



IRP affiliates Maria Cancian and Daniel Meyer and Mathematica vice president Deborah Reed presented a paper that recommends promising policies to help families at the January 15, 2010, Urban Institute–Georgetown Poverty Center conference on “Reducing Poverty and Economic Distress after the American Recovery and Reinvestment Act.” This issue of *Fast Focus* is abstracted from an article in the Web journal *Poverty and Public Policy*, which was based on their presentation and is available online at <http://www.psocommons.org/ppp/vol2/iss3/art8>. An earlier version of the article was published by the Urban Institute in April 2010 and is used here with permission. Support for the *Fast Focus* series is provided by the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services.

August 2010

Promising antipoverty strategies for families

Maria Cancian, Daniel R. Meyer, and Deborah Reed

Maria Cancian is professor of public affairs and social work at the University of Wisconsin–Madison, IRP affiliate, and former IRP director; Daniel R. Meyer is professor of social work at the University of Wisconsin–Madison and an IRP affiliate; and Deborah Reed is vice president of Mathematica Policy Research.

A large percentage of poor children in the United States live with just one parent, usually their mother, and single-parent families are more vulnerable to economic downturns than are two-parent families. How should income support and child support policies be designed in light of these realities? In this brief, we review changes in family structure, the relationship between family structure and employment, and early evidence on differential impacts of the recession on families. We then focus on policies that are essential to reducing poverty in the context of the current work-based safety net, in which low-income families with children rely increasingly on mothers' earnings. We argue that economically vulnerable families will benefit the most from policies that support resident parents' efforts to balance work and caretaking, and that support and enforce nonresident parents' contributions to their children.

The changing American family

Dramatic changes in the American family in recent decades have created both challenges and opportunities for antipoverty policies. The growing proportion of children raised in single-mother families puts more children at risk of economic deprivation, at the same time as the related increase in mothers' work and earnings has helped more children avoid poverty.¹ Forty percent of children were born to unmarried mothers in 2008.² Most of these nonmarital relationships do not last, even if the parents are romantically involved at the time of the birth.³ Further, many children born to married parents will experience their parents' divorce. Thus, the majority of American children will live at least some part of their childhood in a family that does not include both biological parents.

Although children are increasingly likely to experience family disruption, the growth in employment among both married and unmarried mothers has made up for part of the decline in resources children would experience as a result of family change.⁴ Regardless of family structure, fewer children have a parent at home full time. Over two-thirds of married women with preschool-age children worked during 2006.⁵ Low-wage workers—even in married-couple families—face particularly difficult choices in balancing their responsibili-

ties as parents and workers. And single mothers are increasingly likely to work, shouldering primary responsibility for providing both care and financial support for their children.

Current policies provide very limited cash income supports to nonworkers, therefore poverty status largely depends on the number of working adults in the household, their hours of work and wage rates, and the number of children (and adults) they have to support. Declines in marriage have reduced the number of adults directly available to support children, but declines in the number of children per woman have reduced resource needs, while increases in mothers' work have increased resources.⁶ On the whole, the combination of these trends has led to higher child poverty rates since the late 1960s, which remain stubbornly high.

Changes in family and employment for less-educated men and the persistently lower average earnings of women have made it harder for families to make ends meet. Although the earnings of men with low education have fallen in recent decades both in absolute terms and relative to the earnings of women, male earnings remain higher than female earnings on average.⁷ Thus, single-mother families are at a disadvantage both because they are more likely to have only one potential worker and because of the relatively lower wages of women.

The recession's differential effects on employment

Children in families largely dependent on a single earner are also more vulnerable to macroeconomic fluctuations. Moreover, single-parent families have fewer options, and the lowest income families are now more vulnerable to an economic downturn given that the safety net provides little income support for families with no workers. The unemployment rate in the current recession was 10.2 percent in October 2009. More detailed unemployment data for 2008 suggest that patterns of unemployment compounded the vulnerability of many families. Unemployment rates rose more quickly in absolute magnitude for unmarried mothers than for married mothers, for those with younger children than for those with older children, and for blacks than for whites. Unemployment rates were generally lower, but increased as much or more for fathers than for mothers.

Policy implications: Supporting working parents

The United States has adopted an antipoverty strategy that presumes that most adults will work for pay, even if they have young children. If this approach is to be effective, programs and policies that enable working parents to simultaneously meet their responsibilities to their employers and their children are required. This is especially critical for single

parents, who often lack another adult on whom they can rely for financial or logistical support.

Child care subsidies

An essential building block of a work-based antipoverty strategy is affordable child care. Estimates suggest that only about a third of eligible low-income families were receiving subsidized care even before the recession.⁸ And although the American Recovery and Reinvestment Act (ARRA) provided a \$2 billion increase in the Child Care and Development Block Grant and a total of \$2.1 billion for Head Start and Early Head Start, fiscal pressures associated with the recession have led many states to make cuts at a time when subsidies are critical for many families.⁹

Family-friendly workplace policies

In addition to child care, working parents—especially low-wage working single parents—need workplace policies that recognize their parental responsibilities. Despite their greater needs, low-wage workers are least likely to have even basic workplace benefits such as work-sponsored health care and paid sick leave.¹⁰ Moreover, they are less likely to work for employers large enough to be covered by the Family and Medical Leave Act or to have the savings necessary to take advantage of the provision of unpaid leave.¹¹ Paid leave programs should be expanded, the unpaid leave mandate should cover more employers, and policies that require employers to provide paid sick leave should also be considered.

Benefits for unemployed workers

The ARRA provides incentives for states to adopt several policies that would improve the adequacy of the Unemployment Insurance (UI) system for low-income families, including extending benefits to individuals seeking only part-time work, and to workers who quit because of compelling family reasons. These innovations, together with increases in benefit levels and length of eligibility that are also part of the ARRA, constitute important improvements.

Earnings supplements and other work supports

Many full-time workers have earnings that are too low to support a family, making earnings supplements and other work supports essential elements of a work-focused antipoverty policy. They are necessary for many families if work is to be a feasible route out of poverty, especially for less-educated workers. The Earned Income Tax Credit (EITC) has grown rapidly in the past two decades to become the largest cash or near-cash dedicated antipoverty program.¹² ARRA increases the maximum EITC and makes other changes helpful to families with three or more children and to low-income taxpayers filing jointly.

Health insurance

In addition to work, health insurance is an important support for many low-income workers, many of whom are not

offered employer-sponsored health insurance with family coverage and rely instead on subsidized health insurance. Medicaid and CHIP expenditures have risen dramatically in recent years, and many states have cut eligibility or benefits in the face of current fiscal pressures. The ARRA provides \$87 million in additional Medicaid funding. Of course, the shape of future policies to meet the health insurance needs of low-income families has been fundamentally altered by federal health care reform. Major features of the reform include an expansion of the Medicaid program to cover everyone with income below 133 percent of the federal poverty line; subsidies to low- and moderate-income persons to increase coverage and access; and caps on health insurance premiums and out-of-pocket payments for these families.

Jobs of last resort

A safety net that is fundamentally built on work must consider providing jobs of last resort to parents who cannot find work.¹³ Some Temporary Assistance for Needy Families (TANF) programs serve this function, although program participants are often ineligible for EITC supplements and access to TANF programs is limited.

Policy implications: Enforcing nonresident parents' contributions

Most low-income children will spend a substantial part of their childhood in a single-parent family. Many single parents, even if they work full time and especially those with low education, will be unable to support their families on their earnings alone. The child support program can increase the incomes of single-parent families, but current policy is too focused on using child support collections to offset welfare costs. Antipoverty policies must foster a more coherent approach to require and enable nonresident parents to financially support their children.

Refocus child support on child well-being, not cost recovery

A coherent child support system would (1) focus on child support as income support for families, rather than as a mechanism for government cost recovery, and (2) include integrated supports to enable nonresident parents to earn enough to provide support. Redesigning the child support system to focus on improving the economic well-being of children requires several changes, including allowing TANF families to keep all current child support paid; allowing TANF families to keep past-due child support paid; and eliminating Medicaid birthing cost charges. Together, these policy reforms would refocus the child support enforcement system on reducing poverty and economic vulnerability of children.

Support employment of nonresident fathers

Resident mothers' efforts to work are supported by a range of programs designed to help them balance family responsi-

bilities (e.g., child care) as well as make work pay (e.g., the EITC). Nonresident fathers generally do not have the same care responsibilities, but many disadvantaged men nonetheless face limited earnings prospects that must be addressed if these fathers are to regularly pay child support. Key reforms include the following three:

- Provide an EITC for nonresident parents paying child support. A variety of alternative designs are possible.¹⁴
- Expand access to benefits that are tied to parental status. The Medicaid and CHIP programs in many states provide health benefits to children and their resident parents, but not to their nonresident parents. Health care reform's expansion of Medicaid benefits to all low-income persons (in 2014) will help support the efforts of nonresident fathers to pay child support.
- Provide jobs of last resort. Fathers cannot pay child support if they cannot find a job. Work is a fundamental element of the current safety net, necessitating some last-resort alternative not only for resident parents, but also for nonresident parents, including those with a history of incarceration.

Address economic uncertainty and complex families

The child support enforcement system generally works for families in which parents have had children only with each other and those with employed nonresident parents. Policy reforms are necessary for the system to more effectively handle the challenges associated with less stable economic opportunities and more dynamic and complex family structures. Difficult issues include determining how much child support can be expected from nonresident parents who are not working, and whether (and how) child support orders should change when nonresident parents suffer earnings losses or unemployment. In the absence of a system of publicly guaranteed child support, child support orders that are more responsive to changes in nonresident parents' incomes will necessarily provide less stable support to resident parents and children.¹⁵ Complex families in which one or both parents have children with more than one partner are increasingly prevalent and present special challenges to policymakers. Failing to consider fathers' multiple obligations substantially underestimates the challenges nonresident fathers face in meeting their economic obligations to their children.¹⁶ Although alternative approaches to child support guidelines for complex families all involve difficult trade-offs, the issue affects too many poor children to be ignored.¹⁷

Policies designed to shape family structure unlikely to reduce poverty

Children born to unmarried parents are at greater risk of poverty, and, as just discussed, complex families resulting from births across multiple partners present particular policy challenges. We have outlined some strategies for respond-

ing to changing family forms, but some would argue that these efforts treat the symptoms rather than the underlying causes. Some policies to encourage marriage and, especially, reduce unplanned and teen pregnancy, may prove effective. However, the initial evidence from recent relationship skills programs is not encouraging.¹⁸ To some extent, our approach reflects the need to respond to the current reality: 40 percent of U.S. children are born to unmarried parents, many or most of whom will have children with multiple partners. It also reflects our assessment that policies designed to shape, rather than respond to, family structures are unlikely to substantially reduce poverty, even in the long run.¹⁹

Summary

The United States has adopted a work-focused antipoverty strategy that requires policies that support both parents' efforts to work and contribute to the economic support of their children if it is to be effective. If resident parents, especially single mothers, are to meet their obligations as parents and workers, then they need supports, including child care, workplace flexibility, and, for low earners, wage subsidies (e.g., the EITC) and subsidized health insurance. They also need an unemployment insurance system that recognizes that many workers who are the primary source of support for their families may also be the primary caregiver, necessitating part-time employment or temporary work leaves to manage family responsibilities.

Enforcing the responsibility of nonresident fathers to provide for their children, and providing the necessary supports for them to work and meet their obligations, is another essential component of a work-based antipoverty strategy. Even disadvantaged fathers should be expected to support their children, and the support they pay should benefit their families, not offset government costs.

The ARRA includes expanded funding for child care, a more generous EITC, and key expansions of the unemployment insurance program. It also temporarily restores a significant source of funding for child support enforcement. These changes are an important starting point for antipoverty policy supporting families, but most are time limited. While the recession has highlighted the urgency of many of these programs, the needs they address are longstanding and require a sustained response. ■

¹M. Cancian and D. Reed, "Family Structure, Childbearing, and Parental Employment: Implications for the Level and Trend in Poverty," in *Changing Poverty, Changing Policies*, eds. S. Danziger and M. Cancian (New York: Russell Sage Foundation, 2009).

²B. E. Hamilton, J. A. Martin, and S. J. Ventura, "Births: Preliminary Data for 2008," *National Vital Statistics Reports* 58, No. 16 (2010), Hyattsville, MD: National Center for Health Statistics.

³C. Osborne, W. D. Manning, and P. J. Smock, "Married and Cohabiting Parents' Relationship Stability: A Focus on Race and Ethnicity," *Journal of Marriage and Family* 69, No. 5 (2007): 1345–1366.

⁴Cancian and Reed, "Family Structure, Childbearing, and Parental Employment."

⁵Cancian and Reed, "Family Structure."

⁶Cancian and Reed, "Family Structure."

⁷S. Danziger and D. Ratner, "Labor Market Outcomes and the Transition to Adulthood," *The Future of Children* 20, No. 1 (2010):133–158.

⁸J. Mezey, M. Greenberg, and R. Schumacher, 2002. *The Vast Majority of Federally Eligible Children Did Not Receive Child Care Assistance in FY2000*, policy report, Center for Law and Social Policy, Washington, DC, 2002; U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, Office of Human Services Policy, "Child Care Eligibility and Enrollment Estimates for Fiscal Year 2003," *Policy Issue Brief* (April 2005).

⁹A. Sherman, *Recovery Agreement Temporarily Expands Child Tax Credit for Large Numbers of Children in Every State*. Center on Budget and Policy Priorities, Washington, DC (February 2009). Available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=2547>.

¹⁰Bureau of Labor Statistics, U.S. Department of Labor, *National Compensation Survey: Employee Benefits in Private Industry in the United States*, March 2007. Available at <http://www.bls.gov/ncs/ebs/sp/ebsm0006.pdf>.

¹¹S. Fass, *Paid Leave in the States: A Critical Support for Low-wage Workers and Their Families*, National Center for Children in Poverty, New York, March 2009.

¹²J. K. Scholz, R. Moffitt, and B. Cowan, "Trends in Income Support," in *Changing Poverty, Changing Policies*, eds. S. Danziger and M. Cancian (New York: Russell Sage Foundation, 2009).

¹³L. Mishel, R. Eisenbrey, J. Irons, J. Bivens, and E. Pollack, *American Jobs Plan: A Five Point Plan to Stem the U.S. Jobs Crisis*, Economic Policy Institute, Washington, DC, 2009. Available at http://epi.3cdn.net/c68c0d218e2750adb3_rwm6iz75b.pdf.

¹⁴See, for example, A. Carasso, H. J. Holzer, E. Maag, and C. E. Steuerle, "The Next Stage for Social Policy: Encouraging Work and Family Formation among Low-Income Men," Urban Institute Discussion Paper No. 28, Washington, DC, 2008; and P. Edelman, M. Greenberg, S. Holt, and H. Holzer, *Expanding the EITC to Help More Low-Wage Workers*, Georgetown Center on Poverty, Inequality, and Public Policy, Washington, DC, 2009.

¹⁵M. Cancian and D. R. Meyer, "Child Support and the Economy," in *Working and Poor: How Economic and Policy Changes Are Affecting Low-Wage Workers*, eds. R. Blank, S. Danziger, and R. Schoeni (New York: Russell Sage Foundation, 2006).

¹⁶M. Sinkewicz and I. Garfinkel, "Unwed Fathers' Ability to Pay Child Support: New Estimates Accounting for Multiple-Partner Fertility," *Demography* 46, No. 2 (2009):247–263.

¹⁷M. Cancian and D. R. Meyer, *Alternative Approaches to Child Support Policy in the Context of Multiple-Partner Fertility*, report to the Wisconsin Department of Workforce Development, Institute for Research on Poverty, Madison, WI, 2006.

¹⁸R. G. Wood, S. McConnell, Q. Moore, A. Clarkwest, and J. Hsueh, "Strengthening Unmarried Parents' Relationships: The Early Impacts of Building Strong Families," *MPR Reference No. 8935-155*, Mathematica Policy Research, Washington, DC, 2010.

¹⁹Cancian and Reed, "Family Structure."

Fast Focus is a single-topic brief put out several times a year and distributed electronically (only) by the

Institute for Research on Poverty
1180 Observatory Drive
3412 Social Science Building
University of Wisconsin
Madison, Wisconsin 53706
(608) 262-6358
Fax (608) 265-3119

The Institute is a nonprofit, nonpartisan, university-based research center. As such, it takes no stand on public policy issues. Any opinions expressed in its publications are those of the authors and not of the Institute.

The purpose of *Fast Focus* is to provide supplemental coverage of poverty-related research, events, and issues between issues of *Focus*, and to acquaint a large audience with the work of the Institute by means of short essays. Full texts of *Fast Focus*, *Focus*, IRP Discussion Papers, and Special Reports are available on the IRP Web site at www.irp.wisc.edu.

Fast Focus is free of charge, although contributions to the UW Foundation–IRP General Fund sent to the above address in support of *Fast Focus* are encouraged.

Edited by Deborah Johnson.

Copyright © 2010 by the Regents of the University of Wisconsin System on behalf of the Institute for Research on Poverty. All rights reserved.

If you received this issue from someone else and would like to receive e-mail notification and an abstract of future issues of Fast Focus, send a message to irpfocusalert-request@ssc.wisc.edu with the subject line "Subscribe."

This publication was supported with a grant from the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, grant number 3 U01 PE000003-06S2. The opinions and conclusions expressed herein are solely those of the author(s) and should not be construed as representing the opinions or policy of any agency of the federal government.