

# Social Capital Campaign.



# FAMILY AFFORDABILITY

BUILDING SOCIAL CAPITAL AT HOME

• *Abby McCloskey*



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BUILDING SOCIAL CAPITAL AT HOME

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[SOCIALCAPITALCAMPAIGN.COM](https://socialcapitalcampaign.com)

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# *Acknowledgements*

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The conclusions and recommendations of this report are solely those of its author and do not reflect the views of any of the institutions, scholars, authors, or Advisory Board members connected to our work.

The Social Capital Campaign is a non-partisan, not-for-profit educational organization benefiting from the 501(c)(3) status of a fiscal sponsor.

# About the Social Capital Campaign

The Social Capital Campaign promotes social capital and the institutions that create it to leading policy and opinion formers, particularly in Washington, D.C.

## A DEFINITION OF SOCIAL CAPITAL

There are three main elements to social capital that we campaign on:

- **First**, social capital as the rich network of trusted relationships required for child development and formation through to adulthood
- **Second**, social capital as the rich network of relationships that sustain individuals throughout adulthood, both professionally and personally
- **Third**, social capital as the by-product of the first two: trust between citizens who have never met

## SIX FOCUS AREAS

We draw our six policy focus areas from framework created by the Joint Economic Committee Social Capital Project, and we are grateful for the input and guidance of Dr. Scott Winship as we develop the campaign:

- **Family Stability**
- **Family Affordability**
- **Work**
- **Youth investment**
- **Associational life**
- **Digital** – the impact of the digital economy upon social capital, in particular,
  - **Social media** and civil society
  - **Work** in the digital economy

## THE FOUR QUADRANTS

### The relationship between social capital and capital

We want all Americans to be able to accumulate both social capital and capital. Both are needed to escape and stay out of poverty, and to achieve the American Dream. Our research aims to identify problems—clear impediments to the accumulation of social capital. With the problem defined, we can offer a federal government policy solution to help achieve this goal.

When considering impediments to accumulation of social capital, it is helpful to recognize that different individuals are in different contexts. We use a simple illustration to give some clarity to the complex issues associated with social capital and capital accumulation: the four quadrants.

**Figure.** *The Four Quadrants of Social Capital and Capital*



In this simple chart, the x axis shows capital from low to high: from poor to rich. The y-axis shows social capital from low to high: from low levels of relationships to high. This gives us four quadrants.

- 1. Low capital and low social capital**
- 2. Low capital and high social capital**
- 3. High capital and high social capital**
- 4. High capital and low social capital**

## **1. The bottom left: low social capital, low capital**

**CONTEXT:** People in the bottom left quadrant have low levels of both social capital and capital. They do not have the network of deep and trusted relationships social science shows as critical in childhood development for best life outcomes, nor the relationships required for optimal personal and professional lives in adulthood. Neither do those in this quadrant have significant financial or capital assets such as income, savings, investments, retirement funds, or home ownership.

**PROBLEM:** An individual who finds themselves here is in a significant environment of distress—likely trapped in intergenerational poverty, surrounded by and perpetuating higher than normal levels of antisocial behavior or dysfunction, with few opportunities, or resources required to escape poverty. Aspirations for stable family life and affluence are significantly difficult to achieve.

**POLICY SOLUTIONS** here must have as much emphasis on supporting the creation of social capital as they do in federal assistance to provide capital resources.

## **2. The top left: high social capital, low capital**

**CONTEXT:** People in the top left quadrant are low in capital but high in social capital. That is, they have a network of deep, trusted relationships in childhood and those required for enjoyable and successful personal and professional lives in adulthood. However, they may not have high income, significant savings, a retirement pot, or be able to own a house.

**PROBLEM:** People in this quadrant are likely to be part of relatively well functioning extended family and wider community, perhaps connected to a religious institution that transmits values across the community of which they are part. Evidence shows that individuals in this situation are more likely to escape the bottom quintile, perhaps more able to avail themselves of the opportunities around them, and to temporarily weather low capital assets' hardships through other forms of support. They are well placed to achieve capital accumulation but may have difficulty in accessing better paid jobs or opportunities to accumulate capital.

**POLICY SOLUTIONS** here need to ensure strong social capital assets are not eroded. Capital accumulation achieved through education, training, employment, tax regime, and associational life policies should mutually support accumulation of both sets of assets.

### **3. The top right: high social capital, high capital**

**CONTEXT:** In the above table, people who are in the top right quadrant are high in social capital and high in capital. They enjoy a network of deep, trusted relationships in childhood and those required for enjoyable and successful personal and professional lives in adulthood. They are able to role-model relationships to their children. They have capital assets too which benefit themselves but also their children: perhaps savings, a house, investments, a private pension, and savings for their children's college tuition.

**PROBLEM:** Those in this quadrant embody the American dream of a middle to upper middle-class life. Problems here relate to social capital collapse through breakdown of relationships, capital loss through job loss, or federal policy that penalizes them.

**POLICY SOLUTIONS:** Federal policy needs to support and reward pro-social capital assets. Policy solutions intended to help others should not unfairly impede the sustainability of their experience.

### **4. The bottom right: low social capital, high capital**

**CONTEXT:** Individuals in the bottom right quadrant are low in social capital but high in capital. They may have accumulated wealth, perhaps even enviable levels of it. Yet they do not have a rich network of trusted relationships in either child development or to sustain them across the life course.

**PROBLEMS:** Such individuals may be few in number, but their capital assets maybe significant enough to compensate for a lack of social capital.

**POLICY SOLUTIONS** here are to help those with high levels of capital to benefit those with low levels of capital through philanthropy and job creation, in a manner that also supports social capital creation.

The Social Capital Campaign works to promote policy solutions for all four quadrants. We recognize that social capital is critical for those with less capital. Boosting childhood development and the network of relationships that sustain an adult professionally and personally, are essential to growing social capital assets at the root of capital accumulation. Boosting social capital is therefore essential for the growth of the economy and vibrancy of American society.



## **SOCIAL CAPITAL CREATION AT ITS BEST**

Families, churches, schools, employers, societies, clubs, philanthropic endeavors, electoral processes—these are the institutions that create social capital. As we promote these institutions, we imagine them at their best: Families as positive, nurturing environments for raising children and enjoying long term relationships. Houses of worship as the best of collective action inspired by faith that benefits individual members and the wider community. Schools providing scaffolding and skills preparation that equip a child for adulthood. Employers providing opportunities that value profit, work, and positive employee experiences while benefiting their customers. Societies, clubs, and philanthropy that elevate the human condition and raise quality of life. Political campaigns that allow diverse opinion, organized around a fair and transparent democratic process to represent the interests of the people.

Yet all of these institutions can have their negatives. Families can be abusive, faith groups controlling, schools incompetent, employers exploitative, societies exclusive, philanthropies self-enriching, and political activism corrupt or silencing of diverse opinion.

The existence of negative forms of social-capital-creating institutions does not negate the need for these institutions. Rather they add to the urgency of our campaign to promote social capital creating institutions, and at their best.

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## *Foreword*

I have worked with many pastors across the United States for many years now. Men and women serving their communities, mostly Spanish speaking, across many parts of this mighty country. These pastors work with the young and old alike, those starting out in their lives, and those in their twilight years; men and women planning to start a family, those who find themselves with unplanned ones; individuals estranged from relatives but who find family at church.

Consistent among them—both the pastors and those they serve—is an abiding faith in God, and the belief that here they can achieve the American Dream of a stable family life and upward social mobility. People want to make it—they do not want government handouts, but opportunity, skills, an education, the chance to make their own money. The other consistent feature among those our pastors care for, is that they serve those who serve us. Principal among their congregations are small business owners, construction workers, gardeners and landscapers, cleaners, nannies, kitchen workers—as well as nurses, teaching aids, care workers, schoolteachers, professors, successful entrepreneurs, and the rich.

Some of our pastors work in the inner city while others in wealthy suburbs. Yet, these years of shared experience have shaped my views of what it is like for many Hispanics to live in America—both as a land of opportunity and one with needless hardships.

I was delighted that the Social Capital Campaign wanted to partner with the National Hispanic Pastors Alliance to shape policy proposals that would help families in America get a head start in life, with a focus on Hispanic families. Too often our voice is not included in policy discussions. Some politicians would embrace the diversity of our culture but not our faith, the color of our skin but not our small-c conservative ethos of hard work, enterprise, and not being the victim. Other politicians want our tax dollars but not our people as citizens. Others only see us as votes for their cause.

So that, in this report, I have been encouraged by Abby McCloskey and the team at the Social Capital Campaign, and their commitment to forge realistic policy proposals that would help benefit all of America, and her Hispanic population too.

Faith and family are important to many of us, and with 1 in 4 children in America today being Hispanic, this is a timely report—one that should help set about a conversation in Washington D.C. on how best to make family affordable for us all, and to make America the best place to raise a family.

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Rev. Carlos Duran  
*President, National Hispanic Pastors Alliance*

# Executive Summary

Families are the primary unit of social capital. But forming a family is a costly endeavor. Rising child-related expenses relative to income, outdated government and workplace policies, and an increase in single parenting have impacted family affordability. This paper will include a spotlight on Hispanic families. One in four children in America are Hispanic—the youngest and largest of any minority group in the country—and these families face a unique set of affordability challenges.<sup>1</sup> Federal policymakers should aim to make America a better place to raise children for the sake of parents, children, and the future of our country by addressing these five problems:

## FIVE PROBLEMS

### 1. Rising costs relative to income

Child-related costs such as housing, education, and child care are increasing more than income, and government policies are often to blame. Nearly half (46 percent) of working parents report difficulty paying for personal expenses in the past 12 months compared to 35 percent of non-parents.<sup>2</sup> *More Hispanic children live in poverty—4.2 million in 2020—than children of any other racial or ethnic group.*<sup>3</sup>

### 2. Outdated workplace policies

Outdated workplace policies put unnecessary costs on children and parents. Most parents are in the labor force, yet few employers offer family-friendly policies such as paid parental leave, flexible work, or predictable schedules. These benefits are conspicuously rare in lower-paying and part-time jobs. This impacts parents' ability to work and care for their children in the way they prefer. *Hispanics have a higher labor force participation rate than average,<sup>4</sup> but the least access to family-friendly policies.*<sup>5</sup>

### 3. Inadequate and poorly targeted government investment

Inadequate and poorly targeted government investment has failed to deliver support how (and when) it is needed. Despite the spendthrift of our federal government and running up of the federal debt, the share of the budget going to children is relatively small and declining. The government programs that do exist often leave out low- and moderate-income families who need help the most; deliver support at tax-filing, not when expenses are incurred; and do not align with parental preferences. *Hispanics have a lower take-up rate of child-related government benefits relative to Whites or Blacks despite their eligibility.*

#### **4. People are having fewer children**

Fertility rates have fallen by 20 percent since 2007. This is likely attributable to a wide variety of reasons, such as delayed marriage, an increase in women's education, and changing preferences. That said, families who would like to have (or to have more) children than they currently do cite costs as the leading reason why they are not growing their families.<sup>6</sup> *Hispanics in the U.S. have the highest fertility rate relative to Black, White, and Asian parents, but it has dropped in recent years.*<sup>7</sup>

#### **5. Parents are increasingly isolated**

An increase in parenting alone has exacerbated affordability issues. America has the highest rate of single parenthood in the developed world. Social capital has frayed, including church and community involvement, which previously would have provided financial, emotional, and social cushion to support family affordability.<sup>8</sup> *Hispanics have not been immune to these trends; in 2016, half of Hispanic children were born to unmarried mothers, up from 34 percent in 1990.*<sup>9</sup>

### **FIVE POLICY SOLUTIONS**

Federal policymakers keen to increase family affordability should prioritize the following policies:

#### **1. Remove government barriers to affordability and choice**

Remove government barriers that drive up costs and limit choice including around housing, school, child care, work, and marriage.

#### **2. Implement a national paid parental leave program**

Change the culture so that all parents—irrespective of their wage level or occupation—can afford to care and bond with their infants.

#### **3. Simplify the maze of existing government programs into a monthly cash benefit**

Rework ill-targeted government programs to provide a monthly cash benefit for low- and moderate-income families to increase their financial flexibility.

#### **4. Create more opportunities for good-paying jobs and affordable care**

Create more choices for work conducive to family life, such as flexible work, part-time work, wage support, and increased care and education choices—including in-home care and faith-based providers.

#### **5. Equip and engage local community organizations, such as churches**

Equip and engage the local community, including churches and other faith-based organizations, to provide support for marriage, parenting, children, and families to strengthen social capital.

Two other reforms impact family affordability. While the details of these reforms are beyond the scope of this paper given their complexity, their value to family affordability is fundamental:

##### *First, immigration reform is imperative to family affordability*

Undocumented immigrants in the U.S. are the parents of 6 million children under the age of 18.<sup>10</sup> A path to legal worker status is necessary to ensure that parents can earn higher wages and benefits from legal work, unafraid to claim government benefits for which their children are eligible (nearly 80 percent of children of undocumented immigrants are U.S. citizens.<sup>11</sup>) To prevent moral hazard, a path to legal status or citizenship must accompany security at the border and visa entry-exit points.

##### *Second, a growing economy improves family affordability*

A growing economy improves family affordability by supporting new work and business opportunities, stable price and tax levels, and a reliable social safety net. This approach requires turning away from the loose monetary and fiscal policies that have marked the last decades and the implementation of a sustainable fiscal trajectory and pro-growth policy agenda. Fiscal balance has eluded policymakers for too long, despite dire warnings from the Congressional Budget Office, Government Accountability Office, and others about our “unsustainable path.<sup>12</sup> Delaying reform in this area will worsen inflation and lead to a debt crisis, the cost of which will be borne by working families and their children.

The policies outlined in this paper will make America a more affordable place to have a child, which will increase the opportunities and choices that families face.

## The Case

Financially secure and stable households are crucial to parental and children's well-being and development. Resources in a child's early years—both inside the home from parents and outside of it from the community—have an outsized impact on a person's life trajectory. Research by Nobel-prize winning economist James Heckman suggests that the quality of early childhood investments has *intergenerational* impact, including the economic and health outcomes of children's children.

Yet forming a family usually occurs early in a person's life when earnings are relatively low and child-related expenses (such as housing and child care) are high. The U.S. is an international outlier in not protecting the time between infants and their parents following birth. It also provides a smaller share of public resources to children than nearly any other developed nation. Employers, while expanding their family-friendly benefits in recent years, often lack policies such as flexible work and predictable scheduling that would make it easier to work while raising a family.

An increase in parenting alone has compounded the challenges of family affordability. The U.S. has the highest rate of single parent households in the developed world, which is correlated to heightened financial fragility. But there's also been a thinning of social capital in communities—from church attendance to tight-knit and safe neighborhoods—which previously would have provided additional resources and supports to such families.

The result is a significant share of American families that report feeling financially fragile, unable to achieve their economic goals, and more stressed relative to their global peers. A broken immigration system and language barriers compound these challenges for Hispanic families, who currently comprise the largest share of children in poverty.

Policymakers, employers, and civil society should come together to make America the best place to raise children for the sake of parents, children, and the future of our country.

# Five Problems

Family affordability has been impacted by five problems:

- 1. Rising costs relative to income**
- 2. Outdated workplace policies**
- 3. Inadequate and poorly targeted government investment**
- 4. People are having fewer children**
- 5. Parents are increasingly isolated**

## 1. RISING COSTS RELATIVE TO INCOME

*More Hispanic children are living in poverty—4.2 million in 2020—than children of any other racial or ethnic group.*

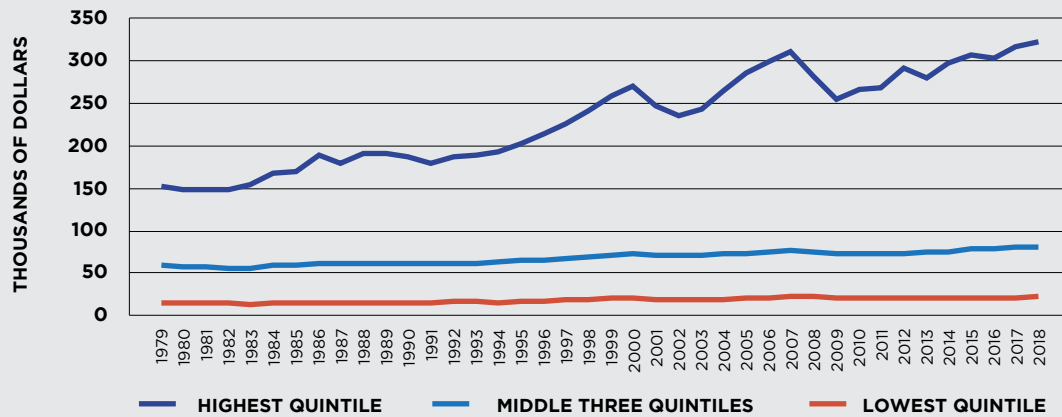
Let's begin with the good news: The child poverty rate has fallen considerably in recent decades, from 28 percent in 1967 to an all-time low of 14.4 percent in 2019 (bumping up to 17 percent in 2022).<sup>13</sup> Additionally, average income has risen across income quintiles over the last forty years, and taxes and transfers have boosted income significantly for low- and moderate-income households. Yet stopping here would miss economic challenges many families are facing and the ways that affordability could be improved.

Consider that while average household income increased across nearly every quintile over the last four decades, it grew the least for low-income households.<sup>14</sup> Average income before transfers and taxes grew by a cumulative 40 percent among households in the lowest quintile, but that large sounding percentage is in part because the baseline is so low. Real average income grew from \$16,100 in 1979 to \$22,500 in 2018, or at an average annual rate of 0.9 percent. To be sure, taxes and transfers increased this considerably for the lowest quintile. But as discussed in later sections, Hispanics tend to have a lower take-up rate of benefits relative to other groups.<sup>15,16</sup>



## FIVE PROBLEMS

**Figure 1.** *Trends in the Distribution of Income Before Transfers and Taxes, 1979 to 2018*



**SOURCE:** *Congressional Budget Office.*<sup>17</sup>

Meanwhile, family-related expenses have risen.

### Housing

Consider housing, typically families' largest expense. The median sale price of a home hit a record high in 2022 even when adjusting for inflation.<sup>18</sup> This creates value for existing homeowners but freezes out those who would like to become homeowners. The rental market has been even worse. The American Community Survey shows that renters are almost twice as likely to spend 30 percent or more of their income on housing as homeowners are.<sup>19</sup> Housing affordability pressures have increased most acutely in the last decade for low- and moderate-income renters.<sup>20</sup> According to a recent poll from the Bipartisan Policy Center, half of respondents (50 percent) said it has been somewhat or very difficult to pay rent over the past year—with Hispanic respondents (59 percent) and Black respondents (57 percent) reporting greater burdens than White respondents (45 percent).<sup>21</sup> Importantly, the rise in housing costs has occurred in nearly all metro areas, suggesting that escaping these pressures is not easy to do.<sup>22</sup>

Government may be to blame: State and local zoning and land-use regulations—often justified for aesthetic and environmental reasons—negatively impact housing affordability, which in turn impacts family budgets, work opportunities, racial and economic segregation, commuting times (time away from family and work, and increasing pollution), and even children's educational outcomes.

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### Education

To the latter point, our public school system, wherein school access is tied to zip code, exacerbates the crisis in housing affordability and expands it to education. According to a recent study, homes are nearly two-and-a-half times more expensive near high-scoring schools as mortgages have become “tuition” for public schools.<sup>23</sup> This puts high-performing public schools out of reach of low- and moderate-income families, who are the least likely to have the financial margin to afford private school. Charter schools and school choice can help alleviate some of these pressures, and Hispanics make up the largest share of students in public charter schools.<sup>24</sup>

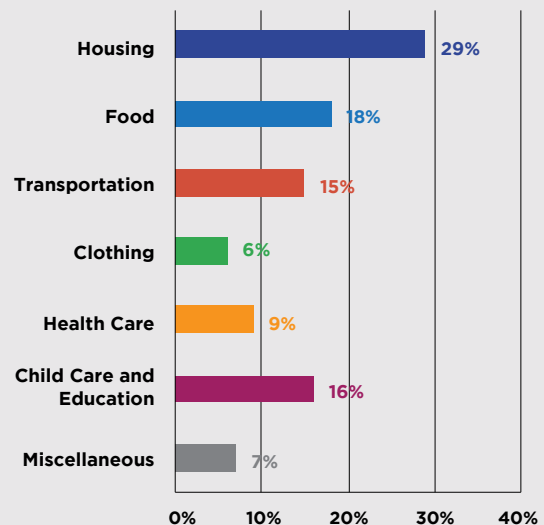
### Child care

In addition to housing and education, child care is often a large expense for many working families. According to the St. Louis Federal Reserve, child care costs are an estimated 14 percent of median household income, and the expense of child care has been rising much faster than overall prices as measured by the consumer price index.<sup>25</sup> On average, poor families spend a larger share of their income on child care.<sup>26</sup> High child care costs can serve as a barrier to women’s employment as well as result in children in subpar child care settings, the effect of which can have lifetime ramifications.

Again, government policy may be contributing to the shortage of providers and rising costs. Overly burdensome regulations can drive up costs and prevent otherwise qualified care providers from entering the market, especially smaller care providers—such as family and friend providers, faith-providers, and in-home child care providers—that don’t have the infrastructure to navigate a complicated regulatory environment. Requirements like having child care workers have a Bachelors’ degree, as implemented in Washington D.C. and proposed in President Biden’s “Build Back Better”

**Figure 2.**

*Expenditure Shares on a Child from Birth Through Age 17 as a Percentage of Total Child-rearing, Expenditures, 2015*



*U.S. average for the younger child in middle-income, married-couple families with two children. Child care and education expenses only for families with expense.*

**SOURCE:** Department of Agriculture.<sup>28</sup>

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framework, further drive-up costs for parents and create barriers to entering the profession with unclear impacts on quality.<sup>27</sup>

### Healthcare

Healthcare is yet another expense for working families. While the majority of Whites receive healthcare through their employers (66 percent), only a minority of Hispanics (41 percent) and Blacks do (46 percent). The uninsured rate among Hispanics is nearly double that of Whites. Given the complexity of healthcare reform, and the smaller relative size of the healthcare burden on families relative to housing and child care, a solution set for healthcare will not be addressed in this paper, though it is important. Behind child care, healthcare represents the largest change in expense for working families in recent decades.

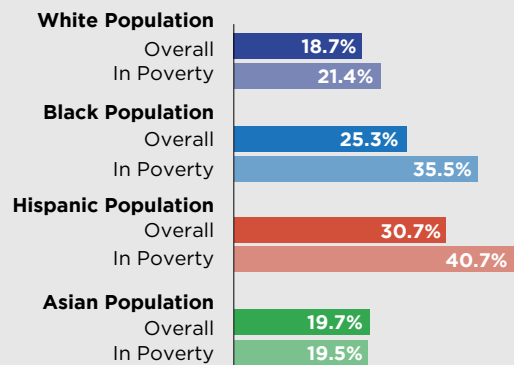
These costs add up to a big bite out of many families' paychecks. According to the Department of Agriculture, the expenses associated with raising a child from birth to age 17 were around \$200,000 for low- and moderate-income families in 2015.<sup>29</sup> Importantly, this is 16 percent higher in real terms than raising a child in 1960, when the Department of Agriculture began tracking expenses, largely due to the increase in child care, education, and healthcare costs. When accounting for inflation, the costs of raising a child today are closer to \$300,000 per child.<sup>30</sup>

Families are feeling the squeeze: Nearly half (46 percent) report difficulty paying for personal expenses in the past 12 months compared to 35 percent of non-parents, according to recent polling.<sup>31</sup> The majority of parents (55 percent) say they are "getting by, but do not have the life [they] want," and an additional 20 percent are "struggling and worried for the future."<sup>32</sup> Hispanics represent the largest share of children and are also for whom economic insecurity is the highest.<sup>33</sup>

**Figure 3.**

*Children Overrepresented Among Black and Hispanic Populations in Poverty*

*Children's share of...*



**SOURCE:** *Peew Research Center analysis of 2019 U.S. Census Bureau income and poverty data.*<sup>34</sup>

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### 2. OUTDATED WORKPLACE POLICIES

*Hispanics have a higher labor force participation rate than average,<sup>35</sup> but the least access to paid leave, flexible work schedules, and remote work options from their employers.<sup>36</sup>*

Work is the primary lever of financial independence, and the majority of parents of young children are in the labor force. Yet relatively few workplaces are conducive to this reality, putting financial pressure and stress on American families.

#### **Paid parental leave**

This is perhaps best seen with respect to paid parental leave. Only one in four workers had access to paid family leave in 2021, according to the Bureau of Labor Statistics, and nearly 40 percent of workers lack job protection. Among low-wage workers, access to paid leave policies is minimal, with only 12 percent of workers in the lowest wage quartile having access to paid family leave of any duration from their employers.<sup>37</sup> Hispanics have the least access of any racial or ethnic group to paid leave.<sup>38</sup>

Without access to paid leave, many low-income parents go on welfare or take on debt following the birth of a child. A survey by Pew Research reported that households with under \$30,000 in income didn't receive full pay during parental leave: 57 percent took on debt and nearly half went on public assistance.<sup>39</sup> Others hasten their return to work, risking their well-being: one in four mothers returns to work within two weeks of giving birth, according to an Abt Associates survey.<sup>40</sup>

**Figure 4.** *Percent of Private Industry Workers with Access to Family Leave Benefits by Wage Category, March 2021*



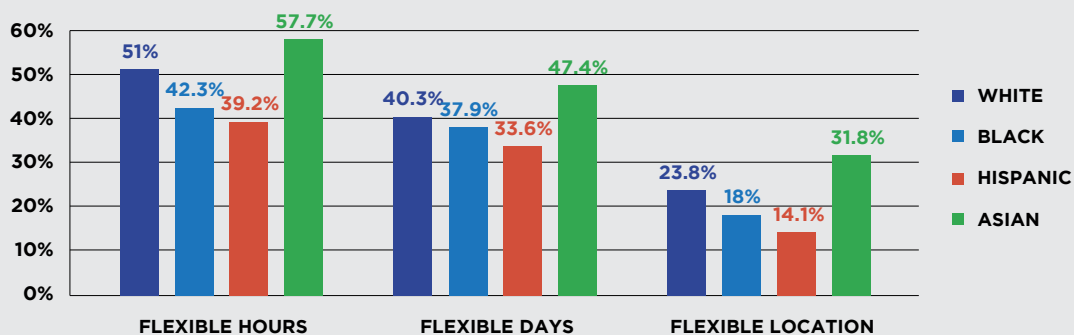
**SOURCE:** U.S. Bureau of Labor Statistics.<sup>41</sup>

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### Flexible work

Challenges with family-friendly workplace expectations continue as children age. According to polls, the number one request that working parents have for employers is flexibility. Yet low- and moderate-income parents often face low wages, lack advance scheduling, inflexible workplaces that prevent parents from work arrangements that they prefer when their children are young. Evidence shows that Hispanic workers have tended to have the least access to flexible work schedules and remote work options.<sup>42</sup>

**Figure 5.** *Percentage of Workers Age 18 and Older with Access to Workplace Flexibility by Race and Ethnicity, 2011*



**SOURCE:** *Glynn, Sarah Jane and Farrell, Jane analysis of the Bureau of Labor Statistics' American Time Use Survey, 2012.*<sup>43</sup>

Lack of family-friendly policies impacts children. In her book *What Children Need* Columbia economist Jane Waldfogel provides a review of academic literature on child development. She finds that a parent—and most research is centered around the mother—actively present during the first year of a child's life is crucial for a baby's healthy development. Yet lack of paid family leave and flexible workplaces limit the ability of parents to spend time with their young children. It's not just mothers; fathers report spending less time with their children than they would prefer.<sup>44</sup>

### Mental health

Work-life balance impacts parents' mental health. According to one study, the parenthood gap in happiness is greater in the U.S. than in the other 21 OECD countries in the sample, which the authors attribute to less generous family policies in America such as paid leave, child care, and flexible work. To be sure, this research

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is complicated. Happy people are more likely to become parents, and more recent studies have found that marriage and parenthood in the U.S. are associated with higher levels of happiness and well-being in the long-run.<sup>45,46,47</sup> But work and costs of childrearing appear large correlates to parental happiness in particular.<sup>48</sup> For example, a recent study by Francesca Luppi of Bocconi University found that parents who report a positive work-life balance are more likely to have a second child.<sup>49</sup>

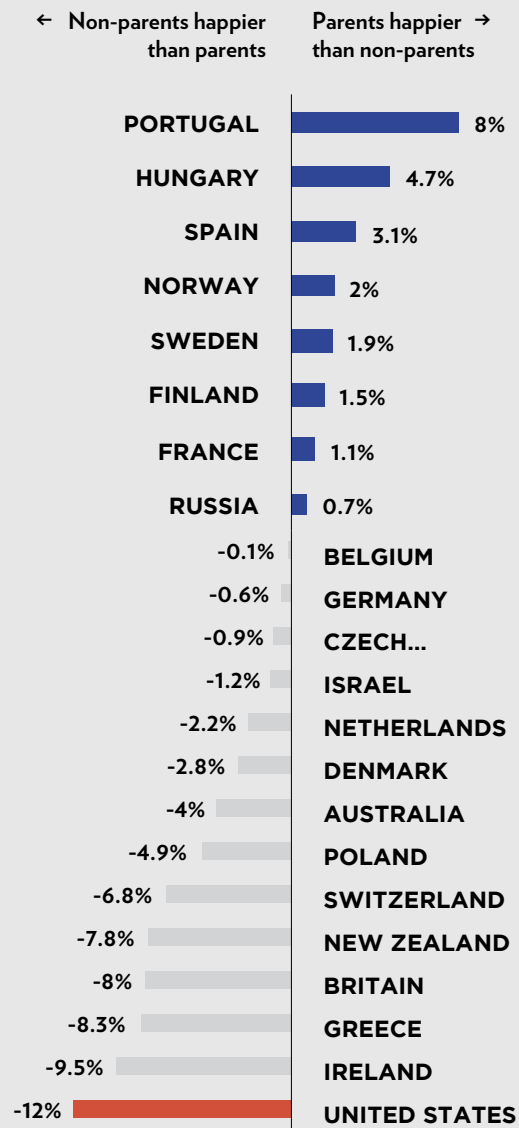
### Stay at home mothers and female labor force participation

Lack of flexible workplaces and child care has macroeconomic implications by holding back labor force participation. According to Francine D. Blau and Lawrence M. Kahn, about 28 percent of the decline in female labor force participation in America relative to other countries in the Organisation for Economic Co-operation and Development (OECD) can be explained by the nation's lack of family-friendly workplace policies, including paid parental leave and child care.<sup>51,52</sup> According to a 2016 Gallup report, "Women in America and a Life Well-Lived," stay-at-home mothers might consider returning to work if the workplace was more accommodating. When asked, 53 percent of stay-at-home mothers say flexible hours or work schedules are a "major factor" in their ability to take a job—surpassing pay and child care.<sup>53</sup>

To be sure, not all parents want to work outside the home in paid employment. About one in five moms and dads in the U.S. are stay at home parents,<sup>54</sup> and a significant share of parents report having the ideal of one parent staying home full-time.<sup>55</sup> Importantly, Hispanic mothers are the most likely to be stay-at-home parents relative to other racial

**Figure 6.**

*Where Parents are Happier than Non-parents (or Not)*



**SOURCE:** *Parenthood and Happiness: Effects of Work-Family Reconciliation Policies in 22 OECD Countries* (Glass, Simon and Anderson) *Washington Post*.<sup>50</sup>

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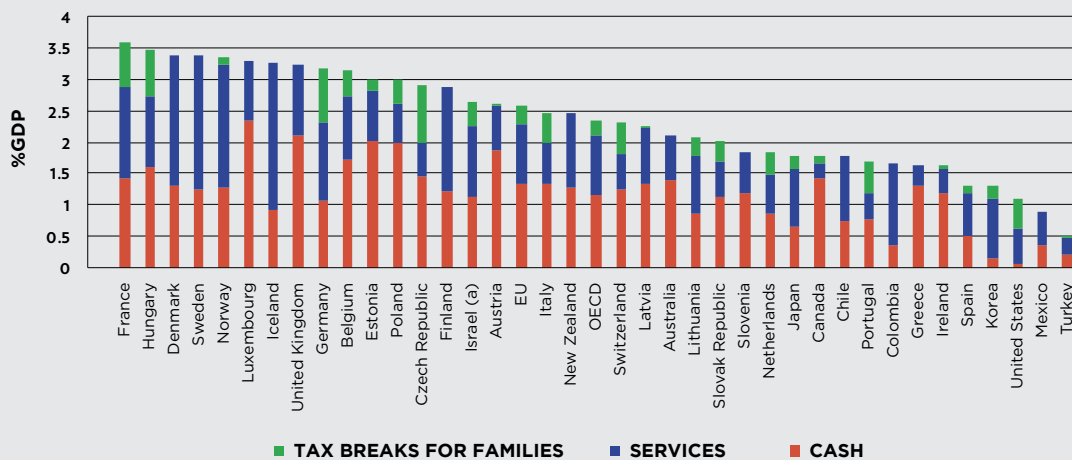
or ethnic groups. According to Pew, 38 percent of Hispanic mothers were stay-at-home moms relative to the U.S. average of 29 percent.<sup>56</sup> This is likely due to a wide variety of factors, including a lack of access to flexible options conducive to family life as previously discussed, elevated marriage rates, and immigration. According to Pew Research, in 2012, 40 percent of immigrant mothers were stay-at-home mothers, compared with 26 percent of U.S.-born mothers. But it's also likely reflective of culture and family values. A recent poll found that Hispanics were the least likely group to say that full-time paid child care is the best arrangement for young children. As a corollary, among the different types of child care, Hispanics most preferred relative-provided care over center-based options.<sup>57</sup>

### 3. INADEQUATE AND POORLY TARGETED GOVERNMENT INVESTMENT

*Hispanic families have a lower uptake of government benefits than any other racial or ethnic group, despite their eligibility.*

Federal investment in families with young children is a relatively small and declining share of the budget as the population ages. According to the Committee for a Responsible Federal Budget, less than a tenth of federal spending in 2016 was devoted to children, while more than a third was spent on the elderly.<sup>58</sup> Share of spending on families in the U.S. (inclusive of cash support, child care assistance, paid family leave, and other types of assistance) is the smallest of any developed nation except Mexico and Turkey.<sup>59</sup> Cash support given to families is the least of any developed nation.<sup>60</sup>

**Figure 7.** *Public Spending on Family Benefits*



**SOURCE:** *OECD Family Database.*<sup>61</sup>

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The system of government programs that does exist is an outdated patchwork of block grants and tax credits that leave out many low-income families, are difficult to access, and are delivered at tax-filing not when expenses have occurred. For example, the two largest support programs for families—the Earned Income Tax Credit (EITC) which supplements income for low-income working families, and Child Tax Credit (CTC) which accrues per child and is partially refundable—are delivered once-a-year, which is problematic for families living paycheck to paycheck.

Government support for child care expenses often leaves out low-income families who need support the most. The Child and Dependent Care Tax Credit (CDCTC), a tax credit for child care expenses, is not refundable, meaning that it cannot be claimed by families without an income tax liability, which is most low-income households. The Child Care and Dependent Block Grant (CCDBG), which provides subsidies to low-income households for child care, has been chronically underfunded. As a result, only 1-in-6 eligible children for the program receive child care support.<sup>62</sup> Additionally, the subsidy structure of CCDBG tends to favor center-based care above in-home providers, faith-based providers, and care by friends and relatives, which is not the preferred option of Hispanic families in particular.

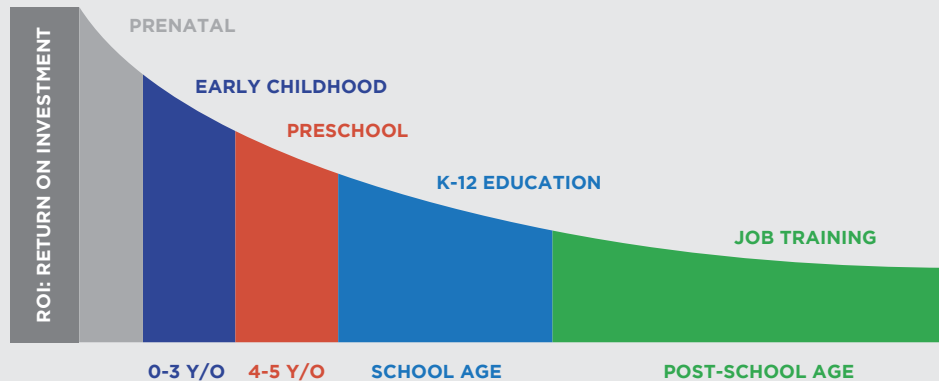
Hispanic families tend to have a lower take-up rate of government benefits than other racial groups, irrespective of eligibility. This holds true for SNAP,<sup>63</sup> WIC,<sup>64</sup> Medicaid,<sup>65</sup> the CTC,<sup>66</sup> EITC,<sup>67</sup> and even child care subsidies. According to CLASP, “while 13 percent of all eligible children (ages 0-13, regardless of race/ethnicity) and 21 percent of eligible Black children receive child care assistance through CCDBG, only 8 percent of eligible Hispanic children get help.”<sup>68</sup> While there’s not clarity about *why* this is, it is likely in part because of language barriers and in part because mixed-status families are often afraid to interact with government agencies, limiting their children’s access to benefits despite their citizen status. While some conservatives may believe that a lower take-up rate is a good thing because it reduces the likelihood of government dependency, it’s a problem if benefits aren’t getting to those they’ve been designed to support.

Lack of investment in children makes little sense, as early childhood investment tends to have a much higher return on investment than investments made later in life. This is demonstrated by the “Heckman Equation,” which shows the highest returns on investment for prenatal care, child care, and in-home investments for children ages 0-3, declining in preschool, further in primary school, and even further thereafter with retraining programs and higher education. Heckman’s most recent research found that these gains continued across generations, with improvements in education, employment,



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**Figure 8.** *Economic Impact of Investing in Early Childhood Learning*



**SOURCE:** *HeckmanEquation.org*<sup>69</sup>

crime, school suspensions and health for the children of those who had participated in the Perry Preschool Project. This research suggests that investments in early childhood care and education, properly structured and targeted, could be a critical tool to unlock intergenerational upward mobility and economic opportunity.

There is widespread public support for greater investment in families. As a May 2021 Bipartisan Policy Center/Morning Consult poll found, among America’s parents, 88 percent believe expanding government support would be beneficial for parents and children, including 95 percent of liberals, and 79 percent of conservatives. A 2021 American Compass poll found something similar: Across all incomes and regardless of parental status, 60 to 75 percent of Americans say that the government should do more to support families. In all cases, the primary rationales are that “families are falling behind and need help,” or “more assistance to families would improve the lives of children.”<sup>70</sup>

#### 4. PEOPLE ARE HAVING FEWER CHILDREN

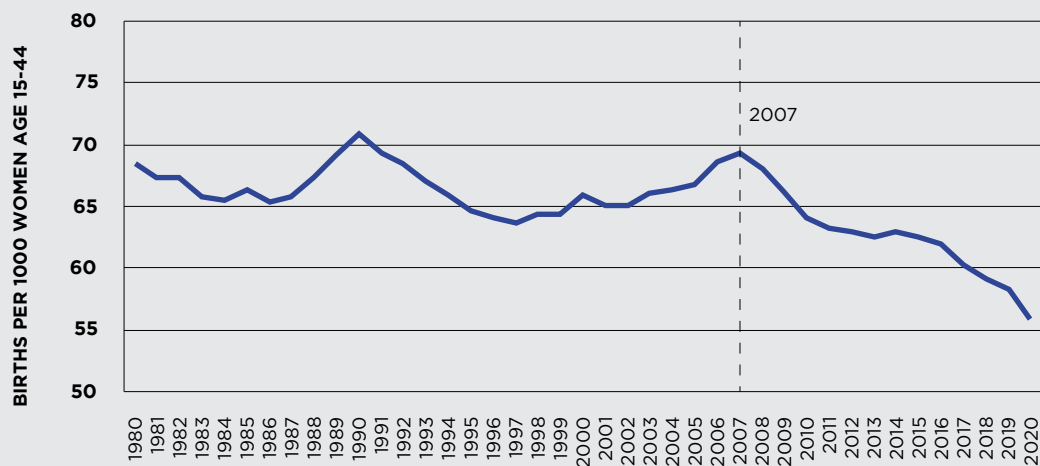
*Hispanics in the U.S. have a higher fertility rate than other racial or ethnic groups, but it is declining at a more rapid pace.*<sup>71</sup>

Today’s birth rate is about 20 percent lower than it was in 2007. This is likely attributable to a wide variety of reasons, such as delayed marriage and an increase in women’s education. Indeed, a decline in fertility is occurring across the developed

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world, even in countries with significant family-related supports, suggesting a significant cultural shift is occurring. To that point, as argued by AEI's Scott Winship, it's not clear that the decline in fertility rates is out of step with people's desires or preferences.<sup>72</sup> According to his analysis, millennial women have been no less successful than late-boomer women at achieving their desired fertility.<sup>73</sup>

**Figure 9.** *Trend in U.S. Birth Rates, Yearly, 1980-2020*



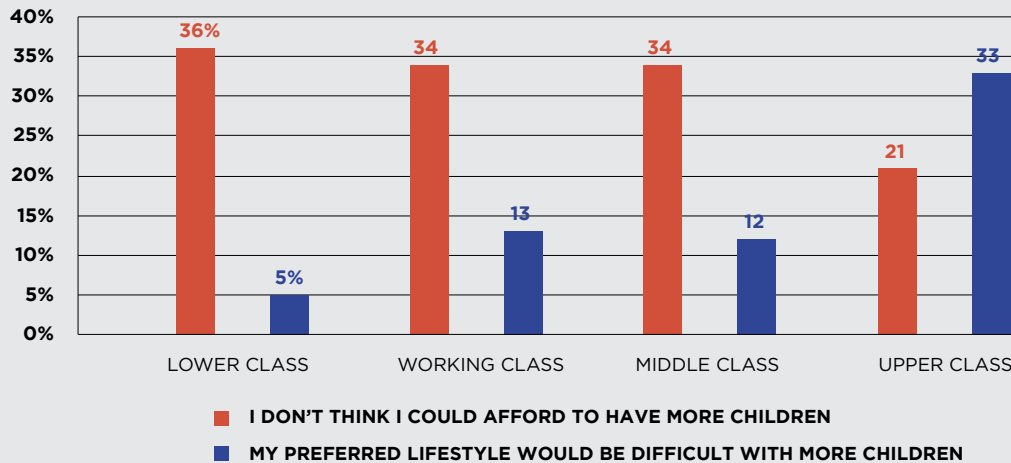
**SOURCE:** *CDC Vital Statistics Reports for 2015, 2016, and 2020.*<sup>74</sup>

That said, polling evidence suggests that costs may also be a contributing factor for people who are choosing to forgo having (or having more) children.<sup>75</sup> Nearly half of parenting-age Americans say they would ideally have more children than they have had, according to a recent poll. Low- and moderate-income households are at least twice as likely to cite affordability rather than lifestyle or career as the reason they have had fewer children than they want.<sup>76</sup> A *New York Times* / Morning Consult survey explored this trend further. The poll asked adults who reported having or expecting to have fewer than their ideal number of children the reason for the mismatch. Out of the top eight reasons cited, six were related to finances, including: “Child care is too expensive,” “Worried about the economy,” and “Can’t afford more children.”<sup>77</sup>

Affordability challenges also may impact the ability to sustain a pregnancy. While abortion used to be only loosely related to income, in recent decades abortions increasingly have become concentrated among impoverished women. In the most

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**Figure 10.** *Reason for Unmet Fertility (By Class, Married Respondents Only)*



**SOURCE:** *American Compass Home Building Survey (2021).*<sup>78</sup>

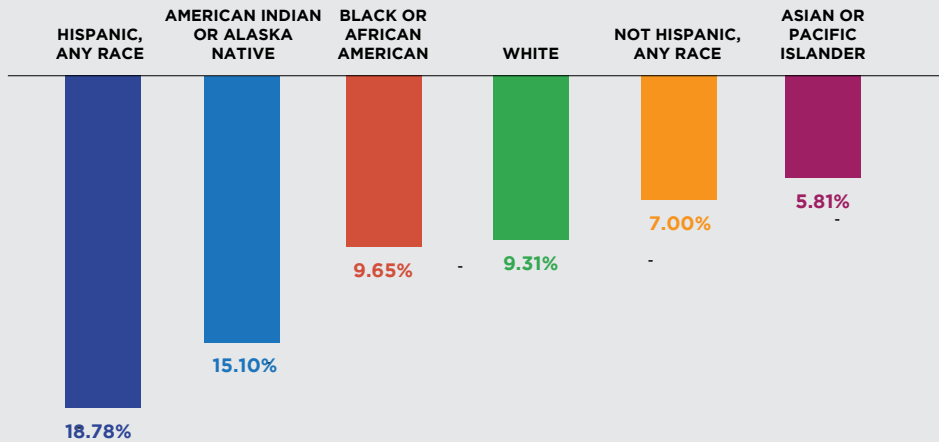
recent survey of abortion patients conducted by the Guttmacher Institute, nearly half of abortions are performed for women living below the poverty line as of 2014 (up from 30 percent in 1987), and 75 percent were to women considered poor or low-income.<sup>79</sup> Women have abortions for complicated and interrelated reasons, but the leading factors from multiple polls are lack of financial security (40 percent) and the likelihood of job or education interruption.<sup>80</sup>

Hispanics have tended to an elevated fertility rate relative to other racial and ethnic groups in America.<sup>81</sup> Nevertheless, the decline in fertility rates has impacted all demographics, with severe declines among Hispanics.<sup>82</sup> According to the Institute for Family Studies, age-adjusted fertility rates for Hispanics have fallen from 2.85 births per woman in 2008 to 2.1 in 2016, whereas non-Hispanic fertility has declined from 1.95 births per woman to 1.72. This means that *half* of the “missing kids” over the last decade would have been born to Hispanic mothers.<sup>83</sup>

Again, having fewer children may reflect people’s preferences and increased opportunities more than prohibitive costs.<sup>85</sup> This has been the subject of much debate given that the reason driving reduced fertility impacts the justification and efficacy of a government response.<sup>86</sup> Yet reduced family formation has significant macroeconomic implications. A declining birthrate

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**Figure 11.** *Fertility Declines have been most severe for Hispanics, American Indians*



**SOURCE:** *Institute for Family Studies.*<sup>84</sup>

will decrease the future labor supply and put downward pressure on economic growth. Additionally, with pay-as-you-go social programs such as Social Security and Medicare reliant upon population growth, the decline in family formation could hasten a fiscal crisis.

### 5. PARENTS ARE INCREASINGLY ISOLATED

*Hispanics tend to have elevated levels of social capital as measured by marriage, multigenerational households, and church attendance. But they have not been immune to broader trends. In 2016, half of Hispanic children were born to unmarried mothers, up from 34 percent in 1990.*<sup>87</sup>

America has the highest rate of single parenthood in the developed world. Nearly one in four American households is headed by a single parent, and two out of five births occurs outside of marriage.<sup>88</sup> Government policy isn't helping; according to a recent 2022 NBER study, our existing tax and benefit system actively discourages marriage for low-income single mothers by introducing cliffs in benefits if they choose to marry.<sup>89</sup>

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Single parenthood directly impacts family affordability. An AEI study by Robert L. Lerman and W. Bradford Wilcox found that growth in median income for families with children would be 44 percent higher today if the 1980s level of married parenthood had persisted. The economic disadvantages of single parenthood are particularly acute for single mothers, 43 percent of whom live at or below the poverty line, compared to 24 percent of single fathers and 10 percent of married parents.<sup>90</sup>

While families are the primary unit of social capital, they are not the only type of relational support. Communities, faith-based organizations, work, and extended families can provide a place of belonging and support. Yet this type of social capital also has frayed in recent decades, as tracked by the Joint Economic Committee's (JEC) 2017 report, "What We Do Together."<sup>91</sup> The weakening of social capital has a direct impact on family affordability. Recent work led by Harvard economist Raj Chetty shows that stable families—combined with school quality, the degree of racial and income segregation, and the strength of social networks—explain more than 76 percent of the variance in upward mobility across various regions. All of these correlates are closely linked to relational and community health more than macroeconomic conditions.

On many metrics, Hispanics have elevated levels of social capital relative to many other racial and ethnic groups. Hispanics have an elevated marriage and cohabitation rate relative to low-income Black and White men and women;<sup>92,93</sup> have a higher rate of living in multigenerational households than White households (which likely reflects financial constraints but also cultural values);<sup>94</sup> and the highest rate of church attendance behind Black Americans.<sup>95</sup> This could be the reason why Hispanic children have a moderate level of upward mobility, despite challenges such as immigration. Hispanic persons raised in lower-income families reached the 37th percentile, on average, which is only four percentage points below the average rank of low-income White children and eight percentage points above the average for low-income Black children.<sup>96</sup>

Yet Hispanics have not been immune to a thinning of social capital. While marriage rates among foreign-born Hispanics has changed little and is above the national average, it has dropped for domestic-born Hispanics, with the percentage married decreasing from 50 percent in 1990 to 33 percent among men in 2017 and from 51 percent to 36 percent among women.<sup>97</sup> In 2016, half of Hispanic children were born to unmarried

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mothers, up from 34 percent in 1990,<sup>98</sup> though some of this is due to relatively high rate of cohabitation among Hispanics.<sup>99</sup> And while church membership has been broadly declining over the last decades, Hispanic church membership dropped from 68 percent to 45 percent since 2000, a much bigger decline than for Whites and Blacks.<sup>100</sup>

Parenting is a tight-rope act, and few people have a net beneath them to catch their fall. Children require a tremendous amount of resources—time and financial—but they also require social investment from their household and the community around them.

# Five Policy Solutions

Federal policymakers keen to increase family affordability should prioritize the following policies:

- 1. Remove government barriers to affordability and choice**
- 2. Implement a national paid parental leave program**
- 3. Simplify the maze of existing government programs into a monthly cash benefit**
- 4. Create more opportunities for good-paying jobs and affordable care**
- 5. Equip and engage local community organizations, such as churches**

## 1. REMOVE GOVERNMENT BARRIERS TO AFFORDABILITY AND CHOICE

Too often government policies drive up costs and limit choices for families, especially for low-income families. Wherever possible, government barriers standing in the way of family affordability should be removed.

States and localities should review their zoning laws to allow for more multifamily and low-income housing, which would improve families' budgets, job opportunities, and children's outcomes. According to a recent poll, "Half of respondents (50 percent) said they would somewhat or strongly support including incentives to local communities in a reconciliation bill, to remove zoning and land-use restrictions that prevent the development of more housing."<sup>101</sup>

Zoning reform could help to reduce achievement gaps between high and low performing schools, according to research by economist Jonathan Rothwell Large.<sup>102</sup> Ideally, quality K-12 is even more thoroughly delinked from high-cost housing by an increase in lotteries, charter schools, and school choice. School choice has been found to improve student test scores and attendance rates, in particular for those who previously

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only have access to low quality schools.<sup>103</sup> Students from low-quality neighborhood schools benefit greatly from choice and lottery winners are more likely to graduate from high school, attend a four-year college, and earn a bachelor's degree.<sup>104</sup> According to a recent poll, 85 percent of Hispanics believe that parents should be able to pull a child from a poor performing school and enroll them in a school that is succeeding academically.<sup>105</sup>

With respect to child care, states should reduce barriers to make it easier for new providers to enter the child care market as well as to encourage a proliferation of different types of providers that better match family preferences. As written about in a Niskanen paper by Patrick Brown,<sup>106</sup> this could include:

- streamlining child care regulations not directly linked to safety and quality
- creating an alternative CCDBG application process for non-profit and faith-based providers (a handful of states offer faith-based child care providers waivers from certain regulatory mandates)
- boosting the amount of subsidy to non-profit providers (small providers are currently reimbursed at a lower rate in nearly every state for subsidized child care, which has likely contributed to their declining numbers)<sup>107</sup>

It could also include creating apprenticeship programs that allow for more people to enter the caregiving profession, as several states have piloted, instead of erecting more costly educational requirements.

Wherever possible, marriage penalties in benefit programs should be reduced or eliminated, as detailed in an accompanying paper in this series: “Family Stability: Bridging America’s Social Capital Divide” by Brad Wilcox, Chris Bullivant, and Peyton Roth.<sup>108</sup>

## 2. IMPLEMENT A NATIONAL PAID PARENTAL LEAVE PROGRAM

Childbirth should not be associated with job loss or financial instability. Congress should implement a national paid parental leave program to ensure that all parents—irrespective of their state of residence or occupation—have the time and financial resources to care for their infant in the weeks after birth. Paid parental leave is an economic and health support to parents and their children—but it’s also a cultural



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shift and norm around the value of care and new life. Post-Dobbs, it is an even more essential safeguard to family affordability for unplanned pregnancies.

Paid parental leave is associated with reduced neonatal fatalities, increased rates of breastfeeding, reduced reliance on welfare and debt, and an increase in labor force participation and wages. Fathers who take paid parental leave have more involvement later in a child's life, helping to strengthen family bonds. Paid parental leave also reduces the pressure on the child care system, as infants are the most expensive group to care for. A public paid parental leave program would pay particular dividends to low-income and minority parents. State-based paid family leave programs have been found to increase parents' access to paid time off and benefit at-risk children financially and developmentally, as Angela Rachidi, Peyton Roth, and I wrote about in a recent AEI paper.<sup>109</sup> The largest increases in leave taking from public programs have accrued to Black and Hispanic parents.<sup>110</sup>

In practice, a paid parental leave benefit could be structured a number of different ways:

- Congress could provide parents a flat, lump sum benefit upon the birth or adoption of a child, either in pregnancy or upon birth, in the form of a CTC payment or otherwise. This could be paired with an expansion of the Family and Medical Leave Act, specific to birth and for a more limited amount of time but for which nearly every worker would be eligible (relative to the 40 percent of workers excluded from FMLA protections today)
- Congress could allow workers to advance Social Security payments to financially cover a time of unpaid family leave, as several Republican Senators have proposed, though ideally this would be done as a broader overhaul of entitlement benefits given the existing financial challenges in the Social Security system
- Another option is to create a stand-alone paid parental leave program at the federal level, as was proposed by the Trump Administration and the AEI-Brookings Working Group on Paid Family Leave.<sup>111</sup> This would allow for recipients to claim a portion of their wages for the duration of leave. A social insurance program is how the existing state-based paid leave programs are structured.

States, employers, and nonprofits could build off this period of leave, but there would be a standard under which no worker would fall. Since the benefits accrue to the infant as well as to the parent, a paid parental leave plan should be based on a child's citizenship status.

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### 3. SIMPLIFY THE MAZE OF EXISTING GOVERNMENT PROGRAMS INTO A MONTHLY CASH BENEFIT

Too many government programs aren't working like they should and aren't delivering support where it's most needed. Congress should provide low- and moderate-income families with a monthly cash payment, directly deposited into family bank accounts, along the lines of what has been proposed by Senator Mitt Romney in the "Family Security Act."<sup>112</sup> A monthly payment would help give families more flexibility to meet their unique needs.

The impact of cash support relative to the existing system was on full display during the COVID-19 pandemic, where a temporary expansion of the CTC was associated with dramatic reductions of child poverty as well as reductions in food insecurity.<sup>113</sup> According to the Census Bureau's Household Pulse Survey, the most common reported uses of payments were for basic needs, including food (65 percent), utilities and telecommunications (40 percent), rent and mortgage (39 percent) and clothing (34 percent). Spending on basic necessities was most common among Black and Hispanic families.<sup>114</sup> This speaks to the generalized economic insecurity that many families with children are facing. That said, cash support at the level given during the pandemic also likely exacerbated inflationary pressures and, if extended, could have had negative effects on work.

On that latter point, there has been considerable debate about a work or income requirement to a child allowance. Senator Romney has introduced two versions of his plan, the first with no income or work requirement and the second which requires family income of \$10,000 or more for the full CTC benefit to kick-in. The work requirement was added to address critiques that unconditional cash may discourage work or induce government dependence, something dubbed the "income effect" in economics. Indeed, a recent University of Chicago report found that the negative impacts on work from a fully refundable CTC could reduce anti-poverty impacts.<sup>115</sup> That said, a work requirement leaves out the most vulnerable families for whom the existing safety net does not appear to be working and for whom even small amounts of income are valuable.

A compromise could be that a smaller, baseline monthly CTC benefit is made available to all parents below a certain income level irrespective of work or for a period of time,

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such as the first year of a child's life.<sup>116</sup> The amount could dynamically increase as earnings increase to create a work incentive. Wage and child care support would also create additional work incentives as would an increase in family-friendly workplaces. To curb the inflationary impact, the benefit should phase out relatively soon up the income spectrum and be targeted to low- and moderate-income households, whereas current CTC law and proposals continue up to \$400,000 in household income, far beyond when government support is warranted from a needs-based perspective and increasing the cost of the policy. Another way to curb the inflationary impacts of the benefit is to only provide it when children are young—when infant brain development is at its peak, before benefits such as public school and parents' increase earning potential comes into play—instead of for 18 years.

A benefit like this must be paid for, (unlike the Republicans' 2017 tax bill which doubled the CTC, or the pandemic CTC expansion, both of which were deficit-financed). In the most ideal scenario, there would be a grand bargain to return the U.S. to a sustainable fiscal trajectory that necessitates tackling old-age entitlements and could create space for new benefits. Over the next decade, the share of spending on adults over age 65 will comprise over half of all federal spending,<sup>117</sup> whereas the share for children will decline to 7 percent. Instead of resetting the table of what we already spend on children and poverty, a larger share of the overall pie should be invested in youth and the next generation.

While a modest cash support would theoretically deliver most benefits to low-income families, this is not automatic. Specific outreach needs to occur to Hispanic communities, who have had a lower take-up of the credit historically, likely in part from a language barrier. In the pandemic related expansion, 75 percent of eligible Hispanic families received the credit relative to 84 percent of White families.<sup>118</sup> Importantly, the CTC should be based on child citizenship, not parental citizenship. While providing the CTC irrespective of immigration status could create moral hazard around the border, children who are born here are citizens and thus should be entitled to the full set of offerings and benefits available.

### 4. CREATE MORE OPPORTUNITIES FOR GOOD-PAYING JOBS AND AFFORDABLE CARE

The primary lever of financial independence and affordability is work. Policymakers and employers focused on increasing family affordability should focus on creating more

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high-paying jobs and conducive environments for parents to blend work and care in the way that they prefer. Access to better paying jobs would also create more options for a parent to stay home or reduce hours to care for their children without financial stress.

The number one desire for working parents, across a number of polls, is flexibility from their employers. This became more possible during the COVID-19 pandemic of 2020 and the transition to remote work: a trend that is likely to continue, to the benefit of working mothers. There is some evidence that blue-collar workers are changing jobs to those that provide more flexibility.<sup>119</sup> For jobs where flexibility or remote work are not options, employers offering predictable scheduling and on-site child care, or child care vouchers, would help make employment more achievable for working parents. Government and employers can also make it easier to work part-time, the preference of many working mothers in the U.S. and abroad, which better allows for work and care.<sup>120</sup> One way to encourage part-time work is to allow for part-time workers to access company benefits. Another way is to encourage a system of more portable benefits, which free market conservatives should support for reducing friction in the labor market.

Child care is one of the most significant barriers to work for many low-income families and single parent households in particular. Congress should fully fund the bipartisan, state-based CCDBG systems,<sup>121</sup> which functions as a school choice program for early childhood education: Just as parents using education vouchers can choose to send their children to a variety of schools, parents who need care for their children outside the home can choose among a wide diversity of options. CCDBG allows low-income families to offset the costs of child care for a provider of their choice, including center-based care, religious providers, and even family and friend providers—the latter being an underdeveloped option and the preference of many Hispanics as previously mentioned.

Continued wage support, through programs like the EITC, would boost the rewards to low-wage work, providing more financial flexibility for families. Additionally, recognition of job credentials earned abroad would be of value to foreign-born parents seeking employment as would immigration reform. Other reports in this Social Capital Campaign series explore opportunities for better work at higher wages, including increasing access to vocational training and education savings accounts.<sup>122</sup>

While these reforms are directed to working parents, stay-at-home parents would also benefit. As previously mentioned, a disproportionate share of these parents are Hispanic

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mothers. Families that prefer stay-at-home parenting would benefit from higher wages for the parent in the labor force and as well as increase in that parent's workplace flexibility and ability to take paid leave following the birth of a child. An increase in flexible workplace options could also increase options for stay-at-home parents to work on a reduced schedule that allows them to still be with their children much of the time.

### 5. EQUIP AND ENGAGE LOCAL COMMUNITY ORGANIZATIONS, SUCH AS CHURCHES

Family affordability is about more than money. A rich associational life provides a plethora of relational, social, and emotional benefits to families. As summarized in the bipartisan Communitarian movement's position paper on the family in 1993: "A responsive community must act to smooth the path for parents so that joys of family life might be more easily felt and its burdens more fairly borne."<sup>123</sup> AEI scholar Ian Rowe describes how children grow and develop most fully in a system of layered relationships including but beyond family, such as schools and churches.<sup>124</sup>

The faith-based community has an extensive network that could be mobilized further. There are an estimated 380,000 churches embedded in communities across the U.S, according to the National Congregational Study Survey.<sup>125</sup> By comparison, there are only 31,000 post offices and 100,000 public and charter schools.<sup>126</sup> The sheer number and geographic spread of existing churches suggests that they could help to fill a vital gap in community support for parents. Churches could increase their provision of on-the-ground support to families including parenting classes, marriage counseling, daycare provision, and mother's day out programs, among other options. The faith community could be better integrated into existing state and local government programs, such as child care, home visitation, and mentoring programs, given their existing relationships with congregants. Post-Roe, this type of community support and investment is especially important as more children are likely to be born into compromised financial situations, particularly in Red states, and crisis pregnancy centers (often faith-based) may be shifting their missions accordingly.

To be sure, many churches face financial challenges of their own. But there are ways to support and equip them, such as rectifying incentives for charitable giving. Nearly half of the population has no income-tax liability, and thus does not benefit from the existing charitable tax deduction.<sup>127</sup> An above-the-line deduction, would allow all

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households to deduct charitable giving even if they do not itemize their deductions. This is likely to have the effect of increasing giving to local organizations addressing poverty and childhood. That’s because while wealthier households tend to donate to art- and education-related nonprofits, middle- and low-income households (currently excluded from the charitable tax deduction) are significantly more likely to give to faith-based and poverty efforts.<sup>128</sup>

Of course, there is a much broader array of community and nonprofit supports beyond faith-based groups. One way that communities can leverage their respective resources towards the common goal of better supporting families would be to set up local “opportunity councils” with a cross-sector of local leadership across the government, nonprofit, faith-based groups, and parents. This idea was proposed by former AEI economist Aparna Mathur and me in a *National Affairs* article and has been used elsewhere with success to address complex problems such as child poverty in Canada and child school performance through a group called StriveTogether in Cincinnati.<sup>129</sup> Too often, localities’ resources are stove-piped into separate functions—housing, education, family support, etc. There is hardly ever an overarching, comprehensive focus on a single outcome. Opportunity councils could be authorized to help direct private investment or public resources around child outcomes or family affordability and help connect various parts of the community that do not regularly interact.

## *Conclusion*

Raising a family is a costly endeavor. Child-related expenses such as housing and child care are rising relative to incomes. Workplaces are often uncondusive to caregiving needs and family life. The safety net has not been modernized. And the structure of families and communities have weakened, exacerbating challenges to affordability and care. Hispanic families face a unique set of affordability challenges—due to a broken immigration system that impacts work, care, and benefit options.

Fortunately, there are steps that the government, employers, and communities can take to better support those raising the next generation. In some places, this involves removing government barriers. In others, a more modern safety net is needed, such as a paid parental leave system or more regularly distributed child benefit with improved distribution channels to at-risk communities. Employers can take steps to be more inclusive of parents, regardless of employee wage level or occupation, through their benefits and scheduling practices. Local communities and faith-based groups can better come together to support families.

The policies outlined in this paper will help to reduce the affordability pressures facing families to improve child, parent, and societal outcomes.

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