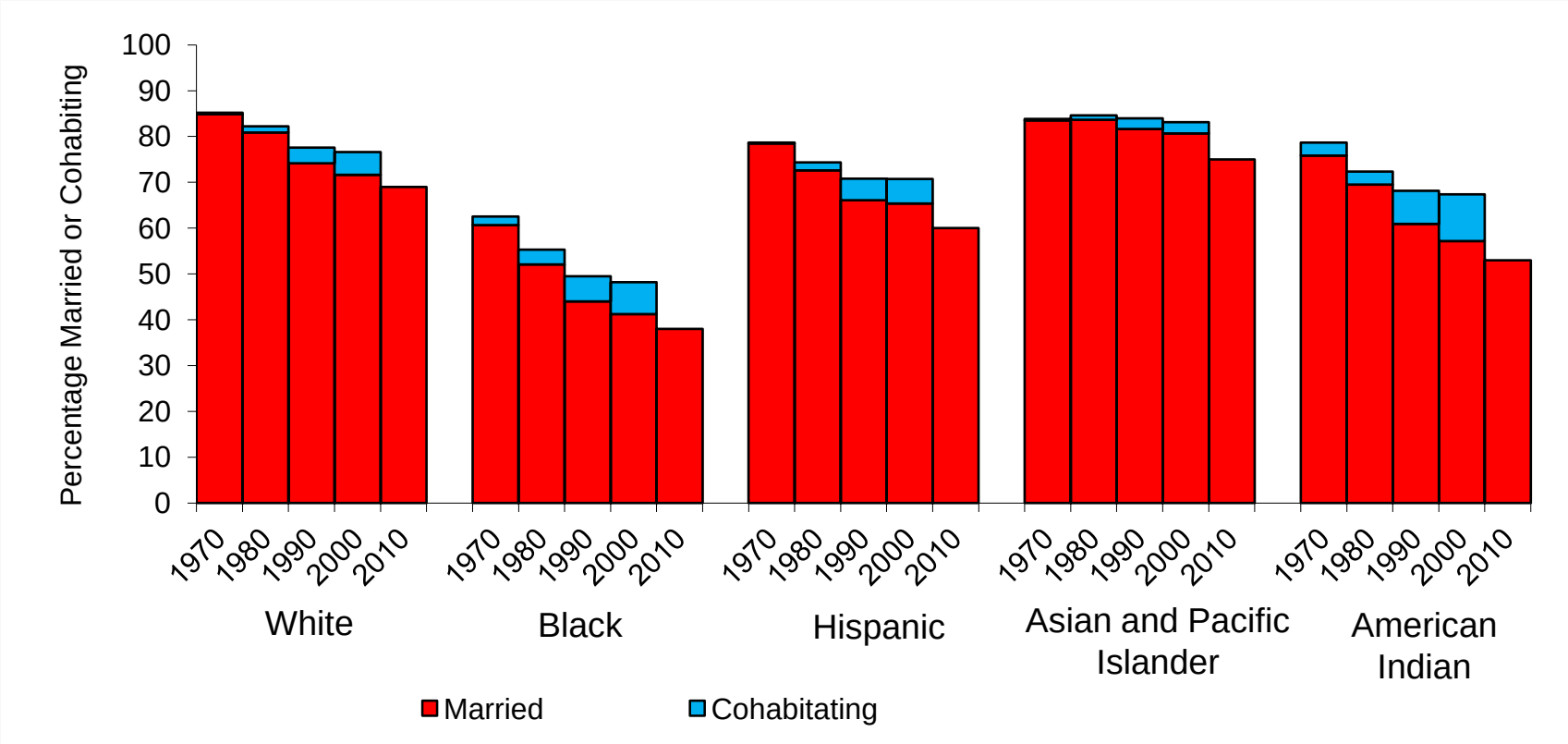
Share of women who were married, by age



Adapted from Cancian & Reed, 2009 (updated)

Different Levels, but Similar Patterns, across Racial/Ethnic Groups

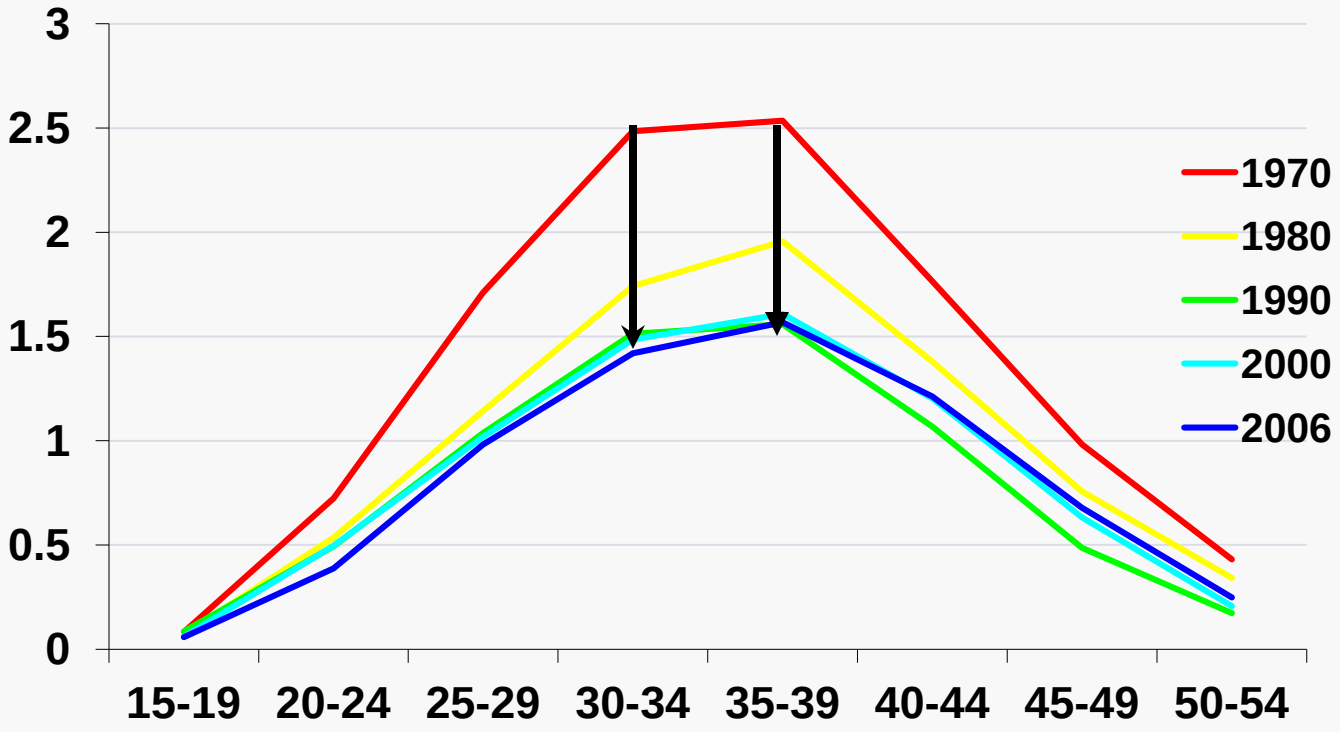
Share of women age 40-44 who were married, by race



Adapted from Cancian & Reed, 2009 (updated)

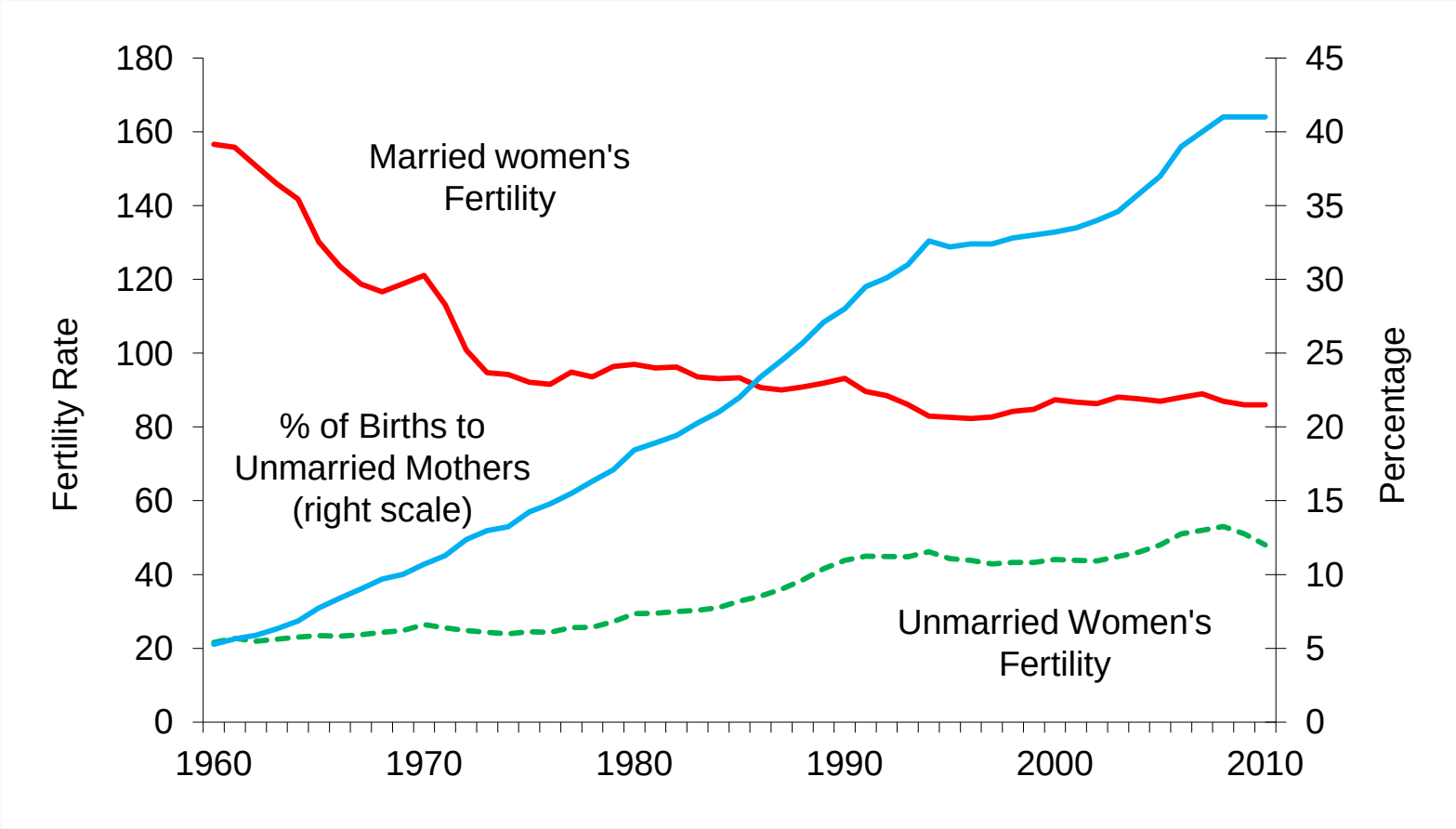
Decline (and Delay) in Childbearing

Average Number of Co-Resident Children, by Woman's Age



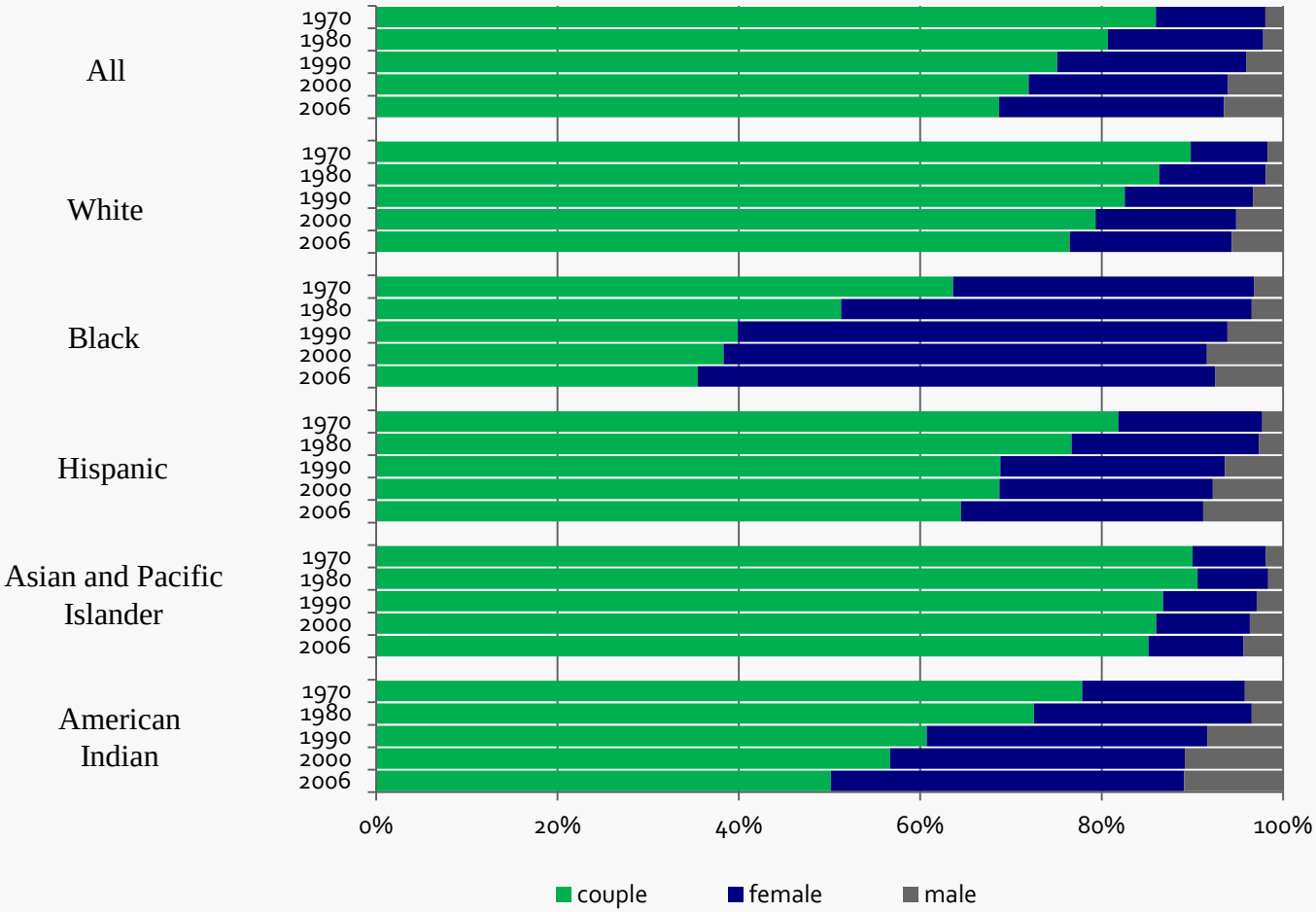
Cancian & Reed, 2009

Growth in Nonmarital Childbearing



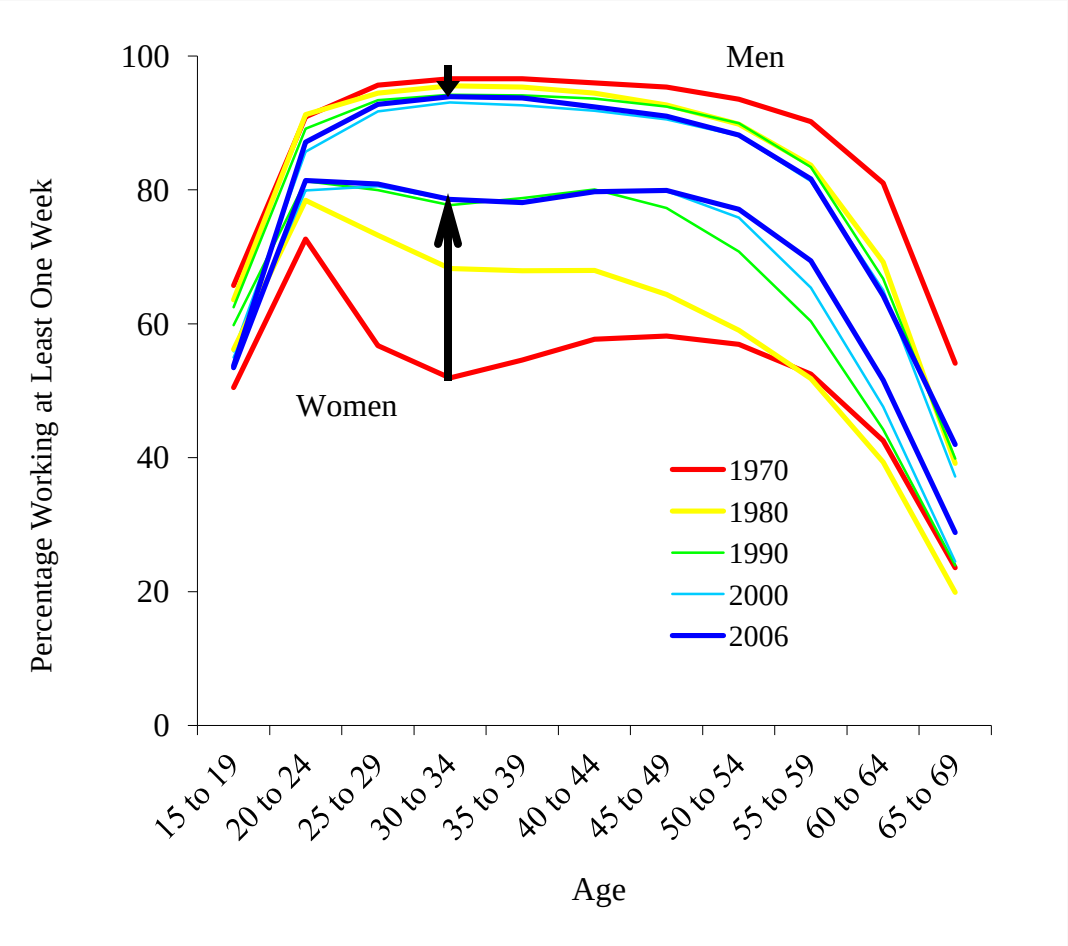
Adapted from Cancian & Reed, 2009 (updated)

An Increasing Portion of Children Live with Single Parents



Cancian & Reed, 2009

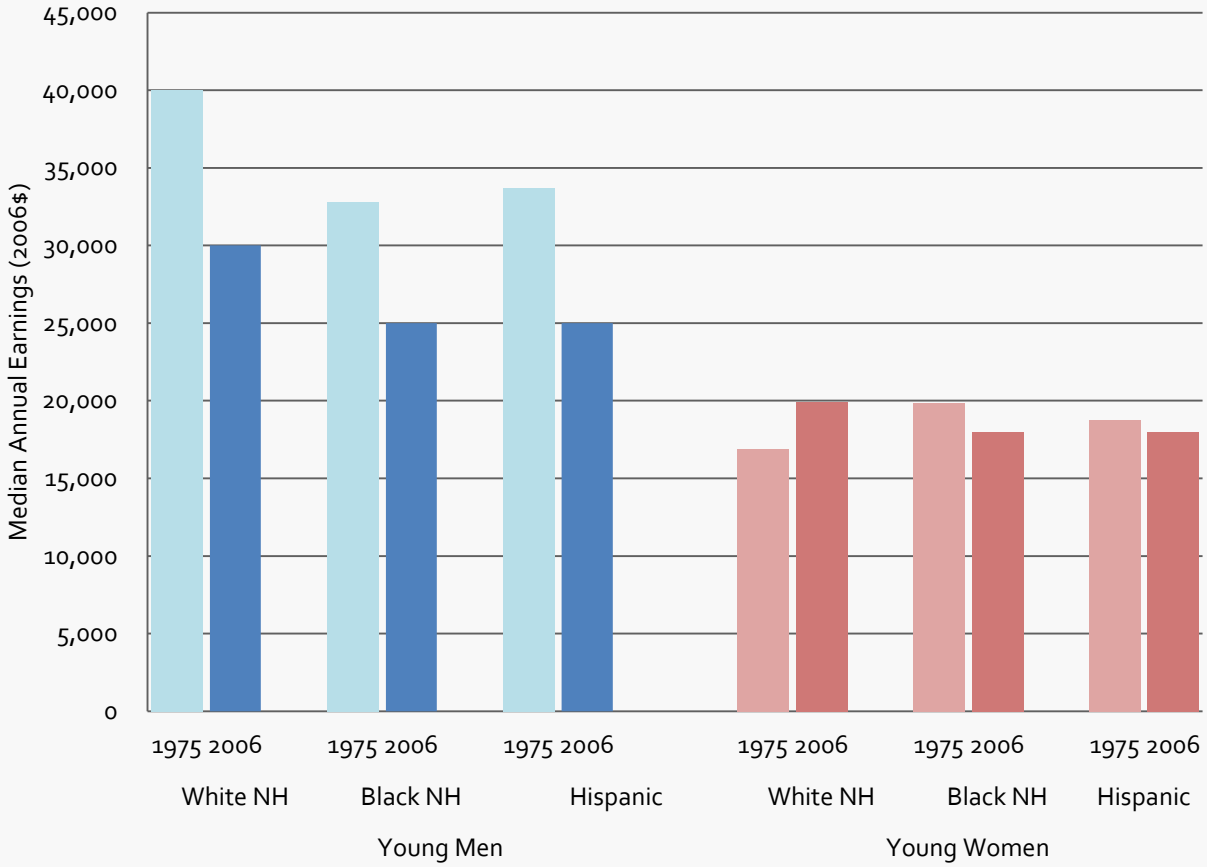
Men and Women's Paid Work Effort is Converging (but Men Still Work More)



Cancian & Reed, 2009

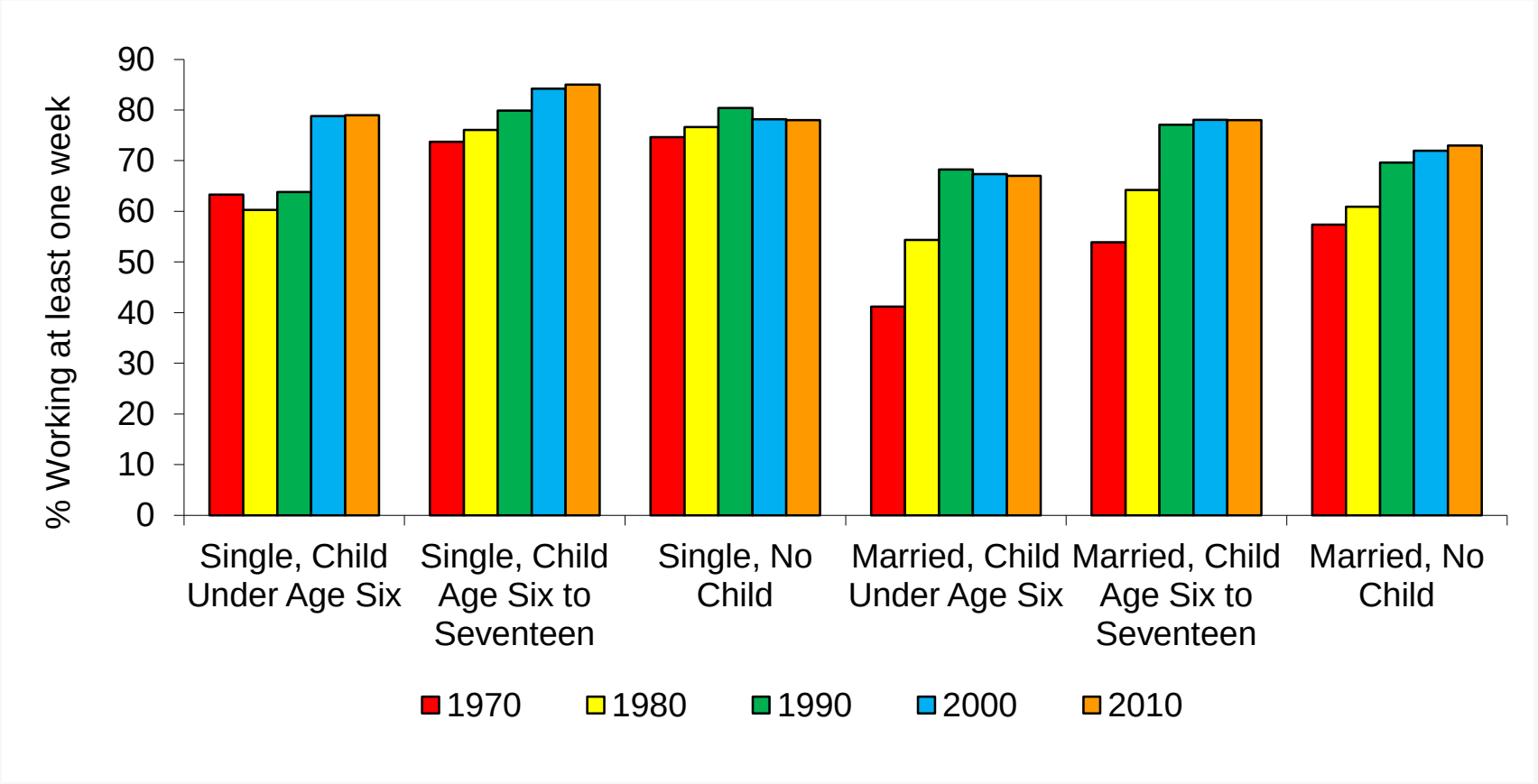
Working Men and Women's Earnings are Converging (but Men Still Earn More)

Median annual earnings Employed HS grads, age 25-34



Adapted from Danziger & Ratner, 2010

Most Mothers Work for Pay



Adapted from Cancian & Reed, 2009 (updated)

Outline

- Demography: Changing patterns of marriage, childbearing, and employment
- Policy problem:
  - What's the problem?
  - What role for family change?
    - Did Family Change Cause the Problem?
    - Can Family Change Solve the Problem?
- Designing policies for the new reality
- A final example of why it's complicated

What's the Problem?

- ***My answer***: The problem is that many children do not have access to the financial and care resources needed for healthy development
- One indicator: 22% of American children were poor in 2010, a useful but imperfect measure:
  - Only measures income, not time and other care resources
  - Incomplete measure of financial resources; excludes tax credits (e.g. EITC) and in-kind benefits (e.g. Food Stamps)
  - Ignores nondiscretionary expenses (e.g. medical, work)
  - Some cyclical variation; 17% poor in 2006, before the recession

The role of family change in the problem and the solution

" ….if the same share of adults were married today as in 1970, poverty would be reduced by more than a quarter. And yet young women who have a high school degree or less education increasingly do not marry, and about 40 percent of their babies are born outside marriage, quadrupling the chance that they and their babies will live in poverty."

-Ron Haskins, 3/29/12, Washington Post

Q: Did Family Change Cause the Poverty Problem?

A: It's not that simple

- Single-mother families are about 5 times more likely to be poor than married-couple families with children, so increase in single-mother families increases poverty
- ***But***, changes in marriage, childbearing, and work have mixed effects; combined, a modest effect on poverty
  - Less marriage *increases* poverty
  - More mothers working *reduces* poverty
  - Fewer children per mother *reduces* poverty

Q: Can Family Change Solve the Poverty Problem?

A: No

- Changes in marriage, childbearing, and work are interrelated; family change isn't separable
  - Fewer/shorter marriages ⇔ more women working
  - More women working ⇔ increasing *relative* earnings
  - Less marriage, more work ⇔ fewer children

- Policy changes are very limited in their ability to change family structure

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  - The reality of working parents
  - The reality of "nonresident" parents
- A final example of why it's complicated

Policy Must Adapt to the New Reality

- Recognize the reality of ***working parents***, with policies that make it possible to meet both sets of obligations
  - Few children, even preschoolers, have a parent at home full time; most children have only working parents
  - Working mothers key to income growth for low- and middle- income families; economic model requires working parents
  - Work-based safety net means avoiding poverty requires at least one consistent worker; public policies presume working parents
- Recognize the reality of ***nonresident parents***, with policies that support and require their contributions
  - most children live at least part of childhood living apart from at least one parent
  - Family formation trends unlikely to be reversed, but contributions from nonresident parents are responsive to policy

Supporting Working Parents

- Child care
- Family-friendly workplace policies
- Earnings supplements & health insurance
- Jobs of last resort?

Child Care: Access to Affordable Quality Care

- Child care is critical to working parents and children
- Additional subsidized child care required if parents with modest earnings are to work their way out of poverty, and still meet their responsibilities as parents
- ARRA (*American Recovery and Reinvestment Act* of 2009):
  - Child Care and Development Block Grant ($2B)
  - Head Start and Early Head Start ($2.1B)
  - Reduced earnings required to qualify for child tax credit
- Fiscal pressures nonetheless led to cuts in many states
- Post-ARRA, increased waiting lists and cuts in eligibility

Family-Friendly Workplace Policies

- Paid sick leave, family leave, and accommodations for part-time or flexible schedules needed for working parents to meet dual responsibilities
- Especially important, but often unavailable, for lower earning single parents who have fewer alternative resources
- ARRA, as part of UI Modernization:
  - Benefits for those seeking part-time work
  - Benefits for quits related to compelling family reasons

Earnings Supplements, Health Insurance, and Jobs

- Earned Income Tax Credit (EITC) helps make work pay for lower earnings families
  - ARRA increased the maximum EITC for families with 3+ children (from $5,028 to $5,657) and increased eligibility cutoff for taxpayers filing jointly
- Access to health insurance for low earnings workers has been important
  - ARRA provided additional support for Medicaid and SCHIP
  - Affordable Care Act would reduce many remaining gaps
- Jobs of last resort?

Supporting and Enforcing the Contributions of Nonresident Parents

- Child Support Enforcement serves about 16 million families, establishing 1.7 mil paternities and 1.3 mil new CS orders, and collecting $27 billion in CS, in 2010
- CSE originally focused on government cost recovery
- To effectively support families, CSE policies should:
  - focus on improving child well-being
  - address barriers to work and child support payment
  - provide support for contributing nonresident parents (usually fathers)

Child Well-Being Not Cost Recovery

- All child support paid by fathers should directly benefit their children:
  - Allow TANF families to keep all CS paid on their behalf
    - DRA already allows states to increase pass-through
  - Eliminate assignment of past-due support
    - Recent reforms already eliminated assignment for former TANF participants
  - Eliminate Medicaid birth cost charges for unmarried fathers
- These proposals create a more coherent CSE system focused on improving family well-being
- Requires additional funding–especially given current state fiscal pressures

Supporting Nonresident Fathers' Work and Contributions

- Support fathers' ability to support their children
  - EITC for nonresident parents
  - Expand access of nonresident parents to benefits available to resident parents (health care, employment services, housing)
  - Jobs of last resort, especially important for formerly incarcerated
  - Benefits tied to parental status should be contingent on paying child support

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- A final example of why it's complicated: child support policies for complex families

Child Support Policies Generally Designed for Simple Families

Number of children (all with the same father)	Percent of father's income due in child support
1	17%
2	25%
3	29%

Using the State of Wisconsin Guidelines

Example: Child Support Paid/Received for a Simple Family

- Example: Ed, a father earning $10,000/year, has two children with Mary. The children live with Mary.
- Child support guideline: 25% income
  - Ed should pay $2,500/year (25% of $10,000)
  - Mary should receive $2,500/year

Complicated Families' Needs Not Fully Addressed by Current Policy Design

Number of children (each with a different father)	Percent of fathers' income* due in child support
1	17%
2	34% (instead of 25%)
3	51% (instead of 29%)

Using the State of Wisconsin Guidelines
*For simplicity, assumes each father has the same income

Example: Child Support Paid/Received for a Complicated Family

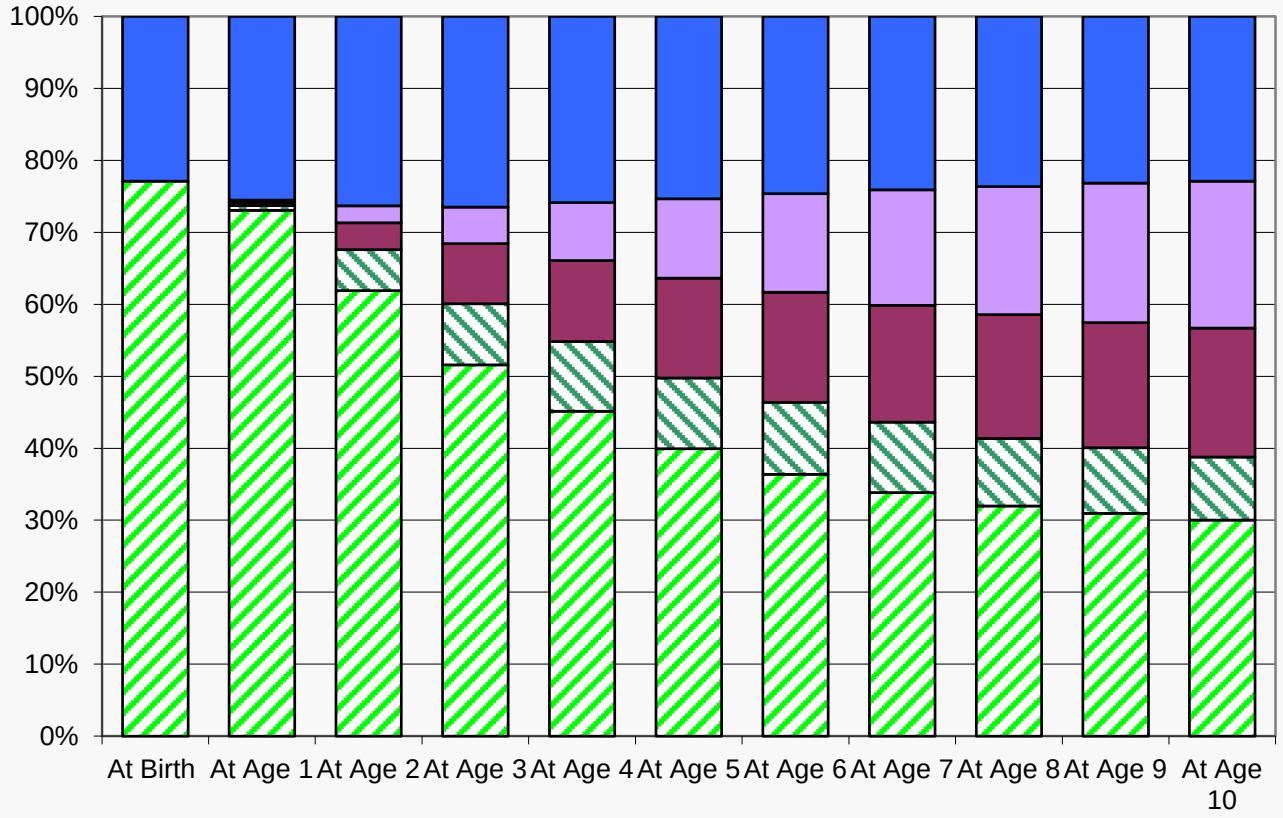
- Example: Ed, a father earning $10,000/year, has two children, the first with Mary, the second with Sue. Mary and Sue each have one child from prior relationships (those fathers also earn $10,000/year and have no other CS obligations). All children live with their mother.
- Child support guideline: 17% income per child
  - Ed should pay $1,700/year in child support to Mary, and $1,411/year to Sue (17% of the $8,300 remaining after he's paid Mary) for a total of $3,111.
  - Mary should receive a total of $3,400 from both fathers; Sue should receive $3,111, since both Mary and Sue should receive $1,700 from the father of their other child.

Designing Policy for Complex Families

- How should child support policy treat complex families?
  - Should Ed pay more child support if he had his two children with two different mothers instead of one?
  - Should Mary's two children get more child support if they have two different fathers instead of sharing the same father?
  - Should Mary's child get more support than Sue's child because Mary's child was born first?
- Is a formal policy necessary?
  - Yes: to improve equity and reduce litigation
  - Yes: too many families involved to ignore

Most Nonmarital Families "Complex"

Ex: Nonmarital first births in Wisconsin in 1997, followed until 2006



Dad Half Sibs

Mom & Dad Half Sibs

Mom Half Sibs

Only Full Sibs

No Siblings

Cancian, Meyer & Cook, 2011

Summary

- Families have changed
  - Marriage: Less/later
  - Children: Fewer, born later, more often to unmarried parents, more often in complex families
  - Employment: Converging work and earnings for men and women
- These changes have created opportunities and challenges
  - More workers, fewer "dependent" adults
  - More work required, and fewer adults on which to depend

Family Policies for the New Reality

- Most parents work, and must meet responsibilities to employers and children
  - Building on ARRA and the Affordable Care Act, resident parents need affordable child care, family-friendly workplace policies, EITC, health insurance, and jobs of last resort
- Most children will live apart from one of their parents; supporting and enforcing effective contributions from nonresident parents requires:
  - Child support system focused on child well-being not cost recovery, and responsive to unstable earnings and complex families
  - Policy supports extended to nonresident fathers paying support

Innovations in Family Policy:
Designing Policies for the New Reality

Questions?

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