

Testimony of Ron Haskins  
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Committee on Appropriations  
Subcommittee on the District of Columbia  
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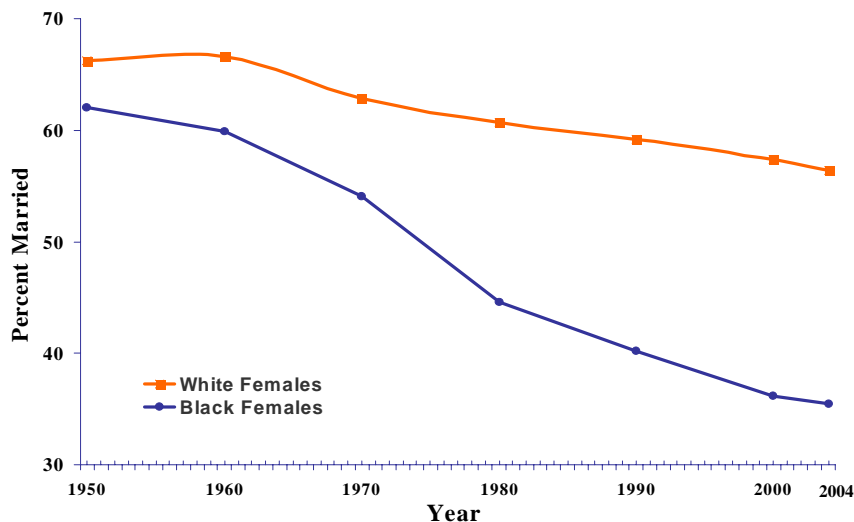
Chairman Brownback and Members of the Subcommittee:

I have been asked to testify on three issues that are related to this Subcommittee's goal of promoting an environment conducive to marriage in the District of Columbia. These issues include a review of trends in family composition, a summary of research on the importance of marriage to children, and evidence on marriage bonuses and penalties in government programs.

Trends in Family Composition

Children do best when reared by their married parents. From this perspective, the trends in family composition in recent decades have been disastrous for children. Although most of the trends have stabilized in recent years, in previous decades marriage rates fell, divorce rates rose, and nonmarital birth rates soared. The basic building block of married-couple families, of course, is marriage rates. As shown in Chart 1, in the three decades between the 1960s and 1990s, marriage rates fell dramatically, especially for blacks. Over this period, the marriage rate for whites and blacks fell by 11 percent and 33 percent respectively. Since then, both rates have been relatively stable, although both continue to decline slowly.

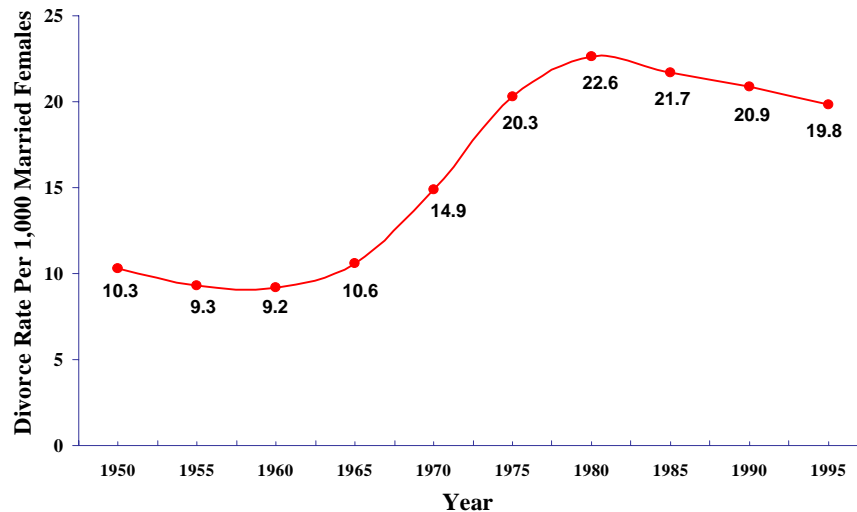
**Chart 1**  
**Marriage Rates for White and Black**  
**Females 15 Years and Older, 1950-2004**



Note: 1950 and 1960 data is for 14 and older. Nonwhite data are shown for Black for these years.  
Source: U.S. Census Bureau

Especially during the 1970s and 1980s, while marriage rates were falling, divorce rates were rising. After doubling between 1965 and 1975, the rate increased slightly until 1980 but has been stable or falling since then (Chart 2).

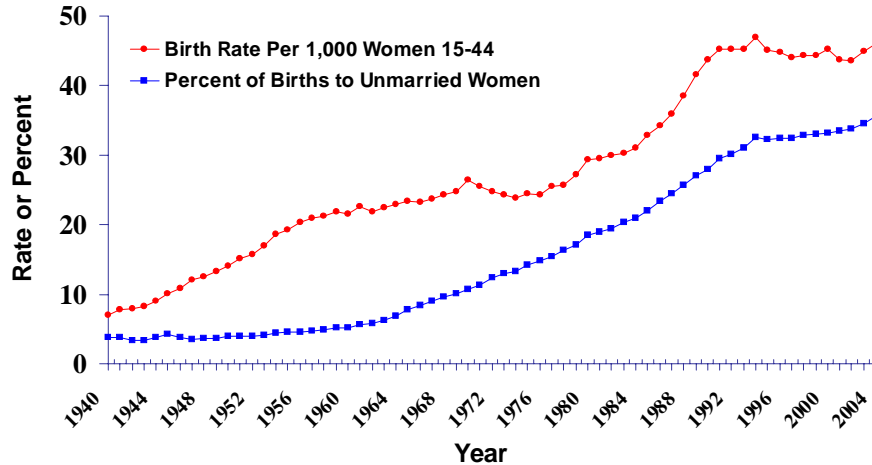
**Chart 2**  
**Trends in Divorce, 1950-1995**



Source: *Historical Statistics of the United States*, Millennial Edition 2006, Vol. I, p. 688.

A third important trend in understanding the living arrangements of children is the nonmarital birth rate. Hollywood couples that have babies outside marriage, such as the recent case of Tom Cruise and Katie Holmes, get widespread attention in the media. This attention to celebrity births outside marriage has led many people to believe that “everyone is doing it.” But this conclusion is largely incorrect. Nonmarital births occur primarily among poor and minority women. In fact, children born to unmarried mothers are likely to live in poverty and to require support from the welfare system. Mothers who give birth outside marriage are also more likely to be high school dropouts, to live in poverty, and to be unemployed, all of which are correlated with poor developmental outcomes for children.<sup>1</sup> Given the consequences of nonmarital births, it is alarming to review statistics showing that until recently the nonmarital birth rate has been rising relentlessly since roughly the 1950s. Chart 3 shows that the percentage of babies born outside marriage rose from under 5 percent in the 1950 to about 33 percent in 1995 before falling for the first time in decades. Since 1995, the rate has been rising again, but at a greatly reduced pace as compared with previous decades. There are enormous differences between ethnic groups in the incidence of nonmarital births. In 2000, for example, the share of babies born outside marriage for whites, Hispanics, and African Americans were 22 percent, 43 percent, and 69 percent respectively. There is no doubt that the negative consequences of nonmarital births fall most heavily on minority groups. Indeed, to the extent that marriage rates could be increased, minority groups are likely to reap disproportionate advantages.

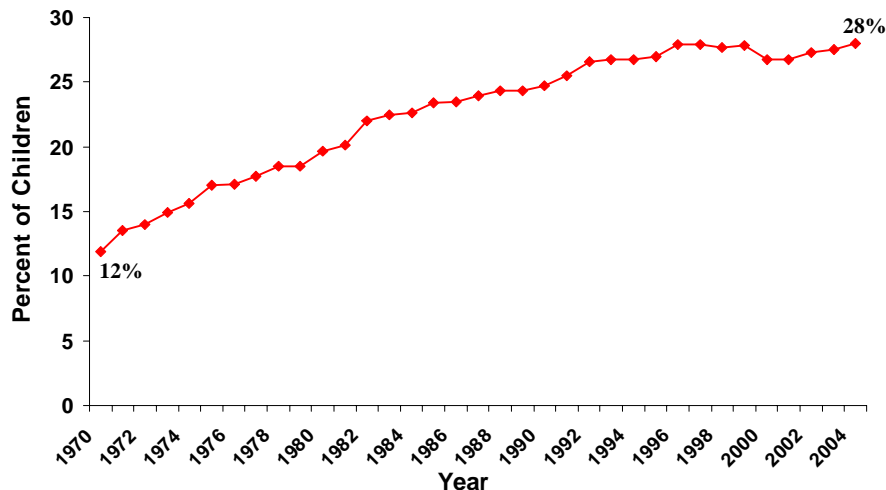
**Chart 3**  
**Birth Rate and Percent of Births to Unmarried Women, 1940-2004**



Source: National Center for Health Statistics

The outcome of all these trends is that a historically high percentage of our children live with a single parent. As shown in Chart 4, the share of children in single-parent families has more than doubled since 1970, from 12 percent to about 28 percent. As was the case with the trends in marriage and nonmarital births, the trend toward single-parent families stopped rising in the mid-1990s and actually fell in some years. However, in recent years the trend has been rising again, although not as rapidly as during previous decades. The bottom line is that the nation is at a historic high in the share of our children being reared by single mothers.

**Chart 4**  
**Percent of Children Living in Single-Parent Families, 1970-2004**



Source: U.S. Census Bureau Current Population Survey  
<http://www.census.gov/population/socdemo/hh-fam/ch1.xls>

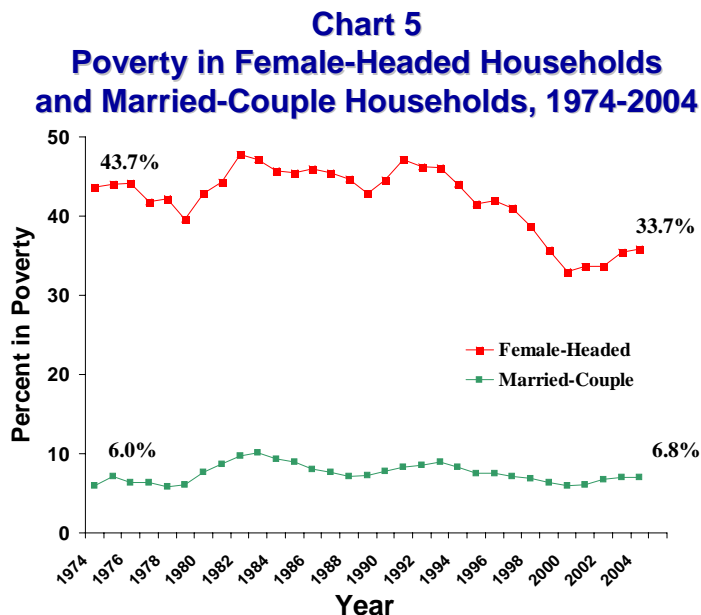
## Marriage and Child Well-Being

These trends are of great importance to policymakers and the public because social science research now shows strong links between child well-being and family composition. A recent issue of the *Future of Children*, published jointly by Brookings and Princeton University, was devoted entirely to marriage and child well-being. The editors' overview of several decades of social science research on marriage is notable:

In the early 1970s the prevailing view among scholars was that, aside from the problems of low income, single motherhood was an acceptable alternative to marriage. But the empirical evidence compiled during the 1980s and 1990s suggested otherwise.<sup>2</sup>

The editors then go on to point out that the “multiple benefits for adults and children [include] better health and greater socioeconomic attainment.”

One effect of marriage has never been doubted. Marriage reduces poverty and increases financial stability. In 2002, the median income of married-couple households was about \$61,000 as compared with less than \$26,500 for female-headed households.<sup>3</sup> Even more important for policymakers interested in policy for poor and low-income families, as shown in Chart 5 children in female-headed families have much higher poverty rates than children in married-couple families. In most years, children in female-headed families have poverty rates that exceed those of children in married-couple families by a factor of five or more.



Source: U.S. Census Bureau

Economists Isabel Sawhill of Brookings and Adam Thomas of Harvard have conducted a fascinating analysis of whether higher marriage rates would reduce poverty in the United States.<sup>4</sup> Employing statistical modeling, they analyzed data from the Census Bureau to determine how poverty would be affected if poor people behaved differently. In particular, they modeled the effect on poverty rates of more work, more marriage, more education, and fewer children by poor adults. In the case of marriage, they simply matched unmarried people by age, education, and race until the marriage rate for the nation equaled the marriage rate in 1970. This exercise showed that if we could turn back the clock and achieve the marriage rate that prevailed in 1970, poverty would be reduced by well over 25 percent. This remarkable reduction of the national poverty rate by one-quarter would be achieved without any government action and without the expenditure of any public funds. In the Sawhill and Thomas analysis, only work was more effective in reducing poverty than marriage. By way of comparison, doubling cash welfare would reduce poverty by less than one-third as much as increasing marriage rates.

But the effects of marriage on children go beyond just reducing their poverty rate. Although a host of studies, reviewed in several of the chapters in the *Future of Children* volume referred to above, show that children reared by one parent have high levels of problems related to growth and development, an analysis by Professor Paul Amato of Pennsylvania State University illustrates marriage effects in an especially graphic way. Using data from the National Study of Adolescent Health, Amato examined the number of adolescents that had one or more of eight behavioral problems and then, based on a comparison of the occurrence of each problem in married-parent and single-parent families, calculated the number that would have the problem if marriage rates were increased.<sup>5</sup> As shown in Chart 6, adolescent well-being would be greatly improved if more children were living with their married parents. If the same share of adolescents were living with their married parents in 2002 as in 1980, nearly 300,000 fewer would have repeated a grade in school, 216,000 fewer would have been delinquents, and nearly 29,000 fewer would have attempted suicide. Again, it is worth emphasizing that these highly desirable effects would be achieved without government action and without use of tax dollars. Indeed, a moment's reflection on the numbers in Chart 6 shows that reducing the incidence of these problems among adolescents would have the effect of substantially reducing public expenditures.

### Marriage and Public Policy

Given the benefits of marriage to children, adults, and society, it would seem wise for policymakers to focus their attention on the impact of public policy on the troubling trends in family composition. In this regard, passage of the 1996 welfare reform law was something of a landmark. Prior to 1996, the design of both tax provisions and welfare programs contained incentives that rewarded and punished marriage. But as Gene Steuerle and Adam Carasso of the Urban Institute have pointed out, these incentives were unintentional and occurred primarily because policymakers enacted both tax laws and transfer programs in piecemeal fashion and seldom stopped to determine whether the programs were creating incentives or disincentives for marriage.<sup>6</sup> On the other hand,

there was nothing unintentional about the pro-marriage goals of the 1996 welfare reform law. The centerpiece of the law was the Temporary Assistance for Needy Families (TANF) program that provided states with a block grant of \$16.5 billion per year to achieve four goals. One of the goals was to provide financial support to needy families to rear their children at home, but the other three goals addressed family composition. More specifically, states were to spend block grant funds to reduce nonmarital births, encourage marriage, and increase the share of children in families headed by married parents.

**Chart 6**  
**Well-Being of Adolescents**  
**If More Lived with Their Married Parents**

Behavioral Problem	Actual (2002)	Projected
Repeated grade	6,948,530	-299,968
Suspended from school	8,570,096	-485,165
Delinquency	11,632,086	-216,498
Violence	11,490,072	-211,282
Therapy	3,412,678	-247,799
Smoked in last month	5,083,513	-239,974
Thought of suicide	3,692,358	-83,469
Attempted suicide	636,164	-28,693

Note: Based on comparison of rates of behavioral problems in married-couple families and single-parent families from the National Longitudinal Study of Adolescent Health, 2002. The "Projected" column extrapolates the incidence of each behavioral problem if the same percentages of adolescents had lived in married-couple families as in 1980.

Source: Paul Amato, *Future of Children*, p. 89 (See footnote 5).

Thus, as a nation, we are already a decade into an era in which policymakers and administrators at the federal, state, and local level have been encouraged by federal policy to search for ways to increase the share of children in married-couple families. Moreover, the TANF block grant provides states and localities with the resources to implement policy initiatives to achieve the family composition goals. Although several states have taken advantage of these resources to launch marriage initiatives,<sup>7</sup> some might wish that policymakers and administrators had been more aggressive in taking up the federal challenge to reduce nonmarital births and promote marriage. But if the gradual move toward work rather than welfare, which was initiated by the federal Work Incentive (WIN) program in 1967, is taken as an example, it may take decades before the goal of promoting marriage is widely accepted and practiced.

For federal policymakers who wish to push the envelope and take actions to promote marriage, I would say that three broad types of policies should be their focus. First, as pointed out above, they should attempt to reduce the negative incentives for marriage in federal tax and transfer policy. Second, they should provide states with funds to experiment with a wide variety of programs that could reduce nonmarital births,

promote marriage, and increase the involvement of fathers with their children. Third, they should provide funds to evaluate programs that show promise. In recent years, federal policymakers have taken actions in all three of these areas.

As Adam Carasso and Gene Steuerle of the Urban Institute point out in a recent article, marriage penalties and subsidies arise in the tax code because tax rates vary in accord with income and because married couples file jointly for both transfer programs and taxes.<sup>8</sup> Pursuing the worthy goal of promoting equity, policymakers enact higher income tax rates for workers with higher incomes and provide welfare benefits for destitute families. Thus, as income rises, taxpayers often move into higher tax brackets and are subjected to a higher tax rate. Similarly, as income rises families on welfare see their benefits reduced and eventually terminated. If the tax code had a single rate and if all transfer programs were universal, there would be no marriage penalties. But in the real world created by the nation's tax and transfer system, marriage requires couples to combine their income, thereby occasionally moving them into a higher tax bracket. Further, combining income can cause low-income families to lose cash from the Earned Income Tax Credit (EITC) and to experience reduced or even terminated benefits from transfer programs. Consider an extreme case. If a mother with two children earning \$15,000 lives with a man who earns \$25,000, she would lose her entire EITC of over \$4,500 if she married the man. With combined income of \$40,000, the couple would be beyond the phase-out range of the EITC. Similarly, if this mother earned just \$5,000 and still qualified for welfare benefits and food stamps of \$3,000, her marriage to the \$25,000 earner would eliminate all her welfare benefits, and would be close to losing Medicaid for the parents in some states. By contrast, if the mother had no earnings and married the man with \$25,000 in earning, she would lose welfare benefits but would gain over \$4,500 in cash from the EITC.

As these examples suggest, the actual marriage penalties in the tax code and the transfer system depend on the particulars of each family's or couple's situation. Moreover, unless we know how many couples have characteristics that would result in specific levels of penalties and incentives, we cannot make judgments about the extent of these penalties and incentives nor can we make judgments about needed policies. Fortunately, the Urban Institute, with support from the Annie E. Casey Foundation and other sources, has collected data from a nationally-representative sample of households that contains this information plus extensive information on taxes and transfers.<sup>9</sup> The 2002 sample from the Urban Institute survey contained 744 cohabiting couples with income below 200 percent of poverty (about \$40,000 for a family of four in 2005), most of whom were participating in either transfer programs or the EITC or both. Economists Gregory Acs and Elaine Maag conducted extensive analyses on these couples to determine the extent to which they would be subject to tax or transfer penalties or incentives if they decided to marry.<sup>10</sup> They conducted their analyses separately for families receiving and not receiving benefits from the TANF cash welfare program.

The Acs and Maag results are summarized in Chart 7. A first surprise is that so few cohabiting couples with children are on TANF. But for the 14 percent that are on TANF (see top panel of Chart 7), virtually all suffer a steep penalty from TANF transfer

payments. As shown in the second column of figures, regardless of whether the couples receive a tax penalty or tax bonus, on average they lose considerable sums in TANF cash payments (\$1,800 for those with tax penalties; \$2,096 for those with tax bonuses). By contrast with the predominance of TANF penalties, notice the prevalence of tax bonuses. Only 3.7 percent of families receiving TANF experience a tax penalty; the penalties average \$1,511. But over 71 percent of families receiving TANF experience a tax bonus, and the average bonus is a whopping \$3,390. Similarly, most couples not receiving TANF (see bottom panel of Chart 7) also enjoy a tax bonus. In this case, only a little under 12 percent of families experience a loss (averaging \$1,754) while more than 75 percent of families experience a tax bonus that averages \$2,271.

**Chart 7**  
**Marriage Penalties and Bonuses from the Tax and Transfer Systems for Low-Income Cohabiting Couples with Children**

Group and Penalty or Bonus	Change in Income from Penalty or Bonus (\$)	Loss in TANF Cash (\$)	Net Change (\$)
<b>TANF Families (14%)</b>			
Tax Penalty (3.7%)	-1,511	-1,800	-3,311
Tax Bonus (71.1%)	3,390	-2,096	1,294
<b>Non-TANF Families (86%)</b>			
Tax Penalty (11.6%)	-1,754	0	-1,754
Tax Bonus (75.4%)	2,271	0	2,271

**Note:** Figures based on representative sample of 744 cohabiting couples with children under 200 percent of poverty. Based on tax law when fully implemented in 2008. Percentages in parentheses indicate the share of cohabiting couples fitting each category.

**Source:** Modified from Table 2, p. 6 in Gregory Acs and Elaine Maag, *Irreconcilable Differences? The Conflict between Marriage Promotion Initiatives for Cohabiting Couples with Children and Marriage Penalties in Tax and Transfer Programs*. Washington, D.C.: Urban Institute, April 2005.

The Acs and Maag work is one of the first studies to estimate tax and transfer incentives for low-income couples based on a nationally-representative sample. Two obvious conclusions from the study are that TANF marriage penalties are substantial but occur infrequently because so few families receive TANF and that the EITC is much more likely to provide marriage bonuses than penalties for this group of families. Given that cohabiting couples with children are a major target group for marriage initiatives, we can take heart from the frequent and substantial bonuses provided by the EITC.

A related lesson for policymakers is that in the case of low-income couples contemplating marriage, the most serious marriage penalties are likely to occur in transfer programs. Although there are exceptions to almost any generalization, for couples with combined earnings of around \$30,000 or so, it seems clear that the biggest problem is penalties in transfer programs and not the tax system. For higher-income couples, the opposite is likely to be true.

To the extent that the most serious penalties for low-income couples are in the transfer programs, and that a major goal of public policy is now to encourage marriage among precisely this group of young couples, it follows that policymakers intent on increasing marriage rates among this group should focus their attention on transfer programs. The Urban Institute has examined the effects of the TANF program as a disincentive to marriage, but other transfer programs undoubtedly provide disincentives as well. Three of the important transfer programs that need further study are food stamps, housing, and Medicaid. Millions of families participate in these programs, with single mothers overrepresented. Even without carrying around a calculator to compute the precise impacts of marriage on her transfer benefits, a young mother receiving food stamps, housing, and Medicaid can know that marrying a man with even a modest income of \$15,000 or \$20,000 can have substantial impacts on her benefits. The housing program alone would impose an immediate 30 percent “tax” on the earnings of a potential spouse for this mother because the family would be required to pay 30 percent of its income toward the cost of rent.

The marriage calculator that the Department of Health and Human Services (HHS) plans to release today will provide every state with a reliable method of calculating marriage penalties in their transfer programs. Given that both Medicaid and TANF vary substantially from state to state, a method of calculating marriage penalties that accounts for the specifics of the transfer programs in each state is a must. My guess is that by using the marriage calculator, states are going to discover what the Acs and Maag research showed so clearly; namely, that their transfer programs create substantial disincentives to marriage.

Thus, an important goal of both federal and state policymakers should be to reduce these marriage penalties in transfer programs. This goal can be achieved in at least three ways: making all transfer programs universal, increasing the income at which the phase out range begins, and reducing the rate at which payments phase out. The first approach I take to be impractical because taxpayers would not support, nor can the government afford, making all transfer payments universal. The annual cost of providing TANF cash, food stamps, housing, Medicaid and so forth to every family would be in the hundreds of billions of dollars. It follows that policymakers should focus their attention on raising the point at phase outs begin and reducing the rate at which transfers phase out for couples who marry. Costs could be somewhat contained by allowing couples who marry to enjoy the more generous phase out for a year or two after they marry.

Even so, the costs of these changes in transfer programs are likely to be great. The Congressional Budget Office can provide the Subcommittee with estimates of costs of various approaches to reducing the marriage penalty in transfer programs, but I believe that with the information at hand their estimates might be somewhat rough. In this regard, I would recommend that the committee encourage HHS to fund research like that conducted by Acs and Maag of the Urban Institute to provide better estimates of how many couples who are contemplating marriage would experience penalties in food stamps, housing, Medicaid, and perhaps other programs. This research would provide a basis for producing much more accurate estimates of the costs of various approaches to

reducing marriage penalties in the nation's transfer programs. The research would also provide a basis for examining the nature and extent of marriage penalties in the various transfer programs as well as the cumulative penalties in families receiving benefits from more than one program.

In addition to reducing marriage disincentives in transfer programs, a second approach policymakers can take to encouraging marriage is to invest funds in demonstration programs aimed at increasing marriage rates, especially among low-income couples. Last year, Congress took two commendable actions to advance this agenda. The first was the provision in the budget reconciliation bill that appropriated \$100 million a year for five years to fund programs designed to encouraging healthy marriage. HHS is now writing the regulations for a competitive grants program that will ultimately award most of this money to model healthy marriage programs. It is anticipated that state and local governments, private non-profit organizations, and faith-based organizations will compete for these funds. The result will be a mosaic of innovative programs conducted by a wide range of organizations that, taken together, hold promise to greatly increase our knowledge about marriage promotion.

The second important provision enacted last year to advance the marriage agenda was the marriage encouragement program established in the District of Columbia by this subcommittee. I have had the opportunity to meet with the fine team of program operators that planned and is now implementing this program. In effect, the team is conducting three intervention programs designed to encourage healthy marriage. These include a community-wide initiative that attempts to make citizens of the District aware of the importance of marriage, especially for the healthy development of children; a marriage education program that aims to equip married couples and couples contemplating marriage with the skills necessary to negotiate a permanent and loving relationship; and a highly innovative program that provides couples with matching funds to encourage savings. In the case of participating couples who are engaged, the matched savings program serves as a marriage incentive because the couple does not get the accumulated matching funds unless they marry. In addition to these three distinct programs, the planners are taking the wise step of working directly with fathers on a host of issues – including employment problems and child support – having to do with meeting their commitments to their family.

These new programs promise to augment what I see as a growing nation-wide movement to encourage and support marriage. But if we are to reap the full benefit of what these various programs can achieve, we must conduct careful evaluations of as many of the programs as possible. HHS has already set a high standard with its funding of gold standard evaluations, being conducted by the leading program evaluation organizations in the nation, on a wide variety of marriage education and community-wide programs. Similarly, I know the team running the marriage programs in the District has devoted a great deal of attention to evaluation and anticipates hiring a first-rate organization to conduct its evaluation in the near future. I hope that the subcommittee will continue to encourage strong evaluation of its remarkable marriage program for the District.

As a nation, we are at the beginning of a growing movement to reduce nonmarital births, encourage marriage, and increase the share of our children being reared by their married parents. The goals of Congress now should be to study and then take action to reduce marriage penalties, to ensure the aggressive implementation of the marriage programs being supported by the money from this subcommittee and from last year's reconciliation bill, and to insist that as many of these programs as possible be subjected to the kind of gold standard evaluations that will increase our knowledge of what works. Nothing on the public agenda will contribute more to the nation's future than ensuring that more and more of our children live with their married parents.

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<sup>1</sup> Elizabeth Terry-Hunen, Jennifer Manlove, and Kristin A. Moore, *Playing Catch-Up: How Children Born to Teen Mothers Fare* (Washington, D.C.: National Campaign to Prevent Teen Pregnancy, January 2005).

<sup>2</sup> Sara McLanahan, Elisabeth Donahue, and Ron Haskins, "Introducing the Issue," *The Future of Children*, vol. 15, no. 2 (Fall 2005): 3-12.

<sup>3</sup> U.S. Census Bureau, *Statistical Abstract of the United States: 2005-2005*, 124<sup>th</sup> edition (Washington, D.C.: Author, 2004), p. 448, No. 674.

<sup>4</sup> Adam Thomas and Isabel V. Sawhill, "For Richer or for Poorer: Marriage as an Antipoverty Strategy," *Journal of Policy Analysis and Management*, vol. 21, no. 4 (2002): 587-599; and Ron Haskins and Isabel Sawhill, "Work and Marriage: The Way to End Poverty and Welfare," *Welfare Reform & Beyond Policy Brief*, Brookings Institution, 2003.

<sup>5</sup> Paul R. Amato, "The Impact of Family Formation Change on the Cognitive, Social, and Emotional Well-Being of the Next Generation," *The Future of Children*, vol. 15, no. 2 (Fall 2005): 89, Table 2.

<sup>6</sup> Adam Carasso and C. Eugene Steuerle, "The Hefty Penalty on Marriage Facing Many Households with Children," *The Future of Children*, vol. 15, no. 2 (Fall 2005): 157-175.

<sup>7</sup> Theodora Ooms, Stacey Bouchet, and Mary Parke, *Beyond Marriage Licenses: Efforts in States to Strengthen Marriage and Two-Parent Families* (Washington, D.C.: Center for Law and Social Policy, April 2004).

<sup>8</sup> Carasso and Steuerle, "The Hefty Penalty on Marriage."

<sup>9</sup> Alan Weil and Kenneth Finegold, editors, *Welfare Reform: The Next Act* (Washington, D.C.: Urban Institute, 2002).

<sup>10</sup> Gregory Acs and Elaine Maag, "Irreconcilable Differences? The Conflict between Marriage Promotion Initiatives for Cohabiting Couples with Children and Marriage Penalties in Tax and Transfer Programs" Series B, No. B-66, (Washington, D.C.: Urban Institute, April 2005).