

FOR RICHER OR POORER?

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Abstract

With welfare reauthorization imminent, many conservative politicians are suggesting that although states have been successful at moving welfare mothers into paid employment, they have paid too little attention to the second goal of welfare reform – encouraging the formation of two-parent families. Using data from the Fragile Families and Child Wellbeing Study, we compare the characteristics and earnings capacities of married and unmarried parents and explore the extent to which marriage *to their babies' fathers* would lift unwed mothers out of poverty. We find that unmarried parents are vastly different from married parents when it comes to age, education, health status and behavior, employment, and wage rates. These differences translate into important differences in earnings capacities, which, in turn, translate into differences in poverty. Proponents of marriage are overstating its benefits when they compare the median earnings or poverty rates of single mother families to those of married, two-parent families. Assuming the same family structure, labor supply, and wage schedule, our estimates, suggest that much of that difference can be attributed to factors other than marital status.

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With welfare reauthorization imminent, many conservative politicians are suggesting that although states have been successful at moving welfare mothers into paid employment, they have paid too little attention to the second goal of welfare reform – encouraging the formation of two-parent families. These advocates want states to divert more of their TANF funds to the development and implementation of programs that promote marriage. For them the retreat from marriage is the root cause of welfare dependency in the United States, and marriage is the only sure way out of poverty.

Proposed policies include “marriage bonuses” for couples that marry before their child is born as well as benefit cuts to cohabiting couples [Horn, 2001]. Despite support for such proposals, there is no strong evidence that such measures would have an appreciable impact on marriage, and there is even less evidence that they would reduce poverty among single mothers. In this note we use information from a new survey of unwed parents to assess whether the ‘marriage strategy’ is likely to reduce poverty.

To demonstrate the benefits of marriage, proponents of new, pro-marriage initiatives frequently compare the characteristics of married couples to those of single parents. Noting that “married adults...are happier, healthier and wealthier than their unmarried counterparts” and that “domestic violence and child abuse are less likely in married than non-married households,” advocates assume that marriage is the cause of

happiness, wealth and positive relationships [Horn 2001]. To explain why more people aren't rushing to reap these benefits, they point to the disintegration of pro-marriage values, particularly in low-income communities.

Dramatic income gaps between married couples and single mother households are often used as evidence that the absence of a male wage earner is a major cause of poverty among single mothers [Besharov and Sullivan, 1996].¹ While it makes sense that two parents and two potential wage earners are better than one, it does not follow that marriage will make unmarried parents as well off as currently married parents, especially if one of the reasons for not marrying is men's lack of economic stability.

Academic research highlights the flaws inherent in these arguments. Both qualitative and quantitative studies show that most unmarried parents value marriage [Carlson, McLanahan and England, 2001; Harknett and McLanahan, 2001].² According to these studies, single mothers want to marry but they are reluctant to commit themselves to a man who cannot support a family [Edin, 2000]. In addition, there is some evidence that the differences in domestic violence between married and unmarried couples is due to the fact that marriage attracts non-abusive partners into marriage leaving behind the more problematic relationships [Kenney and McLanahan, 2001]. In short, many of the benefits attributed to marriage are apparent before the couple marries.

1 These authors acknowledge the possibility that income differences may reflect differences in the types of people who get married, but they give it no serious consideration.

2 This is not to say that they have similar kinds of relationships. Using that same data that we use here, Osborne (2001) shows that unmarried mothers are more likely to have egalitarian attitudes and to distrust men. Unmarried parents also report more conflict over sex, the pregnancy, and drugs and alcohol.

While marriage may improve economic status and relationship quality, research shows that deteriorating economic opportunities for males is a cause of less and later marriage and that women from low socio-economic backgrounds are more likely to have children out-of-wedlock [Wilson, 1997; Oppenheimer, 2000; South and Lloyd, 1992; Rosenzweig, 1999].

Until recently, researchers could not say with certainty how marriage would impact single mothers because the information on the characteristics of their prospective partners was severely limited. The Fragile Families and Child Wellbeing Study, a new national survey, collects data on the capacities of unwed parents, both mothers and fathers. The study follows a birth cohort of new (mostly) unwed parents over a four-year period. The mothers' first interview took place in the hospital, within 48 hours of the birth. Fathers were interviewed, often in the hospital, a short time later.³ The baseline sample contains information on 3712 births to unmarried parents in 20 large US cities,⁴ and is representative of all non-marital births in US cities with populations exceeding 200,000. In each city, a comparison group of married parents was interviewed, providing a sample of 1188 births to married parents. These data contain the information needed to compare the characteristics and earnings capacities of married and unmarried parents and to explore the extent to which marriage *to their babies' fathers* would lift unwed mothers out of poverty.

³ Response rates for unmarried fathers are high (75%) and responses rate for mothers are even higher (89%). Because all mothers are asked questions about the fathers of their children, even when a father is not interviewed, we have a good deal of information about him from the mother.

⁴ The twenty cities are: Oakland, CA; San Jose, CA; Jacksonville, FL; Chicago, IL; Indianapolis, IN; Boston, MA; Baltimore, MD; Detroit, MI; Newark, NJ; New York City, NY;

Before encouraging marriage among unwed parents, we must ask whether or not these couples are able to support themselves and their children. To answer this question, we compare various socio-demographic characteristics of married and unmarried parents that are likely to be related to earnings capacities. Large differences between married and unmarried individuals would be suggestive of lower income security among unmarried couples even if they were to marry.

Table 1 demonstrates important differences between married and unmarried parents. Compared to married parents, unmarried parents are substantially younger. The median age of all unmarried mothers is only 22 – seven years less than the median age of married mothers. Similarly unmarried fathers have a median age of 25 compared to 31 for married fathers. Unmarried couples should have less labor market experience, and consequently, lower earnings than married parents. They are more than twice as likely to have dropped out of high school and are half as likely to have attended college. To the extent that earnings are linked to education, these differences imply that unmarried parents have lower earnings capacities than married parents.

In addition to these economic limitations, unmarried fathers are twice as likely as married fathers to suffer from a physical or psychological condition that interferes with their ability to work. Similarly, unmarried parents are several times more likely than married parents to report having ever had a drug or alcohol problem. While such

problems are rare, the disparity between married and unmarried parents merits careful consideration before we aggressively encourage marriage.

Because age, education and other limiting conditions are only indicators of earnings, we also examine wage differences. A direct comparison of current wages is questionable, however, because marriage may change work motivations (Korenman and Neumark, 1991). For this reason, we use the married sample to predict hourly wages for the unmarried mothers and fathers (separately). The wages of the married parents are regressed on their socio-demographic characteristics, and the parameters from those regressions are used to predict the wages of the unmarried parents.⁵ In this way, we assume that unmarried parents can translate their age, education, and other characteristics into earnings in exactly the same way their married counterparts can. These estimates, reported in Table 1, represent a best-case scenario that controls, to some extent, for the “marriage premium”.⁶ Nonetheless, substantially large differences in estimated median hourly wages remain.

While wage rates are important in determining economic capacity, consistent labor market participation is equally important, especially for low-income families who

5 To take into account any inflation that occurred while the data were being collected, all wages are expressed in 2000 dollars. The fathers’ equation included as regressors his age, race, education, an indicator for ever having had drug/alcohol problems, an indicator for having a work limiting condition, and city dummy variables ($R^2 = 0.27$). The mothers’ equation included her age, race, education, an indicator for having her first birth, an indicator for having been born outside of the country (not well measured for fathers), an indicator for ever having had drug/alcohol problems, a self-reported health measure, and city dummy variables ($R^2 = .29$).

6 The marriage premium refers to the additional amount earned by married men holding constant other social, economic and demographic determinants. It remains unclear whether this premium is due to selection into marriage or increased motivation, but Korenman and Neumark (1991) provide some evidence that motivation (or employer discrimination favoring married men) is an important factor.

have fewer savings and assets. As an indicator of employment stability, the Fragile Families survey asks whether or not the baby's father was working at a "steady job" during the week before the child was born. Once again, large differences between married and unmarried couples emerge. Fewer than 10% of the married fathers are not working, whereas over a quarter of unmarried fathers are not employed when their child was born. The latter are likely to have unreliable incomes making it difficult to support a family.

Taking our best-case scenario one step further, we use the hourly wages to predict yearly, pre-tax earnings for all the mothers in our sample assuming three different family and work profiles. First, we assume that all mothers live alone and work full time (2000 hours per year). Fathers are absent and provide no support to these households. In the second example, we assume that all mothers are married and not working while all fathers work full-time. These families represent a traditional "breadwinner model" in which the mothers specializes in domestic work and the father specializes in market work. In the third example, we assume that all mothers are married and work half time (1000 hours), and all fathers work full time. Because previous results showed that many unmarried fathers did not have regular jobs, our second and third examples are likely to overestimate the earnings capacity of unmarried couples, but they allow for the possibility that marriage increases hours of work as well as earnings.

The left panel of Table 2 presents quartiles of predicted family earnings, by the mothers' actual marital status, for each of the three profiles. In each of the three

scenarios, married women's family earnings are higher than unmarried women's earnings. Indeed, the 75th percentile of earnings for unmarried mothers falls, in all cases, below the median earnings for married women with the same family structure and work profile.

The right panel of Table 2 presents the earnings data expressed as a percentage of the 2000 federal poverty line (FPL), taking into account family size. In order to construct family size, we assume that a single mother lives with her own biological children and that a married woman lives with her partner and her own biological children.⁷ The estimates in the first rows of the panel indicate that a substantial portion of the poverty single mothers face is structural. If the married women were forced to rely on their own earnings, over 1/3 of these women could sustain their families at more than twice the federal poverty line. Only 12% of the unmarried mothers have this capacity. Although many married women would live in poverty if they had to support their families on their own, their capabilities far exceed those of unmarried mothers.

The next set of estimates shows that the 'breadwinner model' is really only an option for currently married couples. About 22% of the unmarried women in our sample would be living below the poverty line if they were to rely upon this traditional arrangement. Another 37% would be living somewhere between 100-150% of the FPL -- \$13,874 for a married family of three. Clearly, this level of earnings does not offer

⁷ In the Fragile Families data, women are asked to report how many other biological children they have, and they also fill out a household roster. Because some women may not be living with all of their children because they have grown, or because they are living with other kin, when women report having had more children than they are currently living with, we use the lower number to

parents the option to save or self-insure against labor market fluctuations suggesting considerable economic insecurity.

Finally, the last rows of the panel demonstrate that marriage would have a substantial impact on the poverty rates of single mothers only if both parents work. Under the last scenario, only 5% of unmarried women and 3% of the married women would have earnings below the FPL. Nonetheless, many single mothers would live just above the poverty line even if they were married to the fathers of their babies and both parents were working. Given the employment instability of many of the fathers – even in the best of economic times (1998 to 2000) – marriage alone may not be the best economic solution.

The Fragile Families and Child Wellbeing Study demonstrates that important differences exist between married and unmarried couples that cannot be magically altered with a marriage license. Unmarried parents are vastly different from married parents when it comes to age, education, health status and behavior, employment, and wage rates. These differences translate into important differences in earnings capacities, which, in turn, translate into differences in poverty. Proponents of marriage are overstating its benefits when they compare the median earnings or poverty rates of single mother families to those of married, two-parent families. Assuming the same family structure, labor supply, and wage schedule, our estimates, suggest that much of that difference can be attributed to factors other than marital status.

With welfare programs that make it more difficult for two parent families to obtain support when the market fails, marriage for unmarried couples might mean more rather than less vulnerability. Given these findings, we think it would be prudent to promote policies that are marriage neutral so that unmarried mothers who want to marry do not have to choose between supporting their families and getting married. However, until we know more about the quality of parents' relationships and the obstacles that they face – information that the Fragile Families study will be able to provide – we would caution against measures that penalize single mothers in order to promote marriage. Finally, these data make it clear that preparing parents for jobs and increasing their earnings capacity may substantially strengthen fragile families.

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Table 1: Characteristics of New Married and Unmarried Parents

	Mothers		Fathers	
	Married	Unmarried	Married	Unmarried
Median Age	29	22	31	25
Education:				
Below High School	0.17	0.37	0.21	0.36
High School	0.20	0.37	0.20	0.41
Beyond High School	0.63	0.26	0.59	0.23
Limiting Illness			0.03	0.07
Drug/Alcohol Problems	0.01	0.03	0.02	0.06
Median Hourly Wages	12.11	7.92	14.91	11.54
"Steady Job"			0.91	0.75

Table 2: Simulations of Economic Wellbeing for Married and Unmarried Parents

Income		Poverty Ratio						
		Not Married: Woman Works Full-Time			Not Married: Woman Works Full-Time			
		quartile 1	quartile 2	quartile 3	0 - 100	100-150	150-200	over 200
Married		16,454.96	24,230.44	36,760.40	19%	24%	19%	38%
Unmarried		11,438.74	15,844.65	22,422.06	43%	31%	14%	12%
Married: Husband Full-time, Wife Doesn't Work								
		quartile 1	quartile 2	quartile 3	0 - 100	100-150	150-200	over 200
Married		20,528.61	29,822.69	43,944.06	16%	23%	18%	43%
Unmarried		17,583.56	23,077.25	28,444.24	22%	37%	25%	16%
Married: Husband Full-time, Wife Half-time								
		quartile 1	quartile 2	quartile 3	0 - 100	100-150	150-200	over 200
Married		30,945.86	42,647.25	62,108.98	3%	13%	17%	68%
Unmarried		24,570.56	31,507.69	38,985.03	5%	23%	28%	44%