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Little Bang for Two-Income Buck

EDITORIAL

Women comprise 46 percent of the U.S. work force, up from 27 percent in 1940, the Department of Labor reports. Back then, fewer than one in eight mothers with children worked; today, the ratio exceeds six in 10. In this materialistic age, the two-paycheck family has become the norm. Since 1940, the proportion of households with one wage-earner and a stay-at-home spouse has declined from two-thirds to 21 percent.

But economic evolution has come with steep social costs. Too many adults have sacrificed their parental responsibilities. More children than ever are home alone for hours while their parents work, leading to more juvenile delinquency and crime. The stresses of two-paycheck families have contributed to the growth in the rates of divorce and single motherhood and all their attending social pathologies.

And according to a new book, **“Leaving Women Behind,”** by **John Goodman and Celeste**

Colgan of the National Center for Policy Analysis and Wall Street Journal columnist Kim Strassel, two-paycheck families aren't getting much bang for their buck for all their sacrifices. Their book is not another pay-equity screed, but a thoughtful analysis of the steep hidden costs for dual earners. To wit:

- Presuming her husband is the bread-winner, a married working woman is subject to high marginal tax rates. Even if she is paid the minimum wage, her earnings are taxed at her husband's higher rate because their wages are combined for tax purposes.
- Even if the husband has maxed out of his Social Security payroll taxes, the wife pays Social Security taxes on every dollar she earns up to the \$90,000 maximum, but gets few, if any, extra benefits in return.
- After accounting for taxes and other costs associated with working, such as child care, gasoline, clothing and domestic

services she used to provide as a homemaker, a woman in a middle-income family gets to keep only 35 cents out of every dollar she earns.

- If a woman ends up on welfare, she supposedly is encouraged to work. But if she does, her taxes combined with loss of benefits produce an effective marginal tax rate of 79 percent, a huge incentive to stay on the public dole.
- If the husband dies, Social Security provides modest benefits to the wife as long as she stays at home to care for their children. If she works, the effect of taxes and lost benefits creates a marginal tax rate of 87 percent.

Neither we nor the authors are advocating a return to the days of barefoot and pregnant, but Labor Day gives women and men time to consider whether the small financial return of two paychecks is worth having each keep a shoulder to the wheel.