

# The Government We Deserve

## GENE STEUERLE

June 15, 2012

### Could the Fight Over Marriage Affect Welfare and Tax Reform?

Could the debate over gay marriage force the federal government to correct the crazy ways our broken welfare and tax systems treat the institution? So far, the marriage discussion has focused on the rights of different couples to wed, but the issue stretches way beyond this rather limited focus. The government today spends hundreds of billions of dollars annually both fining and subsidizing marriage. Yet the funds are distributed unevenly and poorly, typically penalizing married couples during their childraising years and rewarding them when the children are grown. They also tend to penalize marriage more for those who are poorer. Those who can gain the most from this system are those who, legality aside, consider a marriage vow optional.

As social pressure for adults to marry has declined, government marriage penalties have risen and reinforced that decline. Though many forces are at play in both developments, these trends have made a huge equity issue loom ever larger. Congress gives primary status in our social welfare and tax systems to those who don't care for marriage that much one way or the other. They can opt not to marry when there are penalties and opt into the system when there are bonuses. As one result, what used to be called a marriage penalty should now be relabeled the marriage vow penalty. Couples who choose to marry—for love, family, religion—despite the penalties they'll incur are the ones who lose.

What makes the fight over gay marriage so interesting in this respect is that it is between two groups who hold marriage vows sacred but do not want the other group defining who is qualified to take them. Yet when it comes to the state, and how it bases support on marital and family status, neither group is the most advantaged in the current system; rather it is those who treat the marriage vow as secular or utilitarian, not sacred.

A little explanation. [Marriage penalties today largely arise in spending and tax subsidy programs largely as a byproduct of historic efforts to support children](#). Outside of public education, these supports for children are largely means tested—that is, the benefits are removed as family income increases. And marriage tends to increase that income. (Historically penalties also arose for some joint returns filing income tax returns, although less so than in the past.)

Take a low-income mother who makes about \$10,000 a year. If she simply marries or remains married to a moderate-income worker who makes about \$25,000, their family income goes up and she can lose earned income credits, supplemental nutrition assistance (formerly called food stamps), Medicaid, and, under recent health reform, subsidies to buy health insurance. By not marrying, the couple's combined income often can be \$5,000 or \$10,000 higher.

Many of those benefit programs are available to everyone raising children, including you and me, in months or years when our incomes fall low enough. If households further qualify for welfare or housing or other assistance that is not so universally available and sometimes requires coming off a waiting list, the penalties are even higher.

In some low-income communities, marriage is now the exception rather than the rule. In effect, not taking the marriage vow is the primary “tax shelter” available for low- and moderate-income individuals, and aggregate incomes in those communities would fall substantially should they start to marry in greater proportions. At the same time, a very large percentage of our children are now raised by one parent. Isabel Sawhill, a Senior Fellow at the Brookings Institution [recently reminded us of the negative societal consequences of this trend](#).

On the flip side of the social welfare ledger, Social Security provides very large subsidies for spouses. Unlike private pensions, spousal and survivor benefits are paid for by all workers, including those who are ineligible because they were married for less than 10 years. And workers get these benefits for their spouses independently of raising children or paying a dime more than other workers. As a result, many workers, especially low-income women raising children, pay more taxes and raise more children than many Social Security spouses and survivors who do neither but still get higher benefits. Think of this marriage bonus as a penalty for singles, including abandoned parents.

In effect, the single parent gets penalized for marrying when raising children, then for not marrying when close to retirement.

The income tax rate schedules, in turn, now mainly provide marriage bonuses for middle, upper-

middle, and some richer families, especially where one partner receives a disproportionate share of the earnings. When these tax and subsidy systems are considered together for the working population, penalties are more likely to apply to poorer households and bonuses to richer households.

These structures, unfairly and inefficiently designed in the first place, have become increasingly outdated relative to the conditions and needs of the modern society. Yet year after year, both political parties have indiscriminately created and added to these various marriage penalties and subsidies. Because so much money is at stake, they have been afraid so far to engage in any fundamental reform.

As wedding vows become more of an optional item for those who do not believe in the institution of marriage, one wonders how long this increasingly inequitable structure can stand.

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**The Government We Deserve** is a periodic column on public policy by Eugene Steuerle, an Institute fellow and the Richard B. Fisher Chair at the nonpartisan Urban Institute. Steuerle is also a former deputy assistant secretary of the Treasury. The opinions are those of the author and do not necessarily reflect those of the Urban Institute, its trustees, or its sponsors.

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