The role of family policies in antipoverty policy

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Introduction

Families are changing. In 1975, two-thirds of American children had a stay-at-home parent. Today only about a quarter of children do (see Figure 1). Fully half now live with two parents who both work, while a quarter live with a single parent who works.

Low-income families are changing too. Today most children in low-income families have working parents, like their more affluent peers. Only 38 percent of children in families with incomes below 200 percent of the poverty line have a stay-at-home parent; about a quarter live with two parents who both work, and 39 percent live with a single parent who works (see Figure 1).

The challenges facing working families become more difficult during times of financial crisis and economic downturn, such as the United States is experiencing in 2009. As families change in turbulent economic times, family policies need to change, too. The prevention of child poverty in a context in which most low-income parents work but many have insufficient earnings requires (1) work-family policies that address conflicts between the demands of employment and the demands of caring for children; (2) income support policies that help parents supplement low incomes and cover periods out of work; and (3) policies that address the disproportionate risk of poverty faced by families with only one parent.

Work-family policies

Work-family policies address the potential conflict that parents, in particular mothers, face in meeting the demands of working and caring for their children. In theory, work-family policies can help parents stay in employment more continuously and work more hours when employed, thus leading to higher earnings in the short-term and to better earnings growth in the future. In practice, however, such policies are often lacking, particularly in the low-wage jobs that parents in low-income families are likely to hold.

Several recent ethnographic studies provide compelling evidence of the difficulties parents experience when managing family responsibilities while working low-wage jobs. The studies also document how the challenges are compounded when a child or other family member has a disability or chronic health condition. The nonstandard or irregular work schedules of many low-wage workers can also wreak havoc on parents’ ability to balance work and family life. Currently, about 15 percent of the U.S. workforce (approximately 15 million people) works evenings, nights, rotating shifts, or irregular schedules or hours. Those who are low educated or low skilled are more likely than others to work nonstandard hours.

Although employers are a potentially important source of work-family benefits, such benefits remain limited and are unequally distributed, with the lowest-wage workers and part-time workers the least likely to have access to them. This suggests that if low-income parents are to be covered, public policy will have to play a role, whether by mandating or providing incentives for employer policies or by providing such policies directly. In this section, I describe the principal work-family policies and their prevalence in the United States and in our peer nations.

Parental leave

Many countries provide parental leave, which allows a period of job-protected leave to new mothers and fathers after the birth or adoption of a child. Typically, the leave is paid, since otherwise many parents could not afford to take it. The United States not only lacks a national policy guaranteeing parental leave, but the limited policy it does have (the federal Family and Medical Leave Act, or FMLA) provides only unpaid leave. Moreover, the FMLA covers only select workers (those who have worked at least 1,250 hours in the prior year and who work in firms with 50 or more employees), so that fewer than half of new working parents are actually covered and eligible. Low-income workers are less likely to be covered and eligible under FMLA than higher-income parents.
What do other countries do? Our peer nations in the Organisation for Economic Cooperation and Development (OECD) provide an average of 18 months of job-protected parental leave. Moreover, in every country in the OECD with the exception of the United States and Australia, at least some portion of the leave is paid. Canada recently extended its period of paid parental leave to one year, and the United Kingdom extended paid maternity leave to 9 months, with plans to extend it to one year. Most OECD countries fund their leave benefits through social insurance programs, to which employees and employers contribute.

Enacting a minimum period of paid and job-protected leave for all workers in the United States would ensure that parents are able to stay home for the first weeks and months of a child’s life and that they have some income protection while they do so. A bare minimum of protection would cover the child’s first 8–12 weeks to allow time for new mothers to recover from childbirth and to allow time for both parents to bond with their new child. It is not clear what the optimal leave length would be in the United States. Most of our peer nations are moving toward or already providing at least a year of paid leave, and this seems sensible in the United States as well, given the evidence about the potential adverse effects of full-time maternal employment in the first year of life. I think moving toward a period of a year’s parental leave, paid through a social insurance mechanism, would be a reasonable target for U.S. policy.

Other types of paid leave

The United States also stands out from other peer countries in not providing paid time off that parents can use to care for sick children or take them to doctor appointments, recover from their own illness, take a family vacation, or attend to other personal or family needs. As with parental leave, employer provision of other types of paid leave time is voluntary, and that provision varies widely. Fully half of workers whose incomes are below the poverty line have no paid leave time at all. Of particular concern, given evidence that sick children recover more quickly and receive better follow-up care if a parent can stay home with them, a substantial share of workers have no paid sick leave, again with the lowest-paid workers most likely to lack coverage. One recent study found that 58 percent of low-income working parents had no paid sick leave, in contrast to only 17 percent of higher-income working parents.

In the absence of paid and job-protected leave, parents who need to take time off to be with a sick child or to meet other pressing family needs may have their pay docked, face disciplinary action, or lose their job. In the context of today’s living arrangements, with few children having the luxury of a stay-at-home parent, providing some minimal amount of paid and job-protected sick leave is an essential component of antipoverty policy. Elsewhere, I have proposed guaranteeing all American workers the right to take at least two weeks off work each year with pay and specifically guaranteeing that parents have the right to take that time to meet important family needs, including the need to care for a sick child. This could be accomplished by enacting an employer mandate, as in legislation currently under discussion in Congress that would require employers to provide a minimum number of paid sick days per year for all full-time employees.

Flexible work arrangements

The United States is renowned for the flexibility of its labor market, and a growing share of the labor force has access to flexible work hours or work locations. From 1992 to 2002, the proportion of U.S. workers with access to traditional flextime rose from 29 percent to 43 percent. But, low-income workers are still much less likely to have access to flextime than their higher-income peers.

Flexible work hours are one of the most valued benefits for working parents and can be particularly important for low-income single parents who may be juggling work and caregiving responsibilities on their own. The United Kingdom’s experience with the “right to request” is instructive here. In 2003, to comply with the European Union directive, the United Kingdom implemented a right of parents of young children to request part-time or flexible hours. In the first year alone, a million parents (a quarter of those eligible) requested reduced or flexible hours, and nearly all these requests were granted. Several evaluations have found that employers are quite content with the new policy, which was extended to parents of older children in April 2009, and many employers would support extension of the policy to other employees, not just parents.

Child care

In the United States, children do not start school until about age 5, and even then, they are in school for only about six hours per day. This leaves a substantial amount of time that children need care if their parents are working, a situation that is made even more complicated given that many parents (and particularly those who are low-income) work nonstandard or irregular hours. But child care is more than just a work support—if it is of good quality, it can also play an important developmental role, particularly for low-income children (whose parents are least able to afford such care on their own). This tension between availability, affordability, and quality creates numerous challenges for child care policy. Unlike our peer nations in the OECD, the United States relies primarily on the private market for child care. Thus, although public funding for child care has been expanded over the past decade, it still remains fairly limited relative to levels of support in other peer countries. Middle-income families with working parents receive some support through the federal child and dependent care tax credit as well as the dependent care assistance plan, and, in many states, through supplemental state child care tax credits. Low-income families typically do not benefit from these tax credits (as most are not refundable) but may be eligible for assistance through child care subsidies or through Head Start. However, neither of these assistance programs is an entitlement. Child care subsidies reach only about 15 percent of eligible families, and Head Start reaches only about half of eligible 3- and 4-year-olds.
Proposals to improve child care supports for low-income families—so that parents are able to work and to place their children in affordable good-quality care while they do so—include (1) guaranteeing child care subsidy assistance to families with incomes below 200 percent of poverty; (2) instituting mechanisms to improve the quality of care, coordinate child care with other early childhood programs, and ensure that assistance rates are high enough to cover high-quality care; (3) making the federal dependent care tax credit refundable; and (4) expanding funding for Head Start so that this program can serve more low-income children.

If the priority is to support parental employment, particularly in low-income families, then the most important reforms to pursue are those that would make good-quality child care more affordable for low-income families. However, child care also plays a developmental role, which has implications for efforts to reduce child poverty in the next generation. For this reason, expansions in programs such as prekindergarten and Head Start are also important. But who will pay for these expansions? Given the limited role of employers in the child care sector to date (and the pressures of other costs such as health care and pensions), it is unlikely they will do more in the foreseeable future. It seems clear that government (at both the state and federal levels) will have to play a larger role here.

Income support policies

In this section, I consider three types of income support policies: child allowances, which raise incomes for all families with children; child-focused earnings supplements, such as the EITC, which are targeted to low-income families with an employed parent; and other types of income support for families with children.

Universal child allowances

Universal child allowances are cash grants that go to all families with children and that increase with the number of children. They provide a basic income floor and also a cushion for families when parents are out of work. The closest thing the United States has to a universal child allowance is its child tax credit. Although originally nonrefundable, the child tax credit is now partially refundable (so that some low-income families can receive a credit even if it exceeds what their tax liability would have been), and its amount was raised to $1,000 per child in 2003. A low-income family with two children could therefore expect to receive up to $2,000 in child tax credits.

In contrast to the United States, most of our peers in the OECD have some form of universal child allowance. For example, in Canada, all families with children are entitled to a universal child benefit, with supplemental payments available for low-income families. In 2008, the basic child benefit for a family with two children was $2,813 per year, rising to a maximum of $6,630 per year for low-income families. The United Kingdom also has a universal child benefit, supplemented for low-income families.

Child-focused earnings supplements

Child-focused earnings supplements are used in many countries as a way to create incentives for low-income parents to work and to raise incomes for such families when parents do work. In the United States, the major child-focused earnings supplement is the Earned Income Tax Credit (EITC). Expanding the EITC was an important part of the agenda to “make work pay” during the U.S. welfare reforms of the 1990s. The EITC is now the nation’s largest cash assistance program for low-income families, and it is estimated that this program moves more than four million people out of poverty each year, including more than two million children. Greenstein concludes that the EITC moves more children out of poverty than any other single program or category of programs.

Other types of income support

Although it is beyond the scope of this article to provide an extensive discussion of the range of other types of income supports, it is important to note the role played by policies such as cash assistance, food assistance, temporary disability insurance, and unemployment compensation, which supplement low incomes (associated with low earnings or hours) or provide replacement income during periods when parents are out of work. With welfare reform, the number of families receiving the major federal cash assistance program (formerly AFDC, now TANF) has fallen sharply, but low-income families still rely heavily on the other major income support programs, in particular the food stamp program, which serves 22 million low-income people each month, about half of whom are children.

Policies to reduce single-parent poverty and discourage the formation of such families

In this section, I discuss policies that have the potential to reduce poverty in single-parent families by raising the incomes of children living with single parents or by discouraging the formation of such families in the first place.

Child support enforcement

Child support enforcement (CSE) policies have been successively strengthened over the past 30 years at both the federal and state levels. In theory, tighter enforcement of child support should reduce family poverty by raising incomes for children in single-parent families. CSE might also reduce...
family poverty by discouraging the formation of single-parent families.

As several authors have detailed, getting more income from absent fathers is a multi-step process. Before any money reaches the child, the father’s paternity must be established, a child support order must be entered, the father must be located, and the money must be collected. As CSE programs have been strengthened, agencies have achieved improvements in each of these steps. Yet, the amount of money being transferred to children from their absent fathers remains disappointingly low. Ronald Mincy and Elaine Sorenson have explored this phenomenon and make an important distinction between nonpaying fathers who are “deadbeats” and those who are “turnips.” Deadbeats have the ability to pay but try to evade their obligation, unless forced to do so. But turnips don’t have much ability to pay no matter how hard they are squeezed. The implication is that if CSE programs are to get more money from low-income noncustodial fathers, they must take steps to raise the employment and earnings of low-income men. One promising policy in this regard is an earnings subsidy or tax credit for noncustodial fathers. Another promising direction is to develop and expand programs to raise the skills of low-income men.

The other way in which CSE programs might reduce poverty is by discouraging the formation of single-parent families in the first place. In theory, by raising the costs to men of having an out-of-wedlock birth and by sending a strong message about the responsibility of fathers to support their children, CSE programs should deter such births. However, the incentives for women should work in the opposite direction, if tougher CSE reduces the costs to women of having an out-of-wedlock birth. Thus, the effects of CSE on family formation are theoretically ambiguous. The evidence indicates that tougher CSE does seem to be associated with reductions in single parenthood, suggesting that the deterrent effect for men is somewhat stronger than the incentive effect for women. Thus, as Irwin Garfinkel and colleagues have pointed out, tougher CSE is a potential “win-win” situation—reducing poverty by raising the incomes of single-mother families and by discouraging the formation of such families.

It is also important to note that the poverty-reducing role of CSE should be larger now than in the past, when a substantial share of child support receipts for low-income families went to reimburse welfare costs. With fewer families on welfare and for shorter lengths of time, more single-parent families are directly benefiting from the child support payments that absent fathers are making.

Pregnancy prevention

More than a third of U.S. births each year occur to unmarried women, and such families have much higher poverty rates than married-couple families. Although it cannot be assumed that marriage would fully eliminate the excess risk of poverty for these families, there is nevertheless a great deal of interest in programs that would prevent pregnancies among unmarried women, and particularly among young unmarried women. Some programs focus on encouraging young people to delay the onset of sexual activity or to abstain from sex until marriage, while others focus on encouraging the use of contraception among those who are sexually active.

Although these approaches are often viewed as competing, many analysts now believe the most effective approach is likely to be one that combines them. A more critical question is which specific types of programs are effective at preventing pregnancy. The evidence base in the pregnancy prevention area is not strong, and more work needs to be done to establish which programs are the most effective. It is likely that the answer to this question will depend on the age group targeted and possibly other factors as well.

Marriage promotion

Over the past decade, state and federal policymakers have directed increased attention to the potential role that marriage promotion policies might play in reducing poverty among families with children. In 1996, federal welfare reform legislation allowed states to use a portion of their block grant to promote marriage. In 2001, the Bush administration began a Healthy Marriage Initiative and, in 2004, proposed spending $1.5 billion over the next 5 years on marriage promotion programs.

The underlying assumption behind these programs is that low-income families with children would be financially better off if their parents were married. While at first glance this proposition seems obvious (since having the father there would contribute something to the family’s overall economic well-being and would also allow the family to benefit from economies of scale), it is actually not that straightforward. To determine their potential economic contribution, we need to know the characteristics of the unmarried fathers. To understand the implications for family poverty levels, we also need to know the counterfactual, that is, what the children’s living arrangements would be if the parents were not married.

The best available evidence on the characteristics and capabilities of unmarried fathers comes from the Fragile Families and Child Wellbeing Study, which interviewed mothers and fathers in nearly 5,000 families who had a new birth in urban areas in the late 1990s. The data suggest just how disadvantaged unmarried fathers are on several dimensions, even relative to married fathers in the same urban areas. Nearly 60 percent of married fathers have at least some college, 20 percent have a high school education, and only about 20 percent have not completed high school; in contrast, roughly 40 percent of unmarried fathers have not completed high school, 40 percent have only a high school education, and fewer than 20 percent have any college.

Unmarried fathers are younger than married fathers but are more likely to have children from previous relationships. In addition, more than a third of unmarried fathers have been incarcerated as compared to only one in 20 married fathers. Unmarried fathers are also much more likely to have health, mental health, and substance abuse problems. Not surprisingly, given their many disadvantages, unmarried fathers earn on average only half as much as married fathers. Thus, even if these fathers
(or other unmarried men) were to marry the mothers, family incomes would not rise to the average level of family income in married-couple families.\textsuperscript{33}

If marriage promotion policies are to reduce poverty among low-income families, they will have to do more than just encourage marriage—they will also have to do something to raise the employment and earnings of the fathers in these families. Policies to improve the employment and earnings prospects of disadvantaged young women may play a role here too, both in encouraging them to delay pregnancy and in providing them with incomes sufficient to support a family. It is also possible that higher incomes for women could promote marriage among low-income couples, by making them more financially secure and more confident about their ability to enter into marriage.

\section*{Conclusions}

Changes in gender roles, alongside changes in family structure, mean that more children than ever before are living with working parents. Given these changes, work-family policies that address conflicts between employment and caregiving and allow parents to work more hours and gain higher earnings will be increasingly important in the prevention of child poverty. Other types of income support policies that supplement low earnings or cover periods of no earnings are also needed. And there is a good deal of interest in policies to reduce the risk of poverty in single-parent families, whether by raising the income of such families through tougher child support enforcement or by discouraging their formation in the first place.

What can we conclude about the future contribution of these policies and the role public policy should play? In the work-family arena, it is clear that, with more parents working and with cutbacks in cash welfare for non-working families, work-supporting benefits such as paid parental leave, other types of paid leave, flexible work arrangements, and child care supports will be increasingly important to family economic security. It is also clear that voluntary employer provision will not address the low levels of benefits and inequality in access. Public policies that mandate some employer benefits and provide other work-supporting benefits directly will thus play an important role.

Income support programs like the food stamp program will also continue to be an important part of the safety net. The increased work effort of low-income parents does not eliminate the need for these kinds of supports, although it does require that we review how these supports are administered to make sure that they can be accessed by people who are working. We also need to address the problem of income support for parents who cannot work, whether temporarily or in the long-term.

Finally, although efforts to reduce poverty in single-parent families or to discourage the formation of these families certainly have a role to play, it is important to reiterate that such policies cannot be expected to eliminate single-parent poverty. Such programs should therefore not be seen as replacements for the other types of antipoverty strategies discussed above and elsewhere in this issue.

It is also apparent that the major stumbling block to family economic security for many low-income families is not the absence of the father but rather the father’s low skills, employment, and earnings. This suggests that policies such as tougher CSE and marriage promotion can play only a limited role in reducing child poverty unless they are paired with programs to address the low levels of employment and earnings among low-skilled men. It is perhaps ironic that having moved so far away from the male breadwinner model, we find ourselves coming back to the importance of men’s earnings. But the truth is that it is very difficult now to raise children on a single paycheck, whether that check is a man’s or a woman’s. Thus, we need to put priority on policies that help families have all their adults working in the labor market and earning a decent wage alongside policies that provide support to families that are not able to do so.

The world financial crisis and economic downturn in 2009 make the economic problems of low-income families more urgent. Accordingly, in addition to maintaining a strong economy, a reasonable minimum wage, and an adequate EITC for all low-income workers, as well as increasing skill levels, I would place priority on the following four policy reforms: (1) guaranteeing all American workers the right to at least 8–12 weeks of paid parental leave after the birth or adoption of a new child (funded through a social insurance mechanism), at least two weeks paid leave time for family illness or other family responsibilities (paid by employers), and the right to request part-time or flexible hours; (2) making child care more affordable for low-income families, by guaranteeing subsidies to families with incomes up to 200 percent of poverty, making the federal dependent care tax credit fully refundable, and expanding funding for high-quality early education programs such as Head Start and universal prekindergarten; (3) raising the guaranteed level of income support for low-income families, by making the child tax credit more generous and fully refundable; and (4) reforming child support policies to raise the share of payments that go directly to families. \textsuperscript{1}

\footnotesize{\textsuperscript{1}This article draws upon “The Role of Family Policies in Antipoverty Policy,” in Changing Poverty, Changing Policies, eds. M. Cancian and S. Danziger (New York: Russell Sage Foundation, 2009).}


\footnotesize{\textsuperscript{3}Source for these statistics is U.S. Census Bureau, “Current Population Survey, 2006 Poverty Tables.”}


3There are also disparities by gender, race, and ethnicity, as might be expected given that female workers are particularly likely to be found in part-time jobs and that racial and ethnic minority workers are more likely to be found in low-wage jobs. See J. Bernstein and K. Kornbluh, “Running Faster to Stay in Place: The Growth of Family Work Hours and Incomes,” Washington, DC: New America Foundation, 2005; Heymann, The Widening Gap; Shipler, The Working Poor; and J. Waldfogel, “Work-Family Policies,” in Workforce Policies for a Changing Economy, eds. H. Holzer and D. Nightingale (Washington, DC: Urban Institute Press, 2007).


6As of spring 2009, Australia’s government was considering a plan to implement 18 weeks of paid maternity leave and two weeks of paid paternity leave.

7See review in Waldfogel, What Children Need.


10See Waldfogel, What Children Need.

11It could be accomplished through a social insurance mechanism, as is currently the case with unemployment and disability insurance, but this seems less practical in the U.S. context.

12Traditional flextime means that an employee can obtain approval to switch to an alternative work schedule (involving a different starting or ending time, or sometimes a compressed work week) on a permanent basis. This contrasts with daily flextime, in which employees can alter their hours on a day-to-day or as-needed basis. Many fewer employees have daily flextime than have traditional flextime, and access is uneven, with 12 percent of low-wage employees reporting access to daily flextime versus 26 percent of mid- and high-wage employees. See J. T. Bond and E. Galinsky, “What Workplace Flexibility Is Available to Entry-Level, Hourly Employees?” New York: Families and Work Institute, 2006.


15Waldfogel, What Children Need.


17This developmental role was recognized by then President-elect Barack Obama, who pledged to invest an additional $10 billion in early education; see S. Dillon, “Obama’s $10 Billion Promise Stirs Hope in Early Education,” New York Times, December 17, 2008, p. 1.


19These figures reflect the child benefit only and do not take into account the other forms of income support and child care support available to low-income families in Canada.

20See, for example, G. J. Duncan and K. A. Magnuson, “Promoting the Healthy Development of Young Children,” in One Percent for the Kids: New Policies, Brighter Futures for America’s Children, ed. I. Sawhill (Washington, DC: Brookings Institution Press, 2003); and Waldfogel, What Children Need, who propose a benefit of $2,400 per year per child.


28See, for example, Garfinkel et al., Fathers Under Fire.

29See, for example, M. Cancian, D. R. Meyer, and E. Caspar, “Welfare and Child Support: Complements, not Substitutes,” Journal of Policy Analysis and Management 27, No. 2 (2008): 354–375, who find that after reforms in Wisconsin that allowed mothers to keep all of their child support payments, paternity establishment occurred more quickly, fathers were more likely to pay support, and mothers and children received more support.


34This is confirmed by several studies that have conducted simulations to project what the incomes of unmarried mothers would be if they married the men available to them (see review in Thomas and Sawhill, “For Love and Money?”)