

Marriage and Economic Well-Being: The Economy of the Family Rises or Falls with Marriage

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The economic well-being of the United States is strongly related to marriage, which is a choice about how we channel our sexuality. The implications of sexual choices are apparent when comparing family structures across basic economic measures such as employment, income, net worth, poverty, receipt of welfare, and child economic well-being. In all of these the stable, intact married family outperforms other sexual partnering structures; hence the economy rises with the former and encounters more difficulties and inefficiencies as it diverges from it.

I. Overview: Family Structure and Economic Outcomes

Family structure and economic well-being are correlated. Economic well-being can be quantified in various ways, such as through household income, employment status, net worth, poverty, and the receipt of welfare. This paper examines various family structures (married families, stepfamilies, cohabiting families, divorced families, and single-parent families) and their economic correlates. This paper also examines child economic well-being (household income, poverty, and child economic mobility) in relationship to the same family structures.

Behind the demographics of changing family structures with all their economic implications lies a deeper change: the lessening capacity for the intimate social relationships that marriage demands. Most American parents now cannot stand each other enough to raise the children they have brought into existence. In 2008, only 45 percent of American seventeen-year-olds were in a family headed by their biological parents, leaving them weaker in their relational capacities than prior generations. The numbers are lowest among African-Americans, where only 17 percent of seventeen-year-olds have spent childhood in an intact family. Among Asian Americans the intact family

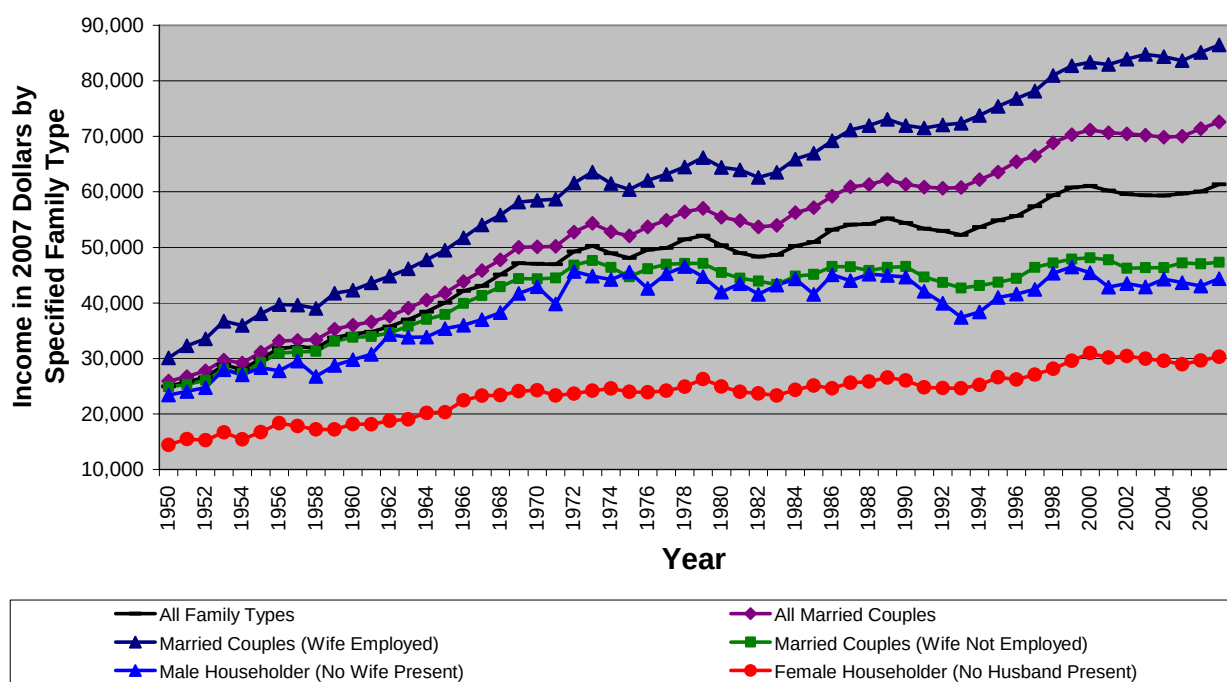
is strongest, but even for them it is only 62 percent.¹ As the rest of this paper will illustrate, these data have profound implications for both the household economy and the national economy, and cannot be disconnected from the fiscal strains this nation is experiencing.

II. Family Structure: Employment and Income

Married families generally earn higher incomes than stepfamilies, cohabiting families, divorced families, separated families, and single-parent families. According to one study, the median household income of married families is twice that of divorced households and four times that of separated households.²

Chart 1: Median Family Income by All Family Types in Constant (2007) Dollars 1950-2007

Source: Statistical Abstracts of the United States



Marriage and the Marriage Premium. The “marriage premium” is the name economists give to the increase in husbands’ productivity and earnings *caused* by their entering marriage. One study claims that married men make, on average, almost 30 percent more than their non-married counterparts in hourly wages.³ In accord with this, Chart 2 below from a study which controlled for all factors, including genetics, puts the

¹ Patrick Fagan, “The US Index of Belonging and Rejection,” MARRI, 2010, available from <http://downloads.frc.org/EF/EF10L25.pdf>, 29 April 2011.

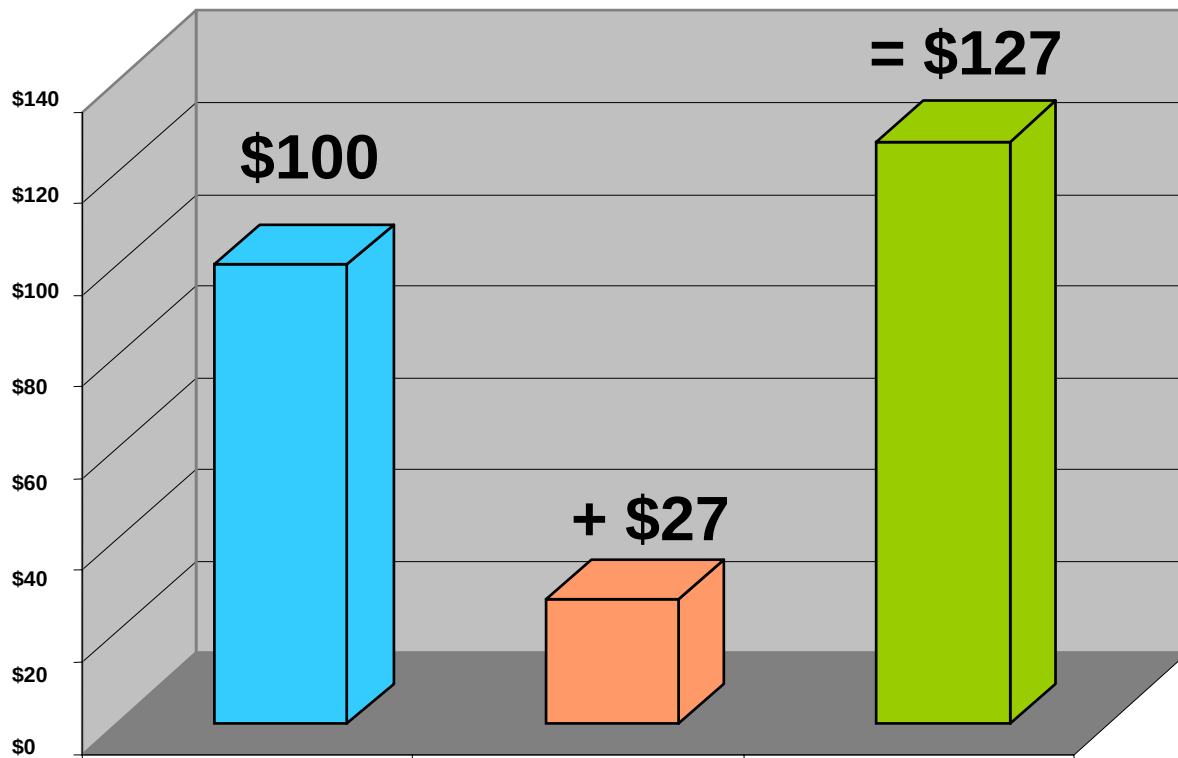
² Joseph Lupton and James P. Smith, “Marriage, Assets, and Savings,” *Labor and Population Program*, Working Paper Series 99-12 (November 1999): 16-17.

³ Hyunbae Chun and Injae Lee, “Why do Married Men Earn More: Productivity or Marriage Selection?” *Economic Inquiry* 39, no. 2 (April 2001): 311.

marriage premium at 27 percent.⁴ Marriage increases earnings for white men by approximately 24 percent and for black men by approximately 20 percent.⁵ Twice as many (32 percent) married fathers worked 45 hours or more per week in 1997, compared to cohabiting fathers (16 percent).⁶ Chart 3 summarizes our findings in analyzing the Federal Reserve Board's 2007 Survey of Consumer Finance on average hours worked by householders by family structure. Gary Becker in his *Treatise on the Family*⁷ argues that working longer and more regularly incentivizes a worker to increase his productivity (to further reap income benefits); hence we have one synergistic path to the marriage premium, a significant strength that is missing in most of the other family structures.

Chart 2: Marriage Premium in Male Income

Source: Antonovics & Town, *American Economic Review* 94, (2004), 317-321.



⁴ Kate Antonovics and Robert Town, "Are All the Good Men Married? Uncovering the Sources of the Marital Wage Premium," *American Economic Review* 94, no. 2 (2004): 317-321.

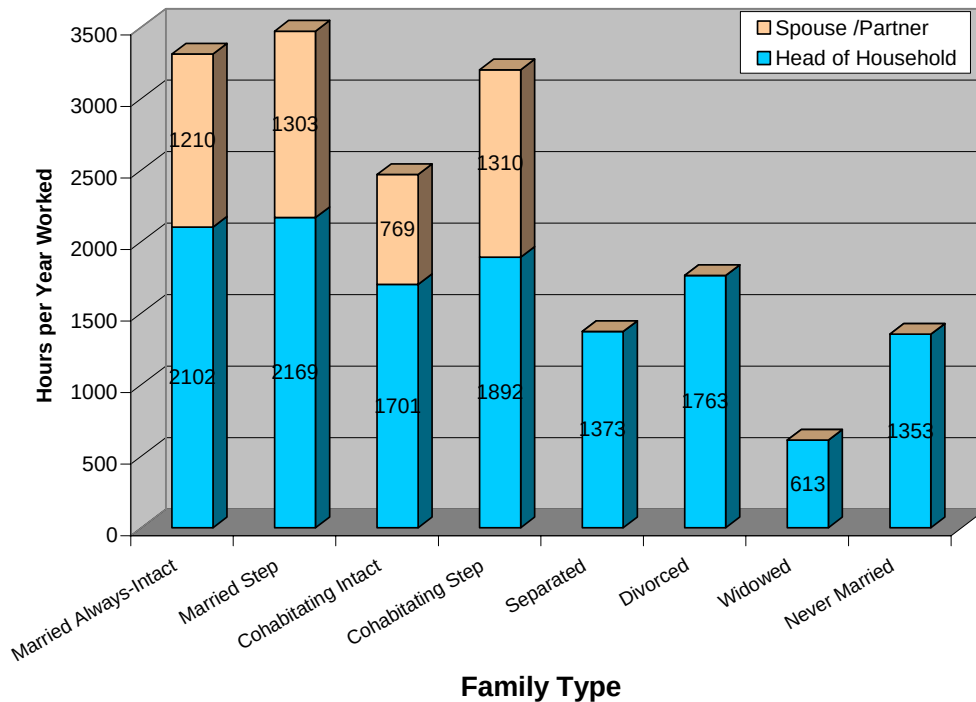
⁵ Philip N. Cohen, "Cohabitation and the Declining Marriage Premium for Men," *Work and Occupations* 29, no. 3 (2002): 356.

⁶ B.V. Brown, "The single-father family: Demographic, economic, and public transfer use characteristics," *Marriage and Family Review* 29 (2000): 203-220.

⁷ Gary S. Becker, *A Treatise on the Family*, (Boston: Harvard University Press, 1991).

Chart 3: Annual Hours Worked by Households with Children by Family Structure

Source: 2007 Survey of Consumer Finance



This difference in earnings for men increases significantly as they age. Nobel Laureate George Akerlof found that young married men are more likely to be in the labor force, employed, and working a full-time job than their non-married counterparts.⁸ Twenty- to 24-year-old married men earn 11-14 percent more than single men their age.⁹ Married white men between 55 and 64 years old make 19.5 percent more than divorced, separated, and widowed men, and 32 percent more than all unattached men.¹⁰

The marriage premium is a general economic phenomenon, and these results are not restricted to the United States. In South Africa, the marriage premium for men is 23 percent after controlling for education, occupation and industry categories.¹¹ Between 1979 and 1986, married men in seven developed countries (Australia, France, United States, Germany, Israel, Luxembourg, and Switzerland) earned at least 20 percent more than unmarried or never-married men. Married men earned 10-20 percent more than unmarried or never-married men in the United Kingdom, Norway, the Netherlands, Italy, and Canada.¹²

⁸ George A. Akerlof, "Men without Children," *The Economic Journal* 108, no. 447 (March 1998): 296.

⁹ George A. Akerlof, "Men without Children," *The Economic Journal* 108, no. 447 (March 1998): 296.

¹⁰ Robin Bartlett and Charles Callahan, "Wage Determination and Marital Status: Another Look," *Industrial Relations* 23, no. 1 (1984): 93.

¹¹ Daniela Casale, "The Male Marital Earnings Premium in the Context of Bridewealth Payments: Evidence from South Africa," *Economic Development and Cultural Change* 58, no. 2 (2010): 219.

¹² Robert F. Schoeni, "Marital Status and Earnings in Developed Countries," *Journal of Population Economics* 8, no. 4 (November 1995): 357.

The marriage premium does not hold at the same level in the stepfamily. Among married men with children, men in stepfamilies make about 15 percent less per hour than fathers in intact families.¹³

The Dual-Earner Married Family. Married-couple families in which both spouses are in the paid workforce earn the most income. In 2007, according to the U.S. Census Bureau, the median annual income among dual-earner married-couple families was \$86,435. For households in which the wife did not work outside the home, the median annual income was \$47,329.¹⁴

However, these data cannot quantify the economic value of the wife who works at home, and the economic tradeoffs for the family when she joins the labor force. For a provocative look at these tradeoffs, see the work of Aguirre.¹⁵

Marital instability may be a driving force in a woman's decision to work or to earn more outside the home.¹⁶

In Australia, a wife who works full-time experiences a decrease of 13 percent in her husband's hourly income. A man whose wife works full-time and who has a child under age five earns 10 percent less than a married man whose wife does not work outside the home and who does not have a child under age five, and a man whose wife works full-time and who does not have a child under age five earns 7 percent less than a married man whose wife does not work outside the home and who does not have a child under age five. By contrast, a man whose wife does not work full-time and does have a child under age five earns 1 percent more.¹⁷

Because many women do not work outside the home, comparing women's household income may provide a more accurate measure of economic well-being than a comparison of women's individual income. The family income-to-needs ratio (defined by the U.S. Census Bureau as a family's income divided by the poverty line) permits a household-oriented comparison. Again, under this form of analysis, the married woman fares best.

¹³ Naoko Akashi-Ronquest, "The Impact of Biological Preferences on Parental Investments in Children and Step-children," *Review of Economics of the Household* 7, no. 1 (2009): 73.

¹⁴ U.S. Bureau of the Census, Statistical Abstract of the United States 2010. *Current Population Reports, P60-235: Table 683: Median Income of Families by Type of Family in Current and Constant (2007) Dollars*. Washington, D.C.: Bureau of the Census, 2008.
http://www.census.gov/compendia/statab/cats/income_expenditures_poverty_wealth.html (accessed July 8, 2010).

¹⁵ Maria Sophia Aguirre, "Working Mothers' Contributions to Family Income: Proportions and Effects," *Notre Dame Journal of Law, Ethics & Public Policy* 20 no. 2 (2006).

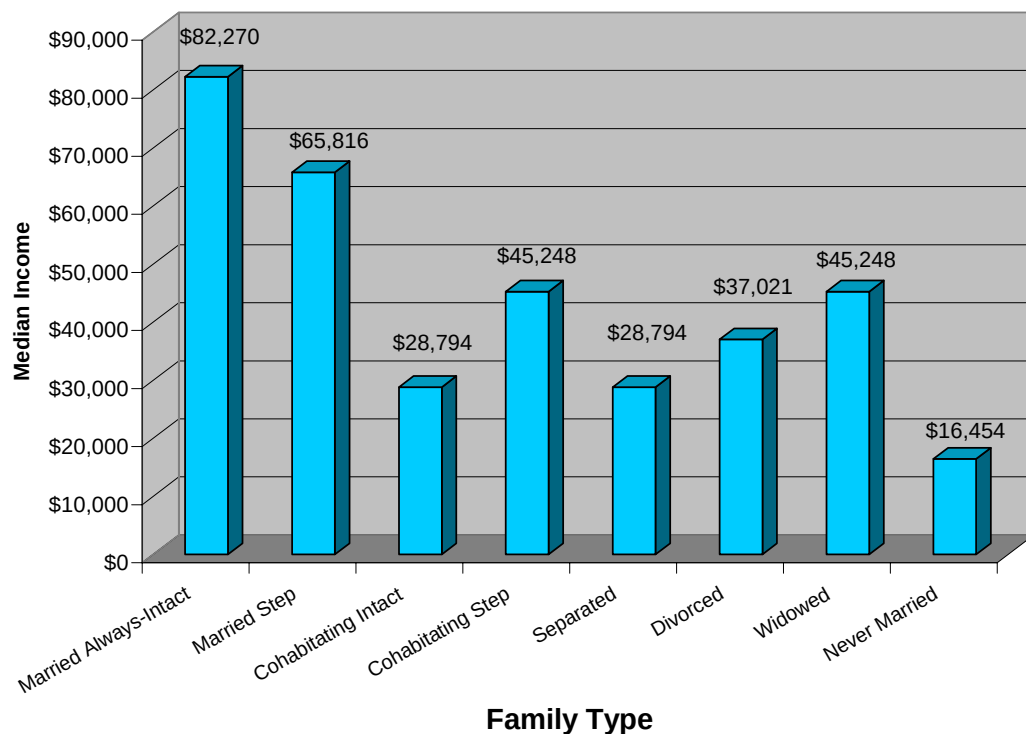
¹⁶ Stacy J. Rogers, "Wives' Income and Marital Quality: Are there reciprocal effects?" *Journal of Marriage and Family* 61, no. 1 (February 1999): 131.

¹⁷ Elisa Rose Birch and Paul W. Miller, "How Does Marriage Affect the Wages of Men in Australia?" *Economic Record* 82, no. 257 (June 2006): 159-60.

Continuously-married women had a median income-to-needs ratio of 3.87 between 1992 and 1994, nearly double that of divorced women who remained single, who had an income-to-needs ratio of 1.95 during the same time period.¹⁸ Mothers 65-75 years old who remained married the entire time they had children had an income-to-needs ratio of 4.2. Mothers who were single for less than 10 years had an income-to-needs ratio of 3.4, and mothers who took care of their children alone for at least 10 years had an income-to-needs ratio of 2.7.¹⁹

Chart 4: Median Income of Households with Children by Family Structure

Source: 2007 Survey of Consumer Finance



Stepfamilies. Remarriage increases a divorced parent's family income, though it is still lower than that of the always-intact married family (Chart 4). In the United States during the 1970s, approximately one in five women remarried within a year after a divorce. Remarriage improves the average woman's post-divorce economic situation.²⁰ In Europe, the income of divorced European women who do remarry increases by 26 percent.²¹

¹⁸Pamela J. Smock, Wendy D. Manning, and Sanjiv Gupta, "The Effect of Marriage and Divorce on Women's Economic Well-Being," *American Sociological Review* 64, no. 6 (December 1999): 803.

¹⁹ Richard W. Johnson and Melissa M. Favreault, "Economic Status in Later Life among Women Who Raised Children Outside of Marriage," *Journal of Gerontology* 59B, no. 6 (2004): S319.

²⁰ Greg J. Duncan and Saul D Hoffman, "A Reconsideration of the Economic Consequences of Marital Dissolution," *Demography* 22, no. 4 (November 1985): 488.

²¹ Caroline Dewilde and Wilfred Uunk, "Remarriage as a Way to Overcome the Financial Consequences of Divorce— A Test of the Economic Need Hypothesis for European Women," *European Sociological Review* 24, no. 3 (2008): 403.

Cohabiting Families. Cohabiting men have, on average, less stable employment histories than single and married men.²² Cohabiting fathers are less likely to have consistent, full-time work than are married fathers, and are less likely to work long hours. Half as many (16 percent) cohabiting fathers worked 45 hours or more per week in 1997, compared to married fathers (32 percent).²³

Cohabiting households have higher incomes than single-parent households but lower incomes than married-parent households.²⁴ In 2004, over 60 percent of cohabiting U.S. working men earned less than \$25,000 annually, and only 6 percent earned at least \$50,000.²⁵ The median income among U.S. men that year was \$40,700.²⁶

Mothers who cohabit have lower incomes than mothers in a stepfamily who are married to a man other than the father of their children,²⁷ but cohabiting unmarried women work more hours as their partner's income increases.²⁸ Furthermore, cohabiting couples in the United States are 3.6 times more likely to keep separate bank accounts than married couples are.²⁹

During the late 1980s and early 1990s, positive economic circumstances for men tended to decrease a cohabiting couple's odds of separating and accelerate their marriage. Greater earnings for a man increased the likelihood he and his cohabiting partner would marry.³⁰

²² Marin Clarkberg, "The Price of Partnering: The Role of Economic Well-Being in Young Adults' First Union Experiences," *Social Forces* 77, no. 3 (1999): 962.

²³ B.V. Brown, "The single-father family: Demographic, economic, and public transfer use characteristics," *Marriage and Family Review* 29 (2000): 203-220.

²⁴ Adam Thomas and Isabel Sawhill, "For Love and Money? The Impact of Family Structure on Family Income," *The Future of Children* 15, no. 2, Marriage and Wellbeing (Autumn 2005): 68.

Anastasia R. Snyder and Diane K. McLaughlin, "Economic Well-being and Cohabitation: Another Nonmetro Disadvantage?" *Journal of Family and Economic Issues* 27, no. 3 (September 2006): 570.

²⁵ J.B. Brown and D.T. Lichter, "Poverty, welfare, and the livelihood strategies of nonmetropolitan single mothers," *Rural Sociology* 69 (2004): 282-301.

²⁶ Daniel H. Weinberg, *Evidence From Census 2000 About Earnings by Detailed Occupation for Men and Women: Census 2000 Special Reports*, Washington, D.C.: Bureau of the Census, 2004.

²⁷ Elizabeth Thomson, Thomas Hanson, and Sara McLanahan, "Family Structure and Child Wellbeing: Economic Resources vs. Parental Behaviors," *Social Forces* 73, no. 1 (September 1994): 227.

²⁸ Lorien C. Abroms and Frances K. Goldscheider, "More Work for Mother: How Spouses, Cohabiting Partners and Relatives Affect the Hours Mothers Work," *Journal of Family and Economic Issues* 23, no. 2 (June 2002): 159.

²⁹ Kristen R. Heimdal and Sharon K. Houseknecht, "Cohabiting and Married Couples' Income Organization: Approaches in Sweden and the United States," *Journal of Marriage and Family* 65, no. 3 (August 2003): 534.

³⁰ P.J. Smock and W.D. Manning, "Cohabiting partners' economic circumstances and marriage," *Demography* 34 (1997): 336.

Divorced Families. Marital unhappiness increases non-employed wives' probability of entering the workforce,³¹ and the probability of divorce, controlling for marital happiness, was highest when wives' income was 40-50 percent of the *total* family income.³² A Canadian study found that divorce rates increase as married women's income approaches that of their husbands, and accelerate further when women's income surpasses that of their husbands.³³ For each additional \$1,000 increase in wives' income, the chances of divorce increase 3 percent.³⁴

The economy of the family changes for the worse after a divorce, particularly for mothers. Men's incomes are much higher than women's following a divorce.³⁵ Between 1992 and 1994, the median family income of divorced women who did not remarry or begin cohabiting was less than half that of their continuously-married counterparts.³⁶ A 2001 study found that women who divorce suffer significant declines in family income, even if they do subsequently remarry or cohabit. This study found that single divorced women's median family income dropped 45 percent, while the median income of remarried or cohabiting women was 14 percent lower than before their divorce.³⁷

Following a divorce, the financial situation of the *custodial parent* is drastically affected by the children's presence. The parent with custody of the children experiences a 52 percent drop in his or her household income.³⁸ For divorced mothers with children during the years 1987 to 1994, that drop in household income translated into \$20,000 less, according to analysis of the National Survey of Families and Households.³⁹

Single-Parent Families. In 1991, female-headed households with children had the lowest median income of all family households with children.⁴⁰ Never-married single mothers were worse off economically when their child began the first grade than were

³¹ Stacy J. Rogers, "Wives' Income and Marital Quality: Are there reciprocal effects?" *Journal of Marriage and Family* 61, no. 1 (February 1999): 131.

³² Stacy J. Rogers, "Dollars, Dependency, and Divorce: Four Perspectives on the Role of Wives' Income," *Journal of Marriage and Family* 66, no. 1 (February 2004): 68-69.

³³ D. Hum and S. Choudhry, "Income, Work, and Marital Dissolution: Canadian Experimental Evidence," *Journal of Comparative Family Studies* 23 (1992): 249-265.

³⁴ Stacy J. Rogers, "Dollars, Dependency, and Divorce: Four Perspectives on the Role of Wives' Income," *Journal of Marriage and Family* 66, no. 1 (February 2004): 67.

³⁵ Danièle Meulders and Sile O'Dorchai, "A Re-evaluation of the Financial Consequences of Separation: Individualising Concepts and Definitions," *DULBEA Working Papers Series*, No. 0-02.RS (2010): 10.

³⁶ Pamela J. Smock, Wendy D. Manning, and Sanjiv Gupta, "The Effect of Marriage and Divorce on Women's Economic Well-Being," *American Sociological Review* 64, no. 6 (December 1999): 803.

³⁷ M. McKeever and N.H. Wolfinger, "Reexamining the Costs of Marital Disruption for Women," *Social Science Quarterly* 82 (2001): 202-217. The findings were much the same as those of Morrison and Ritualo a year earlier: D.R. Morrison and A. Ritualo, "Routes to children's economic recovery after divorce: Are cohabitation and remarriage equivalent?" *American Sociological Review* 65 (2000): 560-580.

³⁸ Marianne Page and Ann Huff Stevens, "The Economic Consequences of Absent Parents," *Journal of Human Resources* 39, no. 1 (2004): 91.

³⁹ Thomas L. Hanson, Sara S. McLanahan, and Elizabeth Thomson, "Windows on Divorce: Before and After," *Social Science Research* 25, no. 3 (September 1998): 338.

⁴⁰ Julie DaVanzo and M. Omar Rahman, "American Families: Trends and Correlates," *Population Index* 59, no. 3 (Autumn 1993): 366.

any other mothers.⁴¹ Furthermore, at the time their children are born, (as gauged by income-to-needs ratio, poverty status, welfare use, and work-force participation and behavior) the economic status of single mothers over age 20 resembles that of teenage single mothers more closely than it resembles that of married mothers their own age.⁴²

III. Family Structure and Net Worth

A family's net worth is the value of all its assets minus any liabilities it holds. Married households tend to have the largest net worth, but the difference is due to more than the mere presence of two adults in the household. Data on asset formation show very significant differences in the economic strength of the married family compared to divorced, cohabiting, and always-single parent families. RAND Corporation economist James P. Smith studied the assets of married couples in their fifties and found that, according to data from the 1984, 1989, and 1994 waves of the Panel Study of Income Dynamics, the median value of the assets owned by married families was \$132,200. The medians among other family structures were significantly lower: \$35,000 among never-married households, \$33,670 among divorced households, and \$7,600 among separated households.⁴³

Our own analysis of the Federal Reserve Board's Survey of Consumer Finance (2007) shows a similar trend but with a more detailed break-out of wealth by family type. This is summarized in Chart 5.

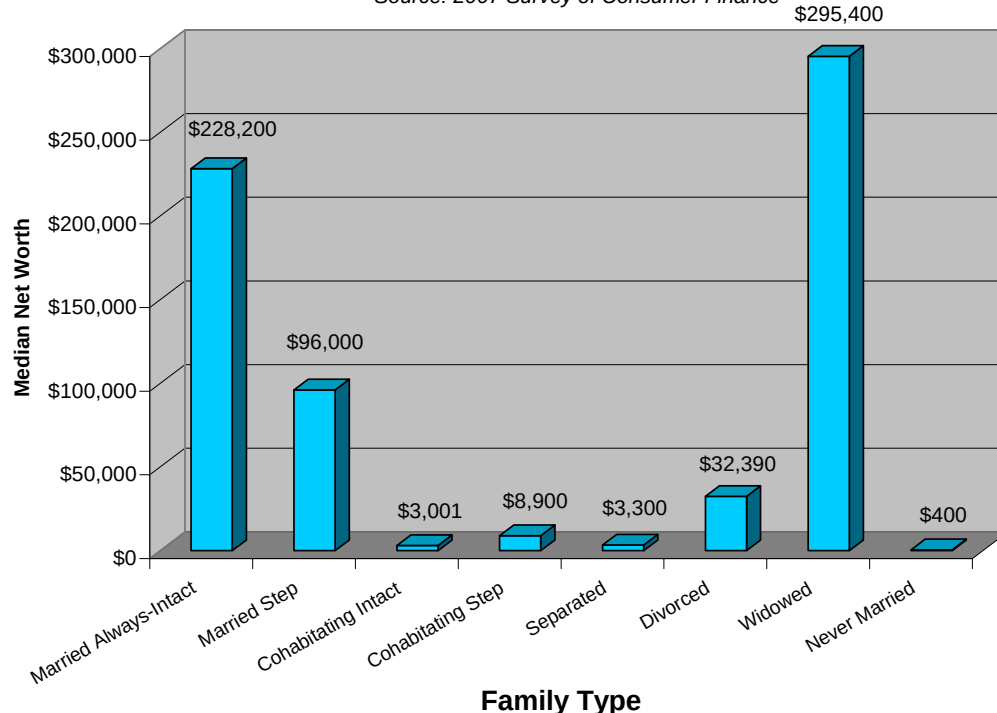
⁴¹ Doris R. Entwisle and Karl L. Alexander, "A Parent's Economic Shadow: Family Structure Versus Family Resources as Influences on Early School Achievement," *Journal of Marriage and Family* 57, no. 2 (May 1995): 406.

⁴² Michael E. Foster, Damon Jones, and Saul D. Hoffman, "The Economic Impact of Nonmarital Childbearing: How are Older, Single Mothers Faring?" *Journal of Marriage and the Family* 60, no. 1 (February 1998): 165, 172.

⁴³ Joseph Lupton and James P. Smith, "Marriage, Assets, and Savings," *Labor and Population Program*, Working Paper Series 99-12 (November 1999): 33.

Chart 5: Median Net Worth of Households with Children by Family Structure

Source: 2007 Survey of Consumer Finance



Married Families. Earlier analyses are in line with the findings shown in Chart 5, which is of households with children. Other researchers found that the median net worth of married households is three times greater than the median net worth of widows, four times greater than that of divorced and never-married individuals, and over 16 times greater than that of separated individuals.⁴⁴ Non-married men have 63 percent less net worth than married men, on average.⁴⁵

Married couples generally save more,⁴⁶ have higher net worth,⁴⁷ and enjoy greater net worth growth from year to year.⁴⁸ Married households have net worth growth rates ranging from \$3,000 to \$17,000 per annum more than all other households.⁴⁹

⁴⁴ Joseph Lupton and James P. Smith, "Marriage, Assets, and Savings," *Labor and Population Program, Working Paper Series 99-12* (November 1999): 9.

⁴⁵ Janet Wilmoth and Gregor Koso, "Does Marital History Matter? Marital Status and Wealth Outcomes among Preretirement Adults," *Journal of Marriage and Family* 64, no. 1 (February 2002): 261.

⁴⁶ Joseph Lupton and James P. Smith, "Marriage, Assets, and Savings," *Labor and Population Program, Working Paper Series 99-12* (November 1999): 20.

⁴⁷ At retirement. See Joseph Lupton and James P. Smith, "Marriage, Assets, and Savings," *Labor and Population Program, Working Paper Series 99-12* (November 1999): 33.

⁴⁸ Jay L. Zagorsky, "Marriage and Divorce's Impact on Wealth," *Journal of Sociology* 41, no. 4 (2005): 415.

⁴⁹ Julie Zissimopoulos, "Gain and Loss: Marriage and Wealth Changes over Time," *Michigan Retirement Research Center, Working Paper* (Jan. 2009): 9

Interestingly, black married couples benefit more economically from marriage than whites do.⁵⁰

A similar pattern holds even in much poorer nations: For example, in Guatemala, married households had 29 percent higher indexed wealth, and single mothers were the least likely to own a house or have any form of savings. Divorced and separated households fared slightly better than single-mother households. Married-couple households were the most likely of all family structures to own a house and to have other investments and savings plans.⁵¹

Divorced Families. Separation and divorce decrease household net worth significantly. Four years prior to divorce, a married couple's net worth decreases from the median amount of \$8,918, and reaches approximately \$3,452 the year before the divorce. This is frequently due to couples having separated prior to actually obtaining their divorce. Their net worth begins to increase the year of the divorce, to a median of \$4,175, but remains below \$10,000 as long as a decade after the divorce.⁵²

Stepfamilies. Men who remarry after divorce have 29 percent less net worth than continuously-married men.⁵³ Though remarriage after divorce brings an increase in household net worth, many remarried spouses choose to keep money in separate accounts rather than pooling all their resources, indicating some fall-out from their earlier experience of divorce.⁵⁴

Cohabiting Families. Older cohabitators who have never been married have, on average, 78 percent less net worth than those in intact families. Cohabiters who have been divorced once or widowed once have 68 percent less net worth than intact families.⁵⁵ Cohabiters have the lowest net worth growth of all family structures; their net worth growth is comparable to that of widows and widowers.⁵⁶

Single-Parent Families. Single-mother families possess significantly less net worth than married parents, stepfamilies, and single fathers. Twenty-five percent of single-

⁵⁰ Satomi Wakita, Vicki Schram Fitzsimmons, and Tim Futing Liao, "Wealth: Determinants of Savings Net Worth and Housing Net Worth of Pre-Retired Households," *Journal of Family and Economic Issues* 21, no. 4 (December 2000): 412.

⁵¹ Maria Sophia Aguirre, "Determinants of Economic Growth, Population, and Family Wealth: The Case for Guatemala," Centro de Investigación Familia, Desarrollo y Población (FADEP) (2007): 15, 59.

⁵² Jay L. Zagorsky, "Marriage and Divorce's Impact on Wealth," *Journal of Sociology* 41, no. 4 (2005): 416-417.

⁵³ Janet Wilmoth and Gregor Koso, "Does Marital History Matter? Marital Status and Wealth Outcomes among Preretirement Adults," *Journal of Marriage and Family* 64, no. 1 (February 2002): 261.

⁵⁴ Judith Treas, "Money in the Bank: Transaction Costs and the Economic Organization of Marriage," *American Sociological Review* 58, no. 5 (October 1993): 732.

⁵⁵ Janet Wilmoth and Gregor Koso, "Does Marital History Matter? Marital Status and Wealth Outcomes among Preretirement Adults," *Journal of Marriage and Family* 64 (February 2002): 261.

⁵⁶ Julie Zissimopoulos, "Gain and Loss: Marriage and Wealth Changes over Time," *Michigan Retirement Research Center, Working Paper* (January 2009): 9.

mother families have wealth exceeding \$3,500 and 50 percent have either no wealth or negative wealth (in debt), whereas 25 percent of cohabiting families have wealth greater than \$6,800 and only 35 percent have zero or negative wealth.⁵⁷

IV. Family Structure: Poverty and Welfare

The U.S. Census Bureau creates a set of poverty thresholds annually based on family composition and size, which we must here work with, despite its severe and justified critics.⁵⁸ If a family's pre-tax income (without capital gains or welfare benefits) falls below this threshold, then the family is in poverty.⁵⁹ Poverty is principally the problem of non-intact family structures. Compared to married families, six times as many female-headed families are impoverished. There are differences in the financial well-being of always-single mothers and divorced mothers, but poverty and welfare needs are major problems for female-headed households.

Married Families. Only 5.8 percent of married families were living in poverty in 2009, compared to 16.9 percent of male householders and 29.9 percent of female householders.⁶⁰ Additionally, intact families are less likely than cohabiting families or single individuals to have ever participated in the Food Stamp Program⁶¹ (now SNAP, the Supplemental Nutrition Assistance Program).

Cohabiting Families. Poverty rates are significantly higher among cohabiting families than among married families. Analysis of the 1997 and 1999 waves of the National Survey of America's Families showed that the poverty rates of cohabiting parents were 7.5-15.4 percentage points higher than those of married, two-parent families.⁶² The rate of poverty was 12.7-23.8 percent higher for single-parent families with another adult present than for married-parent families.⁶³

⁵⁷ Lingxin Hao, "Family Structure, Private Transfers, and the Economic Well-Being of Families with Children," *Social Forces* 75, no. 1 (1996): 279.

⁵⁸ Robert Rector, "Understanding Poverty in America: What the Census Bureau Doesn't Count," The Heritage Foundation, 2009, available from <http://www.heritage.org/research/commentary/2009/09/understanding-poverty-in-america-what-the-census-bureau-doesnt-count>, 26 April 2011.

Nicholas Eberstadt, *The Poverty of the "Poverty Rate"* (Washington D.C.: The AEI Press, 2008).

⁵⁹ U.S. Bureau of the Census, *How the Census Bureau Measures Poverty*, 2010, available from <http://www.census.gov/hhes/www/poverty/about/overview/measure.html>, 29 April 2011.

⁶⁰ Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, Current Population Reports, Series P60-235, "Table B-3: Poverty Status of Families by Type of Family: 1959 to 2007." Washington, D.C.: Bureau of the Census, 2008. <http://www.census.gov/prod/2008pubs/p60-235.pdf>, 2010.

⁶¹ Daphne Hernandez and Kathleen M. Ziol-Guest, "Income Volatility and Family Structure Patterns: Association with Stability and Change in Food Stamp Program Participation," *Journal of Family and Economic Issues* 30, no. 4 (2009): 366.

⁶² Robert I. Lerman, "Impacts of Marital Status and Parental Presence on the Material Hardship of Families with Children," *Urban Institute* (2002): 14.

⁶³ Robert I. Lerman, "Impacts of Marital Status and Parental Presence on the Material Hardship of Families with Children," *Urban Institute* (2002): 14.

Divorced Families. Between 1967 and 1984, National Longitudinal Surveys data showed that approximately 44 percent of women fell into poverty after a divorce.⁶⁴ Divorcing or separating mothers are 2.83 times more likely to be in poverty than those who remain married.⁶⁵ Following a divorce, women are more likely to be impoverished than men. Women whose family income was below the national median and mothers who were not in the workforce before the divorce are very likely to experience poverty following their divorce.⁶⁶

Economically, women suffer more from divorce than men. Though child support helps a woman avoid poverty after divorce, it does not help as much as most think. Over 35 percent of custodial mothers receiving child support were impoverished 16-18 months following the divorce, while only 10.5 percent of all non-custodial fathers (those paying child support and those not) were impoverished.⁶⁷

Divorce can also increase a household's dependence on government benefits. Seventeen to 25 percent of wives who divorce after two to eight years of marriage receive AFDC benefits (Aid to Families with Dependent Children, now called TANF, or Temporary Assistance for Needy Families). Twenty to 40 percent of mothers with minor children receive welfare benefits.⁶⁸ Mothers who were employed at the time of a divorce were much less likely to become welfare recipients than mothers who were not working.⁶⁹ Divorced mothers who receive welfare do so for three to four years, on average, during which time they begin to work their way out of poverty.⁷⁰ However, it seems that welfare benefits may decrease the incentives for remarriage,⁷¹ a path out of poverty for men and women alike.⁷²

⁶⁴ J.A. Heath and B.F. Kiker, "Determinants of spells of poverty following divorce," *Review of Social Economy* 50 (1992): 305-315.

⁶⁵ Teresa A. Mauldin and Yoko Mimura, "Marrying, Unmarrying, and Poverty Dynamics among Mothers with Children Living at Home," *Journal of Family and Economic Issues* 28, no. 4 (December 2007): 576.

⁶⁶ House Committee on Ways and Means, *Green Book: Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*. Report prepared by Bill Archer. 105th Cong., 2d sess., 1998, Committee Print 105, 7.

⁶⁷ Judi Bartfeld, "Child Support and Postdivorce Economic Well-Being of Mothers, Fathers, and Children," *Demography* 37, no. 2 (May 2000): 209.

⁶⁸ Saul Hoffman and Greg Duncan, "The Effect of Incomes, Wages, and AFDC Benefits on Marital Disruption," *Journal of Human Resources* 30, no. 1 (Winter 1995): 27.

⁶⁹ P.K. Robins, "Child Support, Welfare Dependency, and Poverty," *The American Economic Review* 76 (1986): 768-788.

⁷⁰ Julia Heath, "Determinants of Spells of Poverty Following Divorce," *Review of Social Economy* 49 (1992): 305-315.

⁷¹ Caroline Dewilde and Wilfred Uunk, "Remarriage as a Way to Overcome the Financial Consequences of Divorce— A Test of the Economic Need Hypothesis for European Women," *European Sociological Review* 24, no. 3 (2008): 400.

⁷² Caroline Dewilde and Wilfred Uunk, "Remarriage as a Way to Overcome the Financial Consequences of Divorce— A Test of the Economic Need Hypothesis for European Women," *European Sociological Review* 24, no. 3 (2008): 403.

Suzanne M. Bianchi, Lekha Subaiya, and Joan R. Kahn, "The Gender Gap in the Economic Well-Being of Nonresident Fathers and Custodial Mothers," *Demography* 36, no. 2 (May 1999): 200.

Divorced women enjoy different degrees of economic well-being internationally and in the United States because the distribution of public benefits varies around the world. A European study found that “[t]he income women possess on account of their economic activity seems to be relatively little affected by the break-up.”⁷³ Though women are more likely to enter into poverty due to divorce than men, irrespective of the country in which the divorce takes place,⁷⁴ in Social Democratic countries, because women’s welfare benefits usually increase sharply (and, in some cases, double) following divorce, women’s average net income *increases* by 32 percent.⁷⁵

Single-Parent Families. Analysis of the 1997 and 1999 waves of the National Survey of America’s Families showed that the rate of poverty was 30.9-43.1 percent higher among single-parent families than among married, two-parent families.⁷⁶

Single motherhood is the strongest determinant of female poverty in the United States.⁷⁷ According to one estimate, almost half of single mothers are in poverty.⁷⁸ According to another estimate, 30 percent of women whose first child was born out of wedlock are poor, compared to 8 percent of women whose first child was born inside wedlock.⁷⁹

Fifty-five percent of single mothers who work part-time and do not marry the fathers of their children live in poverty. According to one simulation, if they were to marry their child’s father, only 17 percent would be impoverished. One hundred percent of unemployed single mothers who do not marry the fathers of their children live in poverty; according to the same simulation, should these mothers marry their child’s father, only 35 percent would be impoverished.⁸⁰

⁷³ Danièle Meulders and Síle O’Dorchai, “A Re-evaluation of the Financial Consequences of Separation: Individualising Concepts and Definitions,” *DULBEA Working Papers Series*, No. 0-02.RS (2010): 10-11, 28-29.

⁷⁴ Arnstein Aassve, Gianni Betti, Stefano Mazzucco, and Letizia Mencarini, “Marital Disruption and Economic Well-being: A Comparative Analysis,” *Journal of the Royal Statistical Society*, Series A, 170, no. 3 (2007): 793.

⁷⁵ Danièle Meulders and Síle O’Dorchai, “A Re-evaluation of the Financial Consequences of Separation: Individualising Concepts and Definitions,” *DULBEA Working Papers Series*, No. 0-02.RS (2010): 10-11, 28-29.

⁷⁶ Robert I. Lerman, “Impacts of Marital Status and Parental Presence on the Material Hardship of Families with Children,” *Urban Institute* (2002): 14.

⁷⁷ Marjorie E. Starrels, Sally Bould, and Leon J. Nicholas, “The feminization of poverty in the United States: Gender, race, ethnicity, and family factors,” *Journal of Family Issues* 15 (1994): 590-607.

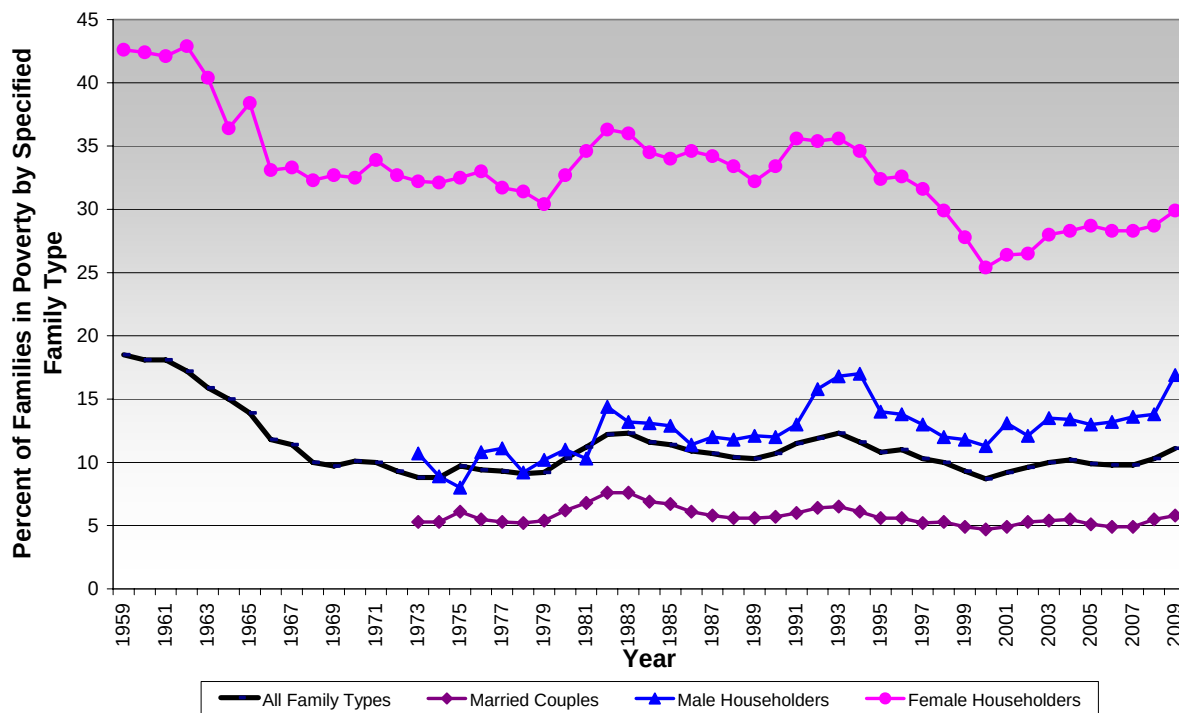
⁷⁸ Julie DaVanzo and M. Omar Rahman, “American Families: Trends and Correlates,” *Population Index* 59, no. 3 (Autumn 1993): 366.

⁷⁹ D.T. Lichter, D.R. Graefe, and J.B. Brown, “Is marriage a panacea? Union formation among economically disadvantaged unwed mothers,” *Social Problems* 50 (2003): 60-86.

⁸⁰ Robert Rector, Kirk Johnson, Patrick Fagan, and Lauren Noyes, “Increasing Marriage Will Dramatically Reduce Child Poverty,” CDA03-06, The Heritage Foundation, 2003, available from <http://www.heritage.org/research/reports/2003/05/increasing-marriage-would-dramatically-reduce-child-poverty>, 29 April 2011.

Chart 6: Percent of Families in Poverty by Family Type 1959-2007

Source: U.S. Census Bureau, Current Population Reports, Series P-60



Many single mothers receive government aid in the form of welfare. More than 75 percent of single teenage mothers receive welfare within five years of giving birth.⁸¹ Forty percent of nonteenage single mothers are poor, and nearly 60 percent rely on food stamps or cash welfare payments after the birth of their child.⁸² Single mothers generally remain impoverished longer than divorced mothers. Whereas divorced mothers who receive welfare do so for three to four years, the always-single mother is less likely to stop receiving welfare and takes longer to exit poverty.⁸³

Receiving welfare may actually decrease women's employment, a potential path out of poverty. Women are less likely to be employed in states with high levels of welfare benefits.⁸⁴ Findings from an experiment conducted by the U.S. Office of Income Security

⁸¹ J. Jacobson and R. Maynard, "Unwed Mothers and Long-Term Dependency" (paper presented at the Addressing Illegitimacy: Welfare Reform Options for Congress conference at the American Enterprise Institute for Public Policy Research, Washington, D.C., September 11, 1995).

⁸² N.G. Bennett, D.E. Bloom, and C.K. Miller, "The Influence of Nonmarital Childbearing on Formation of First Marriages," *Demography* 32 (1995): 47-62.

⁸³ Julia Heath, "Determinants of Spells of Poverty Following Divorce," *Review of Social Economy* 49 (1992): 305-315.

⁸⁴ J. O'Neill, "Transfers and poverty: Cause and/or effect?" *Cato Journal* 6, no.1 (1996): 55-76.

Greg J. Duncan, W. Jean Yeung, Jeanne Brooks-Gunn and Judith R. Smith, "How much does childhood poverty affect the life chances of children?" *American Sociological Review* 63 (1998): 406-423.

Policy show that female heads-of-households responded to income guarantees by significantly reducing their work effort.⁸⁵

Welfare benefits also correlate with a decrease in the marriage rate, diminishing another path out of poverty. A \$100 increase in monthly welfare benefits for single mothers decreases a woman's likelihood of marrying by 2.5- 5 percentage points.⁸⁶ According to one study, 80 percent of single parents who entered into select welfare programs remained single two to four years after first receiving payments.⁸⁷ In particular, receiving benefits from the AFDC welfare program corresponds with a 5 percent reduction in the marriage rate.⁸⁸

V. Family Structure: Child Economic Mobility and Well-Being

Income, poverty, and economic mobility are all indicators of child economic well-being. By these measures, children in married families fare far better than their counterparts in other familial structures (Chart 7 from the Federal Reserve Board's Survey of Consumer Finance). A disturbing trend is the increase in the likelihood that a child in a "cohabitating intact" family will be living in poverty.

⁸⁵ L. Groeneveld, M. Hannan, and N. Tuma, "Marital Stability," *Final Report of the Seattle-Denver Income Maintenance Experiment*, Volume 1, *Design and Results*, Washington, D.C.: U.S. Government Printing Office, 1983.

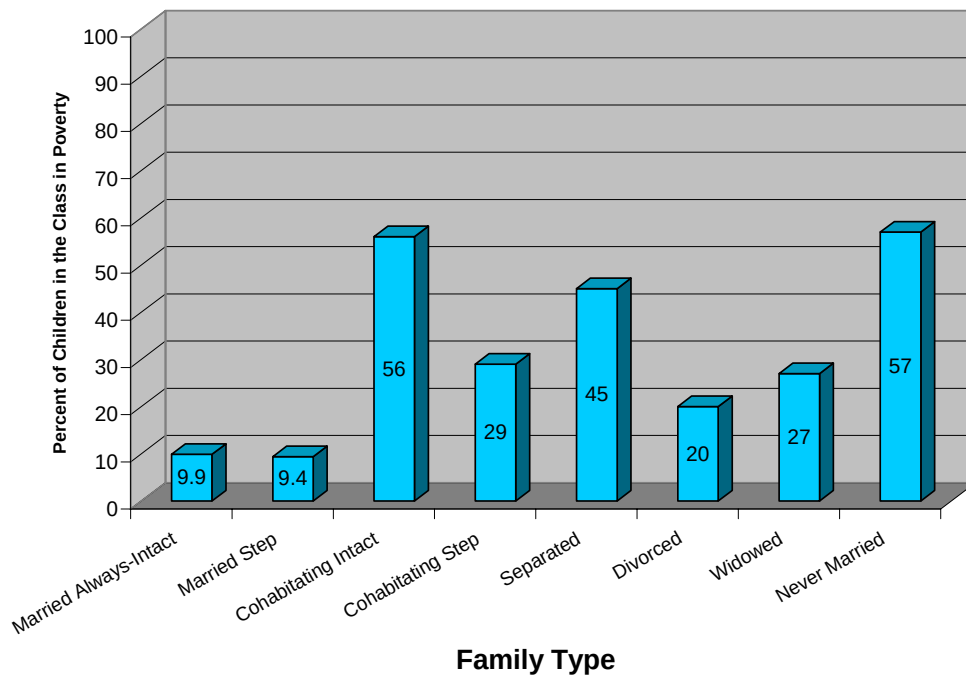
⁸⁶ Robert Moffitt and Anne Winkler, "Beyond Single Mothers: Cohabitation and Marriage in the AFDC Program," *Demography* 35, no. 3 (1998): 267.

⁸⁷ Lisa A. Gennetian and Virginia Knox, "Staying Single: The Effects of Welfare Reform Policies on Marriage and Cohabitation," *The Next Generation*, Working Paper Series No. 13 (April 2003): 20.

⁸⁸ Marianne P. Bitler, Jonah B. Gelbach, Hilary W. Hoynes, and Madeline Zavodny, "The Impact of Welfare Reform on Marriage and Divorce," *Demography* 41, no. 2 (May 2004): 222.

Chart 7: Percent of Children in Poverty by Family Type

Source: 2007 Survey of Consumer Finance



Married Families. Marriage among the very poor helps them leave poverty and keep their children from entering the “low-income state” (a classification of poverty based on the income their caregiver earns).⁸⁹

The children of married parents enjoy relatively strong upward mobility (significantly more than the children of divorced parents).⁹⁰ Fifty-four percent of children born to always-married mothers whose earnings are in the top third of the income distribution will themselves (as adults) earn incomes in the top third of the income distribution. Half of children born to always-married mothers who earn incomes in the bottom third of the income distribution will themselves earn an income within that income bracket. Fifteen percent will earn an income in top third of the income distribution as adults.⁹¹

⁸⁹ Garnett Picot, Myles Zyblock, and Wendy Piper, “Why do Children Move Into and Out of Low Income: Changing Labour Market Conditions or Marriage or Divorce?” *Statistics Canada*, Analytical Studies Branch working paper (1999): 15.

Timothy J. Biblarz and Adrian E. Raftery, “The Effects of Family Disruption on Social Mobility,” *American Sociological Review* 58, no. 1 (February 1993): 105.

⁹⁰ Thomas DeLeire and Leonard M. Lopoo, *Family Structure and the Economic Mobility of Children*, Economic Mobility Project, 2010, available from http://www.economicmobility.org/assets/pdfs/Family_Structure.pdf, 14 March 2011, 11.

⁹¹ Thomas DeLeire and Leonard M. Lopoo, *Family Structure and the Economic Mobility of Children*, Economic Mobility Project, 2010, available from http://www.economicmobility.org/assets/pdfs/Family_Structure.pdf, 14 March 2011, 11, 14.

Stepfamilies. Remarriage after divorce decreases a household's likelihood of being impoverished. Poverty is reduced by 66 percent among children whose divorced mothers remarry. Approximately 9 percent of children whose mothers remarry following a divorce live in poverty.⁹²

Cohabiting Families. Children in cohabiting families enjoy a higher economic status than children in single-parent families, but less than children in married families.⁹³ Following a divorce, poverty is decreased by 40 percent among children whose mothers cohabit, though 29 percent of children whose mothers cohabit after divorce remain impoverished.⁹⁴ Nearly 25 percent of children in cohabiting households receive public assistance (compared to less than 5 percent of children in married-parent households).⁹⁵

Divorced Families. Divorce has powerfully negative economic effects for children. A Canadian study shows that 61 percent of children's households become "per capita" low-income households if the two parents separate, compared to 13.1 percent of children's households when the two parents stay married.⁹⁶

The children of divorced mothers are less likely to earn incomes in the top third of the income distribution as adults, regardless of their parents' income.⁹⁷ Seventy-four percent of children of divorced mothers whose earnings are in the bottom third of the income distribution themselves earn incomes in the bottom third of the income distribution. Only 4 percent earn an income in the top third of the income distribution as adults.⁹⁸

Divorce is correlated with downward mobility. The sons of divorced families seem to be less likely to earn incomes that surpass their fathers'.⁹⁹ Sons from divorced families whose fathers' incomes fall in the lower third of the income distribution are more likely

⁹² Donna Ruane Morrison and Amy Ritualo, "Routes to Children's Economic Recovery after Divorce: Are Cohabitation and Remarriage Equivalent?" *American Sociological Review* 65, (August 2000): 570.

⁹³ Adam Thomas and Isabel Sawhill, "For Love and Money? The Impact of Family Structure on Family Income," *The Future of Children* 15, no. 2, Marriage and Wellbeing (Autumn 2005): 68.

⁹⁴ Donna Ruane Morrison and Amy Ritualo, "Routes to Children's Economic Recovery after Divorce: Are Cohabitation and Remarriage Equivalent?" *American Sociological Review* 65, (August 2000): 570.

⁹⁵ P.D. Brandon and Larry Bumpass, "Children's living arrangements, coresidence of unmarried fathers, and welfare receipt," *Journal of Family Issues* 22 (2001): 3-26.

W.D. Manning and D.T. Lichter, "Parental cohabitation and children's economic well-being," *Journal of Marriage and the Family* 58 (1996): 998-1010.

⁹⁶ Garnett Picot, Myles Zyblock, and Wendy Piper, "Why do Children Move Into and Out of Low Income: Changing Labour Market Conditions or Marriage or Divorce?" *Statistics Canada, Analytical Studies Branch working paper* (1999): 14:

⁹⁷ Thomas DeLeire and Leonard M. Lopoo, *Family Structure and the Economic Mobility of Children*, Economic Mobility Project, 2010, available from http://www.economicmobility.org/assets/pdfs/Family_Structure.pdf, 14 March 2011, 15.

⁹⁸ Thomas DeLeire and Leonard M. Lopoo, *Family Structure and the Economic Mobility of Children*, Economic Mobility Project, 2010, available from http://www.economicmobility.org/assets/pdfs/Family_Structure.pdf, 14 March 2011, 11, 14.

⁹⁹ Kenneth A. Couch and Dean R. Lillard, "Divorce, Educational Attainment, and the Earnings Mobility of Sons," *Journal of Family and Economic Issues* 18, no. 3 (1997): 241.

to themselves earn in the lower third of the income distribution, compared to the sons of intact families whose fathers' earnings are similar. Sons whose divorced fathers' earnings are in the middle third of the income distribution have an increased likelihood of earning either in the middle or the bottom third of the income distribution, compared to the sons of intact families. Sons of divorced families whose fathers' incomes are in the top third of the income distribution are at greater risk of downward mobility than are those from an intact family background.¹⁰⁰ A related study found that a non-intact family background increases a boy's odds of ending up in the lowest socioeconomic level by over 50 percent.¹⁰¹

Single-Parent Families. Children in single-parent households have less family income and are more likely to be poor than are children in married-parent households.¹⁰² In fact, the children of single teenage mothers spend more time in poverty than children in any other family structure,¹⁰³ and children in single-mother families are more likely than children in married or cohabiting families are to receive any form of public assistance.¹⁰⁴

Children of single-parent families have diminished economic mobility. They are less likely than children of married-parent and divorced-parent families to ever earn an income which exceeds their parents'. Fifty-eight percent of children of never-married mothers whose income is in the bottom third of the income distribution themselves earn an income in the bottom third of the income distribution. Ten percent of these children move to the top third of the income distribution.¹⁰⁵

Robert Lehrman of the Urban Institute has shown that if the marriage rate of 1971 had stayed the same the poverty rates would not have risen, but would have been 4 percent lower overall; would have been 6 percent lower for blacks; and would have been 24 percent lower for blacks when marriage-related changes were added. Thirty-seven percent more black children would have moved out of poverty when their single parent married, and 67 percent of poor white children born to single mothers would have moved out of poverty had their parents married.¹⁰⁶

¹⁰⁰ Kenneth A. Couch and Dean R. Lillard, "Divorce, Educational Attainment, and the Earnings Mobility of Sons," *Journal of Family and Economic Issues* 18, no. 3 (1997): 240-241.

¹⁰¹ Timothy J. Biblarz and Adrian E. Raftery, "The Effects of Family Disruption on Social Mobility," *American Sociological Review* 58, no. 1 (February 1993): 105.

¹⁰² Adam Thomas and Isabel Sawhill, "For Love and Money? The Impact of Family Structure on Family Income," *The Future of Children* 15, no. 2, Marriage and Wellbeing (Autumn 2005): 68.

¹⁰³ V.J. Hotz, S.W. McElroy, and S.G. Sanders, "The impacts of teenage childbearing on the mothers and the consequences of those impacts for government," in *Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy*, ed. R. Maynard (Washington, D.C.: The Urban Institute Press, 1997).

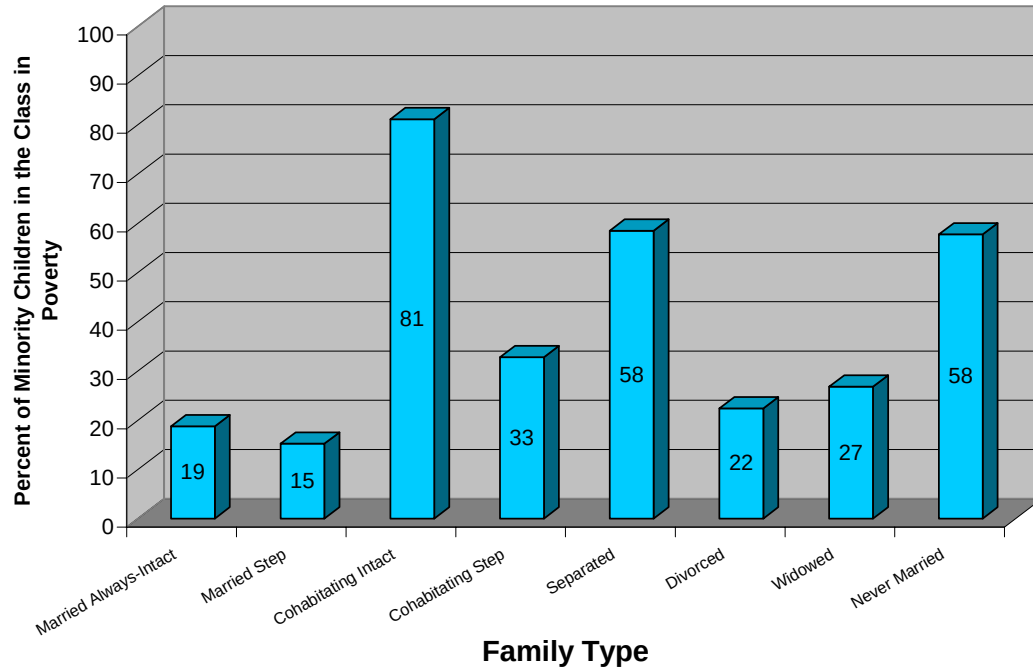
¹⁰⁴ P.D. Brandon and Larry Bumpass, "Children's living arrangements, coresidence of unmarried fathers, and welfare receipt," *Journal of Family Issues* 22 (2001): 3-26.

¹⁰⁵ Thomas DeLeire and Leonard M. Lopoo, *Family Structure and the Economic Mobility of Children*, Economic Mobility Project, 2010, available from http://www.economicmobility.org/assets/pdfs/Family_Structure.pdf, 14 March 2011, 11, 14.

¹⁰⁶ Robert I. Lerman, "The Impact of the Changing US Family Structure on Child Poverty and Income Inequality," *Economica*, New Series 63, no. 250, Supplement: Economic Policy and Income Distribution (1996): S135.

Chart 8: Percent of Minority Children in Poverty by Family Type

Source: 2007 Survey of Consumer Finance



VI. Conclusion

Economic well-being is tied to family structure, especially to intact married family life. This is clear from comparing various family structures according to outcomes such as employment status and income, net worth, poverty and welfare receipt, and child economic well-being.

Married couples enjoy, on average, larger incomes, greater net worth, and greater year-to-year net worth growth. Married couples also create the best economic environment for children. Their children experience more economic mobility and less poverty in childhood than children in any other family structure.

Remarriage after divorce increases a family's income, though income and net worth rarely rise to pre-divorce levels. However, children whose mothers *remarry* after divorce are less likely to live in poverty than those whose *cohabit* after divorce.

Cohabiting relationships are frequently unstable and of short duration. Cohabitation produces weaker economic outcomes than marriage, according to all economic metrics examined in this paper. Cohabiting men have less stable employment histories than married men, and cohabiting couples earn less and are less likely to pool their incomes than married households. They also have low net worth and low net worth growth, are

more likely to be poor, and create a less stable environment for children, compared to married households.

Following a divorce, both spouses' net worth decreases. Many women also sustain substantial income losses and are forced into poverty, particularly if the couple has any children. If they do, women frequently must care for them financially or developmentally on their own, which also depresses their economic well-being. Even among women who receive child support, many custodial mothers are impoverished. Divorce severely diminishes child economic well-being, particularly child economic mobility.

Single parents, and single mothers in particular, face remarkably difficult economic circumstances. Single mothers have the lowest median income and the lowest net worth of all family structures with children. Half of single mothers live in poverty, and an estimated 60 percent rely on government welfare. Children of single mothers are at increased likelihood of dependence on welfare benefits during childhood and enjoy less economic mobility than children in married families as adults.

Long-term income, wealth and hence poverty are largely a matter of choice in America today—the choice of marriage and the pathways to it. We assert this not only because of *all* associated structural correlates, but also based on the revealed income-earning capacities of the different householders, as exemplified by the marriage premium, and on their “home-economics” wealth-management choices, as exemplified by the strong net-worth accrual of the intact married family (especially when controlling for other socio-economic factors). Choice about marriage is mainly a choice about how to handle our sexual capacities and our sexual relationships.

There is an intimate relationship between our income and wealth and our sexual culture. They rise or fall together, and thus, strange though it may seem, there is a significant connection between our sexual culture and our national economic strengths and weaknesses.

METHODOLOGY NOTE ON THE DERIVATION OF THE CHARTS:

MARRI employed the aggregate variables suggested by the Federal Reserve Board wherever possible; this included (household) total income and net worth (<http://www.federalreserve.gov/pubs/oss/oss2/2007/codebk2007.txt>). Moreover, the weighting system provided by the Federal Reserve Board was used not just to weigh the household count for income purposes but also to weigh the child count in each household (e.g. in weighing the number of children found in impoverished households). Family structure information is also available in the survey; here MARRI used the standard categories available:

1. MARRIED,
2. LIVING WITH PARTNER,
3. SEPARATED,
4. DIVORCED,
5. WIDOWED,
6. NEVER MARRIED,

and an additional calculation to decide whether children in the family were step children (assumedly so if that child's computed birth year was a year or more earlier than the year of entry into the marriage or cohabitation relationship).

Poverty fractions are reported for each family structure class independent of the other classes; i.e. there should be no expectation that any of these columns sum to 100 percent. Poverty levels are those defined by the US Census Bureau (http://www.census.gov/hhes/www/poverty/methods/spm_fedregister.html).

Minority children were those of black and Hispanic headed households.