

Family structure, childbearing, and parental employment: Implications for the level and trend in poverty

Maria Cancian and Deborah Reed

Maria Cancian is Professor of Public Affairs and Social Work at the University of Wisconsin–Madison and an IRP affiliate. Deborah Reed is Director of Research for the Oakland Office of Mathematica Policy Research.

Introduction

Changes in family structure and changes in poverty are closely related.¹ Single-mother families are about five times as likely to be poor as married-parent families.² Although they are less likely to be poor than they were 50 years ago, single-parent families are more common, accounting for a larger share of all poor families. Moreover, eligibility for income support programs, including cash welfare, food stamps, and the Earned Income Tax Credit, are tied to family composition. In recent years, policymakers have sought not only to respond to family changes, but also to influence the decisions people make about marriage, divorce, and childbearing. Thus, poverty policies and family policies are increasingly tied.

If the apparent strength of the link between poverty and family structure seems obvious, its nature is less clear. For example, having a child before getting married is associated with an increased likelihood of poverty. However, living in poverty also raises the likelihood of nonmarital childbearing.³ In addition, decisions about work, marriage, and childbearing are increasingly disconnected. Women are now more likely to work, regardless of marital or parental status. Women are also more likely to have children independent of marriage, and married couples with children are more likely to divorce. Overall, there is greater variety in family forms, the members of any given family are increasingly likely to experience changes in household structure over time, and children are increasingly likely to spend time in families that do not include both biological parents and that may include half siblings or step-siblings.

In addition to its relationship to economic well-being, family structure is of interest because children who do not live with both biological parents may be more vulnerable to other risks, even after taking economic factors into account. Recent discussions have emphasized the potential importance of fathers, who are less likely to be part of their children's lives when parents are divorced or were never married. Moreover, poverty creates challenges that may be difficult to manage with only one available parent, especially as more

single mothers work outside the home. Thus, changes in family structure not only place more individuals at greater risk of poverty, but also may increase their vulnerability to challenges associated with poverty.

Poverty reflects insufficient resources relative to needs. Income poverty in the United States is measured by comparing cash income to a needs standard. For example, a single woman in 2008 will be considered poor if her income is below \$11,201. If she has two children, becoming a single mother and part of a family of three, she will be considered poor if her family income is below \$17,346. Thus, even putting aside the demands of motherhood and the potential reduction in hours worked and earnings, the increased financial needs of a larger family will increase the chance of poverty. If she marries, becoming a married couple family of four, the needs standard rises to \$21,834. However, a second adult in the household increases the likelihood of a second earner. The potential poverty reduction associated with a second adult also reflects the relatively modest increase in the needs standard with each person added to the household. Economies of scale mean that each additional person adds less than proportional needs.

We use this simple model of income and needs to help structure the discussion that follows. The implications for poverty of changes in marriage, childbearing, and work depend on the interrelationships among these factors and their net effects on income and on economic needs. As we will show, the decline in marriage has increased poverty, all else equal. But all else has not remained equal; although women are less likely to be married, they are also more likely to be working. Because these two changes are related, measuring the effect of changes in marriage on poverty is complex.

Trends in family structure since 1970

Changing patterns of poverty, prospects for the future, and the potential of alternative policy interventions all depend on the interrelationships among poverty and marriage, childbearing, family living arrangements, and employment status. In the current policy context, with limited public cash income supports available to reduce poverty, poverty status largely depends on the number of adults in the household, their hours of work and wage rates, and the number of children they have to support.⁴

Marriage, divorce, and cohabitation

Households that include two adults generally have greater opportunities to avoid poverty, since the second adult on

average adds more to potential income than to needs. Thus, declines in marriage and increases in divorce are both poverty increasing. Cohabiting couples may capture the same benefits as marriage, though the implications of cohabitation for official poverty measures, as well as for actual economic well-being, are complex.

Marriage rates have fallen over time, increasing the proportion of people living in households that depend on one adult for both earnings and caretaking.⁵ The steepest declines in age-specific marriage percentages occurred between 1970 and 1980 and between 1980 and 1990, with more modest declines after 1990.⁶ For example, among women ages 40 to 44, the share married fell from 82 percent in 1970 to 70 percent in 1990 and then to 64 percent in 2006. Rates of cohabitation have increased dramatically, especially in the 1980s and 1990s. Most cohabiting unions are relatively short lived, and sharing of resources within such unions less certain. Calculations of the proportion of women who are married *or* cohabiting show a smaller decline from 83 percent in 1970 to 70 percent in 2006 for women ages 40 to 44.

Childbearing

Changes in marriage patterns interact with changes in childbearing and affect both poverty and the composition of the poor. To the extent that declines in marriage coincide with women having fewer children, reductions in the size of families reduce the resources needed to avoid poverty. The average number of children present in the household has declined over time, falling especially in the 1970s and 1980s. In 1970 women ages 35 to 39 had an average of 2.4 children; by 1990 they had an average of only 1.3 children. Because larger families need more income to avoid poverty, and because greater parenting responsibilities restrict women's work hours in the paid labor market, the declining numbers of children per woman can be expected to reduce poverty, all else equal.

Although declines in family size tend to reduce poverty, growth in the proportion of children born outside of marriage has had the opposite effect. In 1960, 5 percent of all births were to unmarried mothers. As shown in Figure 1, by 2006, the share had risen to 39 percent. To understand these trends one must recognize that the *proportion* of births to unmarried mothers depends on the marriage rate and the fertility patterns of all women, not just those of unmarried women. The tendency for married women to have children, the tendency for unmarried women to have children, and the proportion of women of childbearing age who are married all determine the proportion of births to unmarried women.

Figure 1 shows that the increase in the proportion of children born to unmarried mothers in the 1960s and early 1970s resulted from sharp declines in fertility among married women rather than increases in fertility of unmarried women. The declining proportion of women who were married also contributed. During the late 1970s and 1980s, birth rates among married women stabilized and the continued increase in the

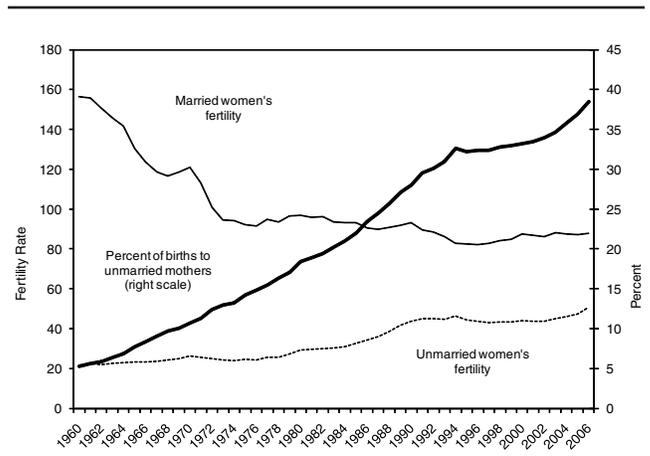


Figure 1. Fertility Rates by Marital Status, 1960 to 2006.

proportion of births to unmarried women reflected increases in birth rates for unmarried women and the continuing decline in marriage rates. During the 1990s and early years of the new century, unmarried women's fertility stabilized, but a decline in married women's fertility in the early 1990s and continued declines in the proportion married contributed to relatively modest increases in the proportion of children born to unmarried mothers. The proportion married continued to decline, and increases in unmarried women's fertility accelerated after 2002. By 2006, almost two in five children in the United States were born to an unmarried mother.

The increased proportion of births to single mothers increases children's vulnerability to poverty as more children (and mothers) live in households that include only one potential earner. On the other hand, declines in the number of children per family have tended to reduce poverty. In other words, contemporary women are less likely to have a husband to contribute economic support, but they are also less likely to have a large family to support.

Family living arrangements

The implications of changes in marriage and fertility for children's living arrangements and poverty rates can be complex, especially when we consider the presence of unmarried partners or other adults. In 1970, 86 percent of all children lived in a married-couple family; the share dropped to only 69 percent in 2006. Most children living in a single-parent household lived with a single mother, though by 2006, more than one in five children not living with a married couple lived with their father. Many children who live with an unmarried mother or unmarried father also live with another adult in the household—their grandparent or other relative, or, increasingly, their parent's cohabiting partner.

Employment

All else equal, families are less likely to be poor the greater the number of adults and the fewer the number of children. Households that include adult males are less likely to be poor than those that include only adult females, both because men work more hours on average and because they earn more

per hour on average. However, since 1970, women's labor force participation has increased, especially for women with children. In 1970, about 50 percent of all women ages 30 to 34 worked; from 1990 onward almost 80 percent did. In addition, gender gaps in labor market outcomes have declined.⁷ These changes affect the level and distribution of income among families headed by married couples as well as among families with single female heads. They also reflect changes in gender roles and contemporary expectations regarding the caretaking and employment responsibilities of mothers and fathers, which interact with the public policy context. As the relationship between family structure and work has changed, so too has the relationship between family structure and poverty. An accounting of changes in family and poverty must therefore incorporate the dramatic growth in women's labor force participation and the declining opportunities for men, especially those with less education.

Although it remains an important cultural reference point, the "traditional" family, including an employed father, a homemaker mother, and children, is increasingly uncommon. In 2006, only 12 percent of all families fit this model, down from 36 percent in 1970.⁸ In part, this decline reflects a growing disconnect between marriage and childbearing and childrearing. At the same time that single-mother families are more prevalent, increases in women's own earnings mean they are less vulnerable to economic hardship.

Explaining changes in marriage, childbearing, and employment

We have documented substantial declines in marriage, a reduction in the average number of children per family, and a dramatic increase in the proportion of children born outside marriage since 1970. Over the same period, women's employment has increased, especially for mothers. In contrast, men, especially those with less education, have experienced stagnant or declining rates of employment. These changes in family structure and employment are interrelated. For example, delays in marriage may reduce fertility, thereby reducing demands for work within the home and facilitating women's market work. On the other hand, as labor market opportunities for women improve—in absolute terms, or relative to men's—women face higher opportunity costs of leaving employment to have (additional) children, as well as reduced economic incentives to marriage. Decisions to have children outside of marriage may reflect women's increasing ability to support a family independently, or the short supply of men with family-supporting earnings.

Understanding the factors that underlie changes in family formation, and how these have been affected by economic and policy changes, is complicated by the interdependence of economic, social, and demographic changes. Still, an assessment of the causes of family structure and employment changes can inform policy discussions.

Consider first the decline in the proportion married, which results in part from people marrying at older ages or not at

all. It also reflects higher rates of divorce, only somewhat offset by increases in remarriage. What accounts for these trends? The standard economic model of marriage emphasizes gains from a specialized division of labor in a context where one spouse (generally the husband) commands a substantially higher wage.⁹ In this case, marriage creates a context in which the lower-wage spouse can devote herself to home production—raising children, preparing meals, and maintaining the home—leaving the higher-wage spouse to specialize in earning wages. As men's advantage in the labor market relative to women has declined, so have the potential gains from marital specialization, reducing women's incentive to marry.

In addition, over the same period, increased marital instability increased the risks to women of interrupting their wage employment. As divorce has become more common, the probability that a woman will have to be the primary provider for herself and her children has increased. At the same time, as women's labor force participation has increased, so has the feasibility of leaving an undesirable marriage. Thus, women's increasing economic independence may be both a cause and a consequence of greater marital instability.

Inequality in the distribution of wages for men has also increased over the past three decades. Younger men with low education were particularly likely to experience stagnant or declining wages. Thus, men's labor market advantage, and the consequent potential gains for women from marriage, have been particularly eroded for low-income individuals. High rates of incarceration also limit the pool of "marriageable" men with access to family-supporting employment, especially for African Americans.¹⁰

Together with women's increased economic prospects and the availability of birth control, changes in social norms have made it easier to have sexual relationships and cohabit outside of marriage, to establish households independent of parents or spouses, and to raise children outside of marriage. Thus, as the economic advantage of marriage declined, so has the importance of marriage as a precursor to parenthood.¹¹

Changes in contraceptive technology and reduced fertility also contribute to women's increased labor force participation. Of course, it is difficult to distinguish cause and effect; mothers may be more likely to work in the market because they have fewer children, or they may be having fewer children because of the demands of greater labor force participation.

Another focus of public debate and research has been the role policy has played in facilitating changes in marriage, childbearing, and employment among low-income women. Concerns about the disincentives to marriage embedded in the welfare system, as well as the vulnerability of the low-income population to policies aimed at altering family behaviors, have been especially prevalent. Critics of welfare argued that the availability of financial support, and the structure of eligibility rules that targeted single-parent families, discouraged marriage and parental responsibility.¹² The

generosity of welfare cannot fully explain changes in marriage, in part because AFDC benefits declined substantially after the mid-1970s over the same period that marriage rates declined and in part because the decline in marriage was also evident among higher-income individuals who never received welfare. Estimates of the magnitude of any negative impact of welfare on marriage vary substantially but generally suggest at most modest effects.¹³ Some research suggests that public income supports may *increase* marriage rates, possibly by helping low-income couples achieve the financial stability seen by some as a prerequisite for marriage.¹⁴

The potential role of child support enforcement on marriage is another area of debate. Policy changes over the past 30 years have substantially increased the proportion of non-marital births for which paternity is established, and have contributed to more fathers of children born to unmarried parents being ordered to pay child support and making payments.¹⁵ Although child support enforcement and paternity establishment are primarily aimed at increasing the formal economic support provided by nonresident fathers, improved enforcement may also change incentives to marry and have children. The increasing probability of paying and receiving child support might be expected to have offsetting effects on the financial incentives to have children outside of marriage—increasing the costs of nonmarital births for nonresident fathers and decreasing them for resident mothers. For some single men who might otherwise provide few resources to their children, increased child support enforcement may raise the expected costs of fatherhood. In contrast, despite receiving child support or cash welfare, single mothers typically bear most of the responsibility and costs associated with raising children. Changes in welfare benefit levels (or child support payments) may thus have a relatively minor impact on the benefits and costs faced by a single woman considering motherhood.¹⁶ Research suggests that increased child support enforcement is associated with reductions in nonmarital births.¹⁷

Because many nonmarital births are to cohabiting or romantically involved parents, child support enforcement may negatively affect these “fragile families.” Although child support provides financial resources, requirements to establish paternity and a formal child support order, along with efforts to enforce that order, may increase conflict between parents.

Noncompliant fathers face enforcement actions that may reduce their willingness and ability to support their children.¹⁸

Over the last three decades, several policy changes have sought to encourage employment and “make work pay” for low-income parents, including an expanded Earned Income Tax Credit (EITC) and expansions of Medicaid and the State Child Health Insurance Program. The EITC provides a substantial earnings subsidy for low-income earners with children, and the expanded availability of public health insurance for low-income children supports the move from welfare to work. Child-care policies, particularly recently expanded subsidies for some low-income families, also facilitate employment.

The impact of changes in family structure and women’s employment on poverty

How have the substantial changes in family structure and growth in female employment since 1969 affected poverty rates?

Between 1969 and 2006, the poverty rate grew by 1.1 percentage points, from 11.5 percent to 12.6 percent. However, as shown in Table 1, the poverty rate within specific types of family mostly declined. This suggests that an important factor in the growth of the overall poverty rate may have been the shift in population shares by family type. The population shifted from a relatively low poverty group (married couples with children) to family types with higher risks of poverty.

One approach to the question, “By how much would overall poverty have increased if there had been a change in family structure but no change in poverty rates for each type of family?” is to construct a counterfactual level of poverty with the 2006 shares of persons by family type and the 1969 poverty rates. This method is known as a “shift-share” analysis because it shifts the population shares while holding poverty rates constant.¹⁹ Using a shift-share approach that controls for education and age, we find that the overall poverty rate in 2006 would have been 14.1 percent. Therefore, if all else remained the same as in 1969, the change in family structure would have increased the poverty rate by 2.6 percentage points, from 11.5 percent in 1969 to 14.1 percent in 2006.

Table 1
Poverty Rates and Population Shares by Family Type, 1969 to 2006 (percent)

| | 2006 | | 1969 | | Change | |
|-------------------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| | Poverty Rate | Population Share | Poverty Rate | Population Share | Poverty Rate | Population Share |
| Single female | 17.3% | 9% | 19.8% | 4% | -2.5% | 5% |
| Single female, with children | 39.9 | 13 | 47.7 | 8 | -7.8 | 6 |
| Single male | 14.0 | 8 | 15.0 | 3 | -1.0 | 5 |
| Single male, with children | 19.0 | 4 | 17.1 | 2 | 1.9 | 2 |
| Married couple | 2.8 | 20 | 4.3 | 17 | -1.5 | 3 |
| Married couple, with children | 7.5 | 46 | 8.6 | 67 | -1.1 | -21 |
| Overall | 12.6 | 100 | 11.5 | 100 | 1.1 | — |

Source: Authors’ calculations from 1970 U.S. Census and 2006 American Community Survey.

Note: Data include families with head(s) ages 18 to 64.

Including women's labor force participation in the analysis, we find that growth in women's work reduced poverty by 1.4 percentage points.

In summary, our analysis found that, on their own, changes in family structure would have led to a substantial increase in poverty. However, the growth of female employment had important poverty-reducing effects over the same period.

Conclusions

We have shown that changes in family structure, and changes in the implications of family structure for poverty, reflect a complex set of interrelated factors. Fewer people are marrying, and those who are married are on average older and more likely to divorce. The smaller number of married couples are having fewer children, while birth rates for the growing number of unmarried women have increased. Together these trends result in a greater proportion of families headed by single mothers—both because a higher proportion of births take place outside of marriage and because of growth in the proportion of children born within marriage whose parents divorce.

Single-mother families, generally relying on the earnings of only one adult, are more than five times as likely to be poor as married-couple families. On its own, the change in family structure has been poverty-increasing. However, a number of factors have had countervailing impacts. Changes in employment, the number of children, and cohabitation have reduced the growth in poverty otherwise associated with the declining proportion of married couple families. However, although increased employment has made women and single mothers less economically vulnerable, it has presumably come at the cost of (unpaid) time spent supporting their family and community. In addition, the standard measure of income poverty used here neglects the nondiscretionary personal *costs* of employment, such as transportation and child care, and thus overstates the poverty-reducing effects of employment. Similarly, while many unmarried mothers may live with the fathers of their children or other men, cohabiting relationships provide less economic security than marriage, in part because of their relative instability.

Several types of public policy responses to the increased diversity and instability of family forms are possible. Some policies explicitly aim to *change* family structure, for example, to promote marriage or reduce nonmarital births. Although it is too early to know whether recent efforts to promote healthy marriage will be successful, some have argued that even small changes in marriage patterns could produce substantial returns on fairly modest investments.²⁰ Nonetheless, it seems unlikely that current policy options will dramatically alter the marriage and fertility patterns of the last four decades, most of which generally apply across income groups within the United States as well as in other countries. While some policies to encourage marriage and, especially, reduce unplanned and teen pregnancy, may prove

effective, declines in marriage and increases in nonmarital childbearing are unlikely to be reversed by feasible public policies.

Other policies aim to *respond* to changes in family forms; for example, to reduce the negative consequences of nonmarital births and divorce through policies such as child support, or to encourage or facilitate employment, especially among single mothers. These policies will be critical in determining the consequences of family change for the well-being of children.

As we have documented, the past 40 years have been a period of increasing diversity in family structures and changing relationships among marriage, fertility, and employment. Children are more likely to spend some time living outside a married couple family. Regardless of whether their mother is married or single, children, especially younger children, are also more likely to live with a mother who is working in the paid labor market. To reduce the economic vulnerability of children and families, public policy must respond to the diversity and instability of family forms. Even if effective policy interventions reducing divorce and nonmarital childbearing are developed, many children will live with only one parent, and many parents will face challenges in meeting the economic and social needs of their families. Recognizing these challenges, public policy must respond in ways that support the increasing complexity of family arrangements and the growing proportion of workers who also have primary responsibility for parenting their children. ■

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

²In 2006, about 8 percent of married couples with children and 40 percent of single-mother families were poor, according to the authors' calculations from the American Community Survey for families with prime-age heads between the ages of 18 and 64.

³On the causes and consequences of teen pregnancy, see, for example, F. Furstenberg, *Destinies of the Disadvantaged: The Politics of Teen Childbearing* (New York: Russell Sage Foundation, 2007).

On nonmarital births, see D. M. Upchurch, L. A. Lillard, and C. W. A. Panis. 2002. "Nonmarital Childbearing: Influences of Education, Marriage, and Fertility," *Demography* 39, No. 2 (2002): 311–329.

⁴See the book chapter for a more detailed description of family structure trends.

⁵Unless otherwise noted, all statistics come from authors' calculations from the 1970, 1980, 1990, and 2000 U.S. Censuses and the 2006 American Community Survey.

⁶A similar decline and delay in marriage is apparent for men. But, because men on average marry at older ages, the proportion married compared to women is lower at ages 25 to 29; similar by ages 35 to 39, and slightly higher at 40 to 44.

⁷See, for example, F. Blau and L. M. Kahn, "Gender Differences in Pay," *Journal of Economic Perspectives* 14, No. 4 (2000): 75–99.

⁸Authors' calculations for people under age 55. Employment is defined by working at least one week in the previous year.

⁹G. S. Becker, *A Treatise on the Family* (Cambridge, MA: Harvard University Press 1991).

¹⁰See, for example, L. M. Lopoo and Bruce Western, "Incarceration and the Formation and Stability of Marital Unions," *Journal of Marriage and the Family* 67, No. 3 (2005): 721–734.

¹¹See, for example, H. J. Holzer, "Collateral Costs: The Effects of Incarceration on the Employment and Earnings of Young Workers," *IZA Discussion Papers* #3112, Institute for the Study of Labor, 2007.

¹²C. Murray, *Losing Ground: American Social Policy, 1950–1980* (New York: Basic Books, 1984).

¹³See, for example, R. A. Moffitt, "The Effect of Welfare on Marriage and Fertility," in *Welfare, the Family, and Reproductive Behavior*, ed. R. A. Moffitt (Washington, DC: National Academy Press, 1998).

¹⁴See, for example, A. Gassman-Pines and H. Yoshikawa, "Five-Year Effects of an Anti-Poverty Program on Marriage among Never-Married Mothers," *Journal of Policy Analysis and Management* 25, No. 1 (2006): 11–30.

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).

¹⁶The state government typically retains all or most (all but the first \$50 per month) of child support paid to welfare recipients to offset the costs of providing welfare. Thus, mothers receiving welfare receive very limited formal child support. The DRA of 2006 encouraged states to allow mothers to receive up to \$200 per month in child support while maintaining their full welfare eligibility. These provisions take effect in 2008. However, as of this writing, most states retain 100 percent of child support paid on behalf of children of cash welfare recipients.

¹⁷See, for example, R. D. Plotnick, I. Garfinkel, D. S. Gaylin, S. S. McLanahan, and I. Ku, "The Impact of Child Support Enforcement Policy on Nonmarital Childbearing," *Journal of Policy Analysis and Management* 26, No. 1 (2006): 79–98.

¹⁸See, for example, M. R. Waller, *My Baby's Father: Unmarried Parents and Paternal Responsibility* (Ithaca, NY: Cornell University Press, 2002).

¹⁹See the book chapter for a detailed description of this analysis.

²⁰See, for example, P. R. Amato and R. A. Maynard, "Decreasing Nonmarital Births and Strengthening Marriage to Reduce Poverty," *The Future of Children* 17, No. 2 (2007): 117–141.