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FAMILIES ALONE: THE CHANGING ECONOMICS OF REARING CHILDREN

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Families with children are under assault. The assault is quiet, attracting no newspaper headlines, no congressional investigations, no knowing conversations at dinner parties. The assault is stealthy, but no less dangerous to the financial survival of these families and their children — and ultimately to the survival of the middle class itself.

The assault comes in the form of a shift in responsibility for paying for the education of the next generation of children. In the period from the early 1970s to the early 2000s, the cost of educating children has shifted significantly. Instead of an expense shared proportionately by those with children and those with no children, education costs are increasingly borne by individual parents. The U.S. educational system remains formally public, available to all children, but the reality is rapidly becoming quite different. A failing public school system has imposed new, indirect costs on middle-class parents, igniting a bidding war for houses in a shrinking number of good school districts. Our once-public school system is now public in name only. It has transformed into a private system in which families buy admission to a decent school by purchasing expensive homes in a select few neighborhoods. At the same time, what constitutes a basic education has shifted as well. In a single generation, American families' view of a core education has expanded to include two years of preschool and four years of college. In effect, the years of basic formal education have grown from thirteen to nineteen, but public support has not expanded to include either end of the educational spectrum.

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This means that the public portion of a basic education has shrunk from 100% of kindergarten through twelfth grade in the early 1970s to 68% of the cost of preschool through college in the early 2000s. Families with children are left to bear the additional cost alone.

Many have written about the failing public school system, the costs of undereducating the next generation of children, and the kind of education reforms that are needed to assure a basic education for each child.[1] This lecture takes a different look at the consequences of a failing public education system: the devastating financial impact on families who are struggling to buy their way into decent schools, who are borrowing money to pay tuition, who are spending far beyond their means not for big screen TVs and fancy vacations, but who are going broke trying to secure a basic education for their children.

The shifting economics of rearing children is devastating families with children. Today the people who consistently rank in the worst financial trouble are united by one surprising characteristic. They are parents with children at home. *Having a child is now the single best predictor that a woman will end up in financial collapse.* Married couples with children are more than twice as likely to file for bankruptcy as their childless counterparts.[2] A divorced woman raising a youngster is three times more likely to file bankruptcy than her single friend who never had children.[3] Over the past generation, the signs of middle-class distress have continued to grow, in good times and in bad, in recession and in boom.[4] If those trends persist, more than

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1. *See, e.g.*, RICHARD D. KAHJLENBERG, ALL TOGETHER NOW: CREATING MIDDLE-CLASS SCHOOLS THROUGH PUBLIC SCHOOL CHOICE (2001).

2. The 1981 data are based exclusively on court records, which do not list marital status. For this calculation, women filing alone are treated as unmarried and joint filers are treated as married. In 2001, since marital status is known, that simplification is not needed. The 1981 data are calculated from the 1981 Consumer Bankruptcy Project (on file with author), reported in greater detail in TERESA SULLIVAN, ELIZABETH WARREN & JAY WESTBROOK, AS WE FORGIVE OUR DEBTORS: BANKRUPTCY AND CONSUMER CREDIT IN AMERICA 17 (1989). The 2001 data are calculated from the 2001 Consumer Bankruptcy Project (on file with author), reported in greater detail in ELIZABETH WARREN & AMELIA WARREN TYAGI, THE TWO-INCOME TRAP (2004). Bankruptcy data are from the Administrative Office of the United States Courts and the United States Department of the Census. The numbers for both years are adjusted so that the sample of debtors perfectly reflects the proportion of single-filing and joint-filing petitioners in bankruptcy nationally.

3. 2001 Consumer Bankruptcy Project, *supra* note 2. The 2001 filing rate for couples with children was 14.7 per 1000, compared with 7.3 per 1000 for couples with no children. *Id.*

4. The bankruptcy rolls increased rapidly during the late 1980s and again in the late 1990s, both of which were expansionary periods. Bankruptcy data from Admin. Office of the United States Courts, 1987-2003 Fiscal Year Bankruptcy Filings by Chapter & District, *available at* http://www.uscourts.gov/bnkrpctystats/FY1987-2003.pdf.

five million families with children will file for bankruptcy by the end of this decade. That would mean that across the country *nearly one in every seven families with children* would have declared itself flat broke, losers in the great American economic game.[5]

The lines at the bankruptcy courts are not the only signs of financial distress. A family with children is now 75% more likely to be late on its credit card payments than a family with no children.[6] The number of car repossessions has doubled in just five years.[7] Home foreclosures have more than tripled in less than twenty-five years, and families with children are now more likely than anyone else to lose the roof over their heads.[8] Economists now estimate that for every family officially declaring bankruptcy, there are seven more whose debt loads suggest that they *should* file for bankruptcy — if only they were more savvy about financial matters.[9]

In many circles, "social safety net" is a code word for services to the poor, such as public assistance, Medicaid, or subsidized housing. But a social safety

5. This projection is based on a linear regression of personal bankruptcies in the United States between 1980 and 2002. The r-squared value was 0.937. This calculation assumes that the proportion of bankrupt families with children remained constant throughout this period. Based on these assumptions, 5.1 million families, or 13.5% of all households with children, would file for bankruptcy between 2003-2010. This calculation does not account for changes in the population of families with children, since these changes are expected to be modest: the U.S. Census projects that the number of families with children will fall (by less than 2%) over the next five years. BUREAU OF CENSUS, U.S. DEP'T OF COMMERCE, TABLE 5: PROJECTED NUMBER OF FAMILIES WITH CHILDREN UNDER 18 BY TYPE: 1995 TO 2010, SERIES 1, 2, AND 3 (1996), *available at* http://www.census.gov/population/projections/nation/hh-fam/table5n.txt.

6. Cardweb.com, Late Players (Oct. 2002), http://www.cardweb.com/cardtrak/news/2002/october/22a.html.

7. Adam Fifield, *For the Repo Man, These Are Good Times: The Sluggish Economy Makes for Busy Nights in a Ticklish Job*, PHILA. INQUIRER, Dec. 29, 2002, at A01. Harvey Altes, the CEO of Time Finance Adjusters Inc., a trade association of accredited repossessors, "estimated that between 1998 and 2002 the number of cars repossessed nationally doubled from 1.2 million to around 2.5 million." *Id.*

8. WARREN & TYAGI, *supra* note 2, at 194 n.10 (citing U.S. Mortgage Bankers of Am., Foreclosure at the End of Quarter (2002) (unpublished data, on file with author)). The proportion of mortgages in foreclosure proceedings at the end of quarter increased from .31% in 1979 to 1.1% in 2002, an increase of 255%. *Id.* For homeowners who were initially backed by FHA single-family mortgage insurance between 1982 and 2000, married couples with children were, on average, 39% more likely to undergo foreclosure by 2002 than married couples without children. *Id.* (citing U.S. Dep't of Housing & Urban Dev., FHS Single Family Mortgage Insurance Cumulative Number and Percent of Foreclosures, 1982-2002 (unpublished data, on file with author)). Single parents were 28% more likely than single individuals without children. *Id.*

9. Michelle J. White, *Why It Pays to File for Bankruptcy: A Critical Look at the Incentives Under U.S. Personal Bankruptcy Law and a Proposal for Change*, 65 U. CHI. L. REV. 685, 706-08 (1998).

net is any system that helps distribute certain costs among all citizens and that assures that some minimal threshold of decent housing, adequate medical care, and sufficient food are available regardless of ability to pay. A critical part of the strengthening of the middle class has been the strong safety net that has distributed the costs of educating children among all citizens. A strong public education system not only spreads educational costs among parents of different means, but it also draws in those whose children are grown, those who will have children in the future, and those who will never have children to help bear a significant portion of the cost of educating the next generation of citizens. It also assures that children born into families of different financial status will nonetheless have access to a basic education and that families who fall into temporary economic distress will not sacrifice their children's education because they cannot afford tuition.

The data reported in this paper suggest that the ideal of public education is dissolving and that parents are bearing a growing share of the cost of educating their children. While many have debated the consequences of school failure on children from chronically poor families, the divisions of the past generation suggest that even among middle-class families a single educational system that provided for nearly all children is breaking into a two-tier system of highly differentiated educational opportunities. The impact of this difference is that a growing number of families are bankrupting themselves trying to provide their children with reasonable educational opportunities.

What follows is an overview of how the American middle-class family came to be in this situation. Part I discusses the failure of most public schools, which has pushed parents to search out a good school in the suburbs to ensure their children's success. Part II explores the costs inherent in that search, with Part III demonstrating how this search for good schools has turned into a bidding war on house prices. Part IV looks at increased transportation costs correspondent to this flight to suburbia. Parts V and VI explore the expanded scope of today's necessary education, which now includes preschool and college, and the lengths middle-class families are going to in order that their children receive these extra years of education. Part VII looks at how this struggle to educate their children exerts upward pressure on the costs facing a middle-class family. Finally, Part VIII argues that this trend is evidence of a retreat from the American commitment to providing a free, basic education to every child.

I. A Good School

As the role of formal schooling in securing access to good jobs has changed, parents have paid increasing attention to their children's educations. No longer can parents shrug off a child's failure at school, confident that young Bill will work at the car plant alongside his dad or little Ellie will marry a good provider. Parents have become increasingly convinced that their children's education is an important factor in their future success. For Americans in particular, education has been the avenue both to success in a professional meritocracy and social mobility, as well as a key ingredient for citizenship in a democracy.

What has changed in just the past generation, however, is the pressure to find a good school so that children can reach their full potential. In the early 1970s, not only did most Americans believe that the public schools were functioning reasonably well, a sizable majority of adults thought that public education had actually *improved* since they were kids.[10] Today, only a small minority of Americans shares this optimistic view. Instead, the majority now believes that schools have gotten significantly worse.[11] Today fully half of all Americans are dissatisfied with America's public education system, a deep concern shared by black and white parents alike.[12]

Parents are struggling to find schools in which they can have confidence. Even politicians who cannot agree on much of anything agree that there is a major problem in America's public schools. In the 2000 election campaign, for example, presidential candidates from *both* political parties were tripping over each other to promote their policies for new educational programs — notwithstanding the fact that education is largely within the province of local, not national, government. But the politicians acted with good reason. According to a recent poll, education now ranks as voters' single highest priority for increased federal spending — higher than health care, research on AIDS, environmental protection, and fighting crime.[13]

Everyone has heard the all-too-familiar news stories about kids who cannot read, gang violence in the school, classrooms without textbooks, and drug dealers on the school playground. For the most part, the problems are not just academic; they are also depicted as the evils associated with poverty.[14] Even President Bush, who did not exactly run on a help-the-poor platform, focused

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10. George H. Gallup, *The Eleventh Annual Gallup Poll of the Public's Attitudes Toward the Public Schools*, 61 PHI DELTA KAPPAN 33, 37 (1979).

11. WARREN & TYAGI, *supra* note 2, at 25.

12. Black parents are almost three times more likely than other parents to report that they are "completely dissatisfied" with the quality of their children's schools. Lydia Saad, *Grade School Receives Best Parent Ratings, Education Nationally Gets Modest Ratings*, GALLUP POLL, Sept. 4, 2002 (available by subscription only), *available at* http://poll.gallup.com/content/default.aspx?ci=6742&VERSION=p.

13. WARREN & TYAGI, *supra* note 2, at 22.

14. *See, e.g.*, Arthur Levine, *American Education: Still Separate, Still Unequal*, L.A. TIMES, Feb. 2, 2003, at M1.

on helping "failing" schools, which, by and large, translates into help for schools in the poorest neighborhoods.

The effects of failing schools on poor families is a national disgrace, but the more widespread economic impact is on the middle class — including those who have been lucky enough to avoid the worst failings of the public school system. Failing schools impose an enormous cost on those children who are forced to attend them, but they also inflict an enormous cost on the families of those who do not.

Middle-class parents in every major metropolitan area in the United States can describe the time, money, and effort they devote to finding a slot for their offspring in a decent school. In some cases, the story will be about mastering the system: "We put Joshua on the wait-list for the Science Magnet School the day he was born."[15] In other cases, it will be one of leaving the public school system altogether, as middle-class parents increasingly opt for private, parochial, or home schooling.[16] "My husband and I both went to public schools, but we just couldn't see sending Erin to the [local] junior high."[17] But private schools and strategic maneuvering go only so far. For most middle-class parents, ensuring that their children get a decent education translates into one thing: snatching up a home in the small subset of school districts that have managed to hold on to a reputation of high quality and parent confidence.

Homes can command a premium for all sorts of amenities, such as a two-car garage, proximity to work or shopping, or a low crime rate. A study conducted in Fresno, a mid-sized California metropolis with 400,000 residents, found that for similar homes school quality was *the single most important determinant of neighborhood prices* — more important than racial composition of the neighborhood, commute distance, crime rate, or proximity to a hazardous waste site.[18] A study in suburban Boston showed the impact of school boundary lines. Two homes located less than half a mile apart, and similar in nearly

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15. Quoted in WARREN & TYAGI, *supra* note 2, at 23.

16. From the fall of 1989 to the fall of 2001, the total number of students in the United States enrolled in private elementary and secondary schools grew from 4.8 million to 5.3 million, an increase of 10.4%. ELIZABETH GERALD ET AL., U.S. DEP'T OF EDUC., PRIVATE SCHOOL UNIVERSE SURVEY, 1989-90, at iii (No. NCES 93-122, 1992), *available at* http://nces.ed.gov/pubs93/93122.pdf; STEPHEN P. BROUGHMAN & KATHLEEN W. PUGH, U.S. DEP'T OF EDUC., CHARACTERISTICS OF PRIVATE SCHOOLS IN THE UNITED STATES: RESULTS FROM THE 2001-2002 PRIVATE SCHOOL UNIVERSE SURVEY 2 (No. NCES 2005-305, 2004), *available at* http://nces.ed.gov/pubs2005/2005305.pdf.

17. Quoted in WARREN & TYAGI, *supra* note 2, at 24.

18. David E. Clark & William E. Herrin, *The Impact of Public School Attributes on Home Sale Prices in California*, 31 GROWTH & CHANGE 385, 401 (2000). "[T]he elasticity on *teacher-student ratio* is nearly 8 times that of *murder rate* and just over 10 times that of the largest environmental quality measure [proximity to] (*interstate*)." *Id.*

every aspect, will command significantly different prices if they are in different elementary school zones.[19] Schools that scored just 5% higher on fourth-grade math and reading tests added a premium of nearly $4000 onto the cost of nearby homes, even though these homes and their neighborhoods were virtually the same in terms of character, school spending, racial composition, tax burden, and crime rate.[20]

By way of example, consider University City, the west Philadelphia neighborhood surrounding the University of Pennsylvania. In an effort to improve the area, the university committed funds for a new elementary school. The results were astonishing. At the time of the announcement, the median home value in the area was less than $60,000. Five years later, "homes within the boundaries go for about $200,000, even if they need to be totally renovated."[21] The neighborhood is otherwise pretty much the same: the same commute to work, the same distance from the freeways, the same old, run-down houses. And prices in the city overall rose by only about 25%. Yet, in five years families are willing to pay more than *triple* the price for a home, just so they can send their kids to a better public elementary school. Real estate agents have long joked that three things matter in determining the price of a house: location, location, location. They should update that joke to: schools, schools, schools.

Even diehard critics like Juliet Schor, who chastises the middle class for its wanton overspending, acknowledge the growing pressure on middle-class parents.

> Within the middle class, and even the upper middle class, many families experience an almost threatening pressure to keep up, both for themselves and their children. They are deeply concerned about the rigors of the global economy, and the need to have their children attend "good" schools. This means living in a community with relatively high housing costs.[22]

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19. WARREN & TYAGI, *supra* note 2, at 24 (citing Sandra E. Black, *Do Better Schools Matter? Parental Valuation of Elementary Education*, 114 Q.J. ECON. 577, 591 (1999)).

20. *Id.*

21. Caitlin Francke, *Penn Area Revival Lures Many, Pushes Others Out*, PHILA. INQUIRER, Feb. 24, 2003, at A01. The University of Pennsylvania also made other modest investments in the neighborhood, including hiring trash collectors to clean litter off the streets and employing neighborhood safety "ambassadors." *Id.* That initiative, however, did not represent a significant change; the university had already been policing the area for several years, and many believe that the elementary school was the most important factor in influencing housing prices. *Id.*

22. JULIET SCHOR, DO AMERICANS SHOP TOO MUCH? 11 (2000).

In other words, for many parents the only way to ensure that a beloved youngster gets a solid education is to spring for a center-hall Colonial with an hour-long commute to a job in the city.

Today's parents must also confront another frightening prospect as they work through the options for educating their children: the growing threat of violence. The widely publicized rise in shootings, gangs, and dangerous drugs at public schools sent many parents in search of a safe haven for their sons and daughters. Violent incidents can happen anywhere, as the shootings at lovely suburban Columbine High School in Colorado revealed to a horrified nation. But the statistics show that school violence is not random. According to one study, the incidence of serious violent crime — such as robbery, rape, or attack with a weapon — is more than three times higher in schools characterized by high poverty levels than those with predominantly middle and upper income children.[23] Similarly, urban children are more than twice as likely as suburban children to fear being attacked on the way to or from school.[24] The data expose a harsh reality: parents who can get their children into a more economically segregated neighborhood really have improved the odds that their sons and daughters will make it through school safely.

Newer, more isolated suburbs with restrictive zoning also promise a refuge from the random crimes that tarnish urban living.[25] It may seem odd that families would devote more attention to personal safety — or the lack thereof — when the crime rate in the United States has fallen sharply over the past decade.[26] But national statistics mask differences among communities, and disparities have grown over time. In many cities, the urban centers have grown more dangerous, while outlying areas have gotten safer — further intensifying the pressure parents feel to squeeze into a suburban refuge.[27] In

23. NAT'L CTR. FOR EDUC. STATISTICS, U.S. DEP'T OF EDUC., DIGEST OF EDUCATIONAL STATISTICS, 2001, at 166 tbl.150 (No. NCES 2002-130, 2002), *available at* http://www.nces.ed.gov/pubs2002/2002130.pdf.

24. BUREAU OF JUSTICE STATISTICS, U.S. DEP'T OF JUSTICE, 2002 SOURCEBOOK OF CRIMINAL JUSTICE STATISTICS 113 tbl.2.9 (2003), *available at* http://www.albany.edu/sourcebook/archive.html.

25. *See* Michael Schill, *Regulatory Barriers to Housing Development in the United States*, *in* LAND LAW IN COMPARATIVE PERSPECTIVE 101-20 (Maria Elena Sanchez Jordan & Antonio Gambara eds., 2002).

26. *Violent Crime Fell 9% in '01, Victim Survey Shows*, N.Y. TIMES, Sept. 9, 2002, at N18 (citing a near 50% decline in violent crime since 1993).

27. Setha M. Low, *The Edge and the Center: Gated Communities and the Discourse of Urban Fear*, 103 AM. ANTHROPOLOGIST 45, 48 (2001). In a 1975 survey of homeowners, the U.S. Census Bureau found that people living in center cities were 38% more likely to complain of crime in their neighborhoods than their suburban counterparts. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES H-150-75B, CURRENT HOUSING REPORTS: ANNUAL HOUSING SURVEY:

Baltimore and Philadelphia, for example, the crime rate fell in the surrounding suburbs, just as it increased in the center city. The disparities are greatest for the most frightening violent crimes. Today a person is *ten times* more likely to be murdered in center city Philadelphia than in its surrounding suburbs, and twelve times more likely to be killed in central Baltimore.[28]

Families have long acknowledged crime as an unfortunate fact of life, but the effects of crime on parents have changed. A generation ago, there just was not much that average parents could do to escape these hazards. A family could buy a guard dog or leave the lights on, but if the suburbs were about as troubled as the cities — or if crime was not framed as a *city* problem — then the impetus to move was not very compelling. Today, however, cities and suburbs seem to present two very distinct alternatives. When the car is stolen or the news features a frightening murder on a nearby street, families are more inclined to believe that the suburbs will offer them a safer alternative. According to one study, more than one-third of families who had left central Baltimore and over half of families who had considered leaving "were moved to do so by their fear of crime."[29]

One of the people interviewed in the Consumer Bankruptcy Project, Emily Cheung, tells a story that resonates with millions of parents.[30] A psychotherapist and long-time city dweller, Emily had rented an apartment in a working class neighborhood. For years, she sang the praises of city living. But as her boys got older, her views began to change. "We were close to The Corner and I was scared for [my sons]. I didn't want them to grow up there." After a series of break-ins on her block, Emily started looking for a new place for her family to live. "I wasn't looking to buy a house, but I wanted to rent something away from [this neighborhood] to get my boys out to better schools and a safer place." It was not as easy as she had hoped. Emily could not find any apartments in the neighborhood she wanted. When her real estate agent

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1975, INDICATORS OF HOUSING AND NEIGHBORHOOD QUALITY pt. B, at 12 tbl.A-F (1997) [hereinafter *Annual Housing Survey 1975*], *available at* http://www2.census.gov/prod2/ahsscan/h150-75b.pdf. Today, urban dwellers are 125% more likely than suburbanites to cite crime in their neighborhoods. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES H150/99-RV, CURRENT HOUSING REPORTS: AMERICAN HOUSING SURVEY FOR THE UNITED STATES: 1999, at 124 tbl.3.8 (2003) [hereinafter *American Housing Survey 1999*], *available at* http://www.census.gov/prod/2000pubs/h150-99.pdf. Similarly, in 1975 urbanites were 40% more likely to complain of litter on their streets than were suburbanites, *Annual Housing Survey 1975*, *supra*, at 12 tbl.A-F, but today that gap is 127%, *American Housing Survey 1999*, *supra*, at 124 tbl.3.8.

28. Danilo Yanich, *Location, Location, Location: Urban and Suburban Crime on Local TV News*, 23 J. OF URB. AFF. 221, 226 & tbl.1 (2001).

29. *Id.* at 238 (internal quotations omitted).

30. *See* WARREN & TYAGI, *supra* note 2, at 27.

told her she could qualify for a mortgage, she jumped at the chance to move to the suburbs.

> The first night in the house, I just walked around in the dark and was so grateful. . . . At this house, it was so nice and quiet. [My sons] could go outdoors and they didn't need to be afraid. [She starts crying.] I thought that if I could do this for them, get them to a better place, what a wonderful gift to give my boys. I mean, this place was three thousand times better. It is safe with a huge front yard and a back yard and a driveway. It is wonderful. I had wanted this my whole life.

Emily took a huge financial gamble buying a house that claimed nearly half of her monthly income, but she had made up her mind to do whatever she could to keep her boys safe — even at the risk of ending up in our bankruptcy sample.

Dyed-in-the-wool urbanites would be quick to point out that while the crime rate may have climbed in many urban areas, the average family faces only minuscule odds of being killed in a random act of violence in downtown Baltimore or any other city.[31] That may be true, but it ignores a basic fact of parental psychology — worry. Parents are constantly mindful of the heart-stopping vulnerability of their children, and no amount of statistical reasoning can persuade them to stop worrying.

Ultimately, it does not matter whether there is a meaningful gap between the schools in the center cities and those in the surrounding suburbs, or whether the streets really are safer far away from the big city. It does not even matter whether there really is a crisis in public education, as the politicians and the local news might insist. What matters is that parents *believe* that there is an important difference — and that the difference is growing.[32] The only answer for millions of loving parents was to buy their way into a decent school district in a safe neighborhood — whatever the cost.

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31. Yanich, *supra* note 28, at 226 tbl.2.

32. *American Housing Survey 1999*, *supra* note 27, at 124 tbl.3.8. While this is not exclusively an urban-suburban dichotomy, urban dwellers are more than twice as likely as suburbanites to say that the public elementary schools are so bad that they would like to move. *Id.* Similarly, families with young children who own homes in the urban areas are almost 70% more likely to be unsatisfied with the public elementary schools in their neighborhoods than those living in the suburbs. *Id.*

II. Paying for Public Schools

The home is the single most important purchase for the average middle-class family.[33] To the overwhelming majority of Americans, home ownership stands out as "the most important component of the good life."[34] Homes mark the lives of their children, setting out the parameters of their universe. The luck of location will determine whether there are computers in their classrooms, whether there are sidewalks for them to ride bikes on, and if the front-yard is a safe place to play. And a home will consume more of the family's income than any other purchase — more than food, more than cars, more than health insurance, more than child care.

As anyone who has read the newspapers or purchased a home knows, it costs a lot more to buy a house than it used to.[35] Despite the feeling of inevitability that the past often provides, today's home prices are *not* the product of some inevitable demographic force that has simply rolled its way across America. Quite the opposite. In the late 1980s, several commentators predicted a spectacular collapse in the housing market. Economists reasoned that the baby boomers were about to become empty nesters, so pressure on the housing market would take a sharp reversal. According to these experts, housing prices would reverse their forty-year upward trend, and *drop* during the 1990s and 2000s — anywhere from 10% to 47%.[36]

33. Since the overwhelming majority of middle-class parents are homeowners, this discussion focuses on the costs of owning, rather than renting, although many of the competitive pricing points apply to renters with children as well as homeowners with children. In 2001, 78.8% of married couples with children were homeowners. Office of Pol'y Dev. & Res., U.S. Dep't of Housing & Urban Dev., *Historical Data: Homeownership Rates by Household Type, 1983-Present*, U.S. HOUSING MARKET CONDITIONS, 4th Quarter 2002, at tbl.30, *available at* http://www.huduser.org/periodicals/ushmc/winter02/histdat30.htm. Presumably this rate was lower for low-income families, and even higher for middle and upper-income families. In the general population, middle-income households are 34% more likely to own a home than low-income households. JOINT CTR. FOR HOUS. STUDIES OF HARVARD UNIV., THE STATE OF THE NATION'S HOUSING 2002, at 36 tbl.A-9 (2002) [hereinafter JOINT CENTER FOR HOUSING STUDIES], *available at* http://www.jchs.harvard.edu/ publications/markets/Son2002.pdf.

34. Carolyn Setlow, *Home: The New Destination*, POINT OF PURCHASE, July 2002, at 16.

35. Today, the median sale price for an existing home is more than $150,000 — up 32% in inflation-adjusted dollars from 1975. JOINT CENTER FOR HOUSING STUDIES, *supra* note 33, at 29-30 tbl.A-1.

36. Patric H. Hendershott, *Are Real House Prices Likely to Decline by 47 Percent?*, 21 REGIONAL SCI. & URB. ECON. 553 (1991); *see also* N. Gregory Mankiw & David N. Weil, *The Baby Boom, the Baby Bust, and the Housing Market*, 19 REGIONAL SCI. & URB. ECON. 235 (1989); Jonathan R. Laing, *Crumbling Castles: The Recession in Real Estate Has Ominous Implications*, BARRON'S, Dec. 18, 1989, at 8.

The sharp rise in housing prices is frequently attributed to Americans' materialistic and shallow motivations: "A generation or so ago . . . . [a] basic, 800-square-foot, $8,000 Levittown box with a carport was heaven . . . . By the 1980s, the dream had gone yupscale. Home had become a 6,000-square-foot contemporary on three acres or a gutted and rehabbed townhouse in a gentrified ghetto."[37]

Where did so many people get this impression? Perhaps from the much ballyhooed fact that the average size of a new home, though it is still less than 2200 square feet, has increased by nearly 40% over the past generation.[38] But there are a few more details to consider. The overwhelming majority of middle-class families do not live in one of those new homes. Indeed, the proportion of families living in older homes has increased by nearly 50%,[39] leaving a growing number of homeowners grappling with deteriorating roofs, peeling paint, and old wiring. Today, nearly six out of ten families own a home that is more than twenty-five years old, and nearly a quarter own a house more than fifty years old.[40]

Despite all the hoopla over the highly visible status symbols of the well-to-do, the size and amenities of the average middle-class family home have increased only modestly. The median owner-occupied home grew from 5.7 rooms in 1975 to 6.1 rooms in the late 1990s — an increase of less than half of a room in more than two decades.[41] What was this half a room used for? Was it an "exercise room," a "media room," or any of the other exotic uses of space that critics have so widely mocked? No. The data show that most often that extra room was a second bathroom or a third bedroom.[42] These are meaningful improvements, to be sure, but the average middle-class family in a six-room house has hardly rocketed to McMansion status.

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37. Walter L. Updegrave, *How Are We Doing?*, MONEY, Nov. 1990, at 20.

38. *See* JOINT CENTER FOR HOUSING STUDIES, *supra* note 33, at 30-31 tbl.A-1.

39. The portion of owner-occupied houses twenty-five years or older grew from 40% in 1975 to 59% in 1999. *See American Housing Survey*, *supra* note 27, at 108 tbl.3-1; CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES H-150-75A, CURRENT HOUSING REPORTS: ANNUAL HOUSING SURVEY, UNITED STATES AND REGIONS: 1975, at 2 tbl.A-1 (1997) [hereinafter *Annual Housing Survey 1975 Part A*], *available at* http://www2.census.gov/prod2/ahsscan/h150-75a.pdf.

40. *See American Housing Survey 1999*, *supra* note 27, at 108 tbl.3-1.

41. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES H150/97, CURRENT HOUSING REPORTS: AMERICAN HOUSING SURVEY FOR THE UNITED STATES: 1997, at 108 tbl.3-3 (1999), *available at* http://www.census.gov/prod/99pubs/h150-97.pdf; *Annual Housing Survey 1975 Part A*, *supra* note 39, at 3 tbl.A-1.

42. *See American Housing Survey 1999*, *supra* note 27, at 112 tbl.3-3; *Annual Housing Survey 1975 Part A*, *supra* note 39, at 3 tbl.A-1.

The finger waggers have missed another critical fact: The rise in housing costs has become a *family* problem. Home prices have grown across the board, but the brunt of the price increases has fallen on families with children. Data from the Federal Reserve show that the median home value for the average childless individual increased by 23% between 1983 and 1998 — an impressive rise in just fifteen years.[43] For married couples with children, however, housing prices shot up 79% — *more than three times faster*.[44] To put this in dollar terms, compare the single person without children to a married couple with kids. In 1983 a childless individual bought a $73,000 house, compared with a $90,000 house today. In 1983 the average married couple with children owned a house worth $98,000, but just fifteen years later a similar family with children bought a house worth $175,000. The growing costs made a big dent in the family budget, as monthly mortgage costs also

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43. *See* WARREN & TYAGI, *supra* note 2, at 22, 198 n.30; FED. RESERVE BD., SURVEY OF CONSUMER FINANCES: 1998 FULL PUBLIC DATASET (1998), *available at* http://www.federalreserve.gov/pubs/oss/oss2/98/scf98home.html; Arthur Kennickell & Janice Shack-Marquez, *Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances*, 78 FED. RES. BULL. 1, 10 tbl.7 (1992) (using data for home-owning individuals under age fifty-five). These and all other figures reported in this paper are adjusted for inflation. The annual Housing Surveys do not indicate a substantial difference in the change in housing prices between families with and without children. *See Annual Housing Survey*, *supra* note 27; *American Housing Survey*, *supra* note 27. Those data are likely skewed by the fact that a growing number of families with children are headed by single mothers, who live in much smaller and less expensive homes than their married counterparts, thus reducing the average amount spent by households with children. When we focus on married couples with children, as we located in the Federal Reserve data and the Consumer Expenditure Survey, the picture facing two-parent families comes into sharp focus.

44. *See* FED. RESERVE BD., *supra* note 43; Kennickell & Shack-Marquez, *supra* note 43, at 10 tbl.7 (using data for home-owning households where the head of household is under age fifty-five). Married couples under fifty-five with no minor children also experienced an increase in home values, of 84%. Kennickell & Shack-Marquez, *supra* note 43, at 10 tbl.7. This statistic is somewhat misleading, however, because it mixes together couples who never planned to have children, couples who bought homes in anticipation of having children, and couples whose children are now eighteen or older. Nearly nine out of ten married women will have children at some point in their lives, so it seems it is reasonable to assume that a high proportion of this group made their housing choices with their children in mind. *See* CENSUS BUREAU, U.S. DEP'T OF COMMERCE, TABLE H2: DISTRIBUTION OF WOMEN 40 TO 44 YEARS OLD BY NUMBER OF CHILDREN EVER BORN AND MARITAL STATUS: JUNE 1970 TO JUNE 2002, at 1 (2003), http://www.census.gov/population/socdemo/fertility/tabH2.pdf. In addition, the data also reflect a growing number of couples' decisions to commit both his and her income to purchase housing, even among those who never have children.

jumped.[45] No matter how the data are cut, couples with children are spending more than ever on housing.

Why would the average parent spend so much money on a home? The materialistic and shallow American theory does not offer many insights. There is little evidence that families with children have a particular love affair with "bathroom spas" and "professional kitchens," while the swinging singles are perfectly content to live in Spartan apartments with outdated kitchens and closet-sized bathrooms. The data suggest that the reason lies elsewhere.

III. Bidding War in the Suburbs

Middle-class families across America have been quietly drawn into an all-out war. Not the war on drugs, the war about creationism, or the war over sex education. Their war has received little coverage in the press and no attention from politicians, but it has profoundly altered the lives of parents everywhere, shaping every economic decision they make. Their war is a bidding war. The opening shots in this war were fired in the most ordinary circumstances. Individual parents sought out homes they thought were good places to bring up kids, just as their parents had done before them. But as families saw urban centers as increasingly unattractive places to live, the range of desirable housing options began to shrink and parents' desire to escape from failing schools began to take on new urgency. Millions of parents joined in the search for a house on a safe street with a good school nearby. Over time, demand heated up for an increasingly narrow slice of the housing stock.

This, in itself, would have been enough to trigger a bidding war for suburban homes in good school districts. But a growing number of families brought new artillery to the war: a second income. In an era when the overwhelming majority of mothers are bringing home a paycheck and covering a substantial part of the family's bills, it is easy to forget that just one generation ago most middle-class mothers — including those in the workforce — made only modest contributions to the family's regular expenses. In the early 1970s, wives contributed just one-quarter of the family's total income.[46] In many families, mom's earnings were treated as "pin money" to cover treats and extras, not mortgages and car payments. Unenlightened husbands were

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45. WARREN & TYAGI, *supra* note 2, at 22, 198 n.32 (citing BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, CONSUMER EXPENDITURE SURVEY, 1998-1999, at 58, 60 tbl.5 (2001) [hereinafter CES 1998-1999] (prepublished data); BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, CONSUMER EXPENDITURE SURVEY, INTERVIEW SURVEY, 1980-1981 (1985) [hereinafter CES INTERVIEW SURVEY 1980-1981]).

46. LAWRENCE MISHEL, JARED BERNSTEIN & HEATHER BOUSHEY, THE STATE OF WORKING AMERICA, 2002-03, at 103 fig.1S (2003) (showing the contribution of wives' earnings to family incomes from 1970 to 2000).

not the only ones to foster this attitude. Banks and loan companies routinely ignored women's earnings in calculating whether to approve a mortgage, on the theory that a wife might leave the workforce at any moment to pursue full-time homemaking.[47]

In 1975 Congress passed the Equal Credit Opportunity Act,[48] an important law with far-reaching consequences for families' housing choices. The provisions of the Equal Credit Opportunity Act have been construed, among other things, to prohibit lenders from ignoring a wife's income when judging whether a family earned enough to qualify for a mortgage.[49] By the early 1980s, women's participation in the labor force had become a significant factor in whether a married couple could buy a home of their own.[50] Both families and banks had started down the path of counting mom's income as an essential part of the monthly budget.

This change may not sound revolutionary today, but it represents a seismic shift in family economics. No longer were families constrained by dad's earning capacity. When mom wanted a safer neighborhood or dad wanted a better school for the kids, families had a new answer: send mom to work and use her paycheck to buy that nice house in the suburbs.

The women's movement contributed to this trend, opening up new employment possibilities and calling on mothers to reconsider their lifetime goals.[51] For some women, the decision to head into the workplace meant personal fulfillment and expanded opportunities to engage in interesting, challenging occupations. For many more, the sense of independence that accompanied a job and a paycheck provided a powerful incentive. But for most middle-class women, the decision to get up early, drop the children off at daycare, and head to the office or factory was driven, at least in part, by

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47. *See, e.g.*, *Credit Discrimination: Hearing on H.R. 14856 and H.R. 14908 Before the Subcomm. on Consumer Affairs of the H. Comm. on Banking and Currency*, 93d Cong. pt. 2, at 497-98 (1974) (report by Sylvia L. Beckey, Legislative Attorney, Congressional Research Service); Margaret J. Gates, *Credit Discrimination Against Women: Causes and Solutions*, 27 VAND. L. REV. 409, 410-13 (1974).

48. Pub. L. 93-495, 88 Stat. 1521 (codified as amended at 15 U.S.C. §§ 1691-1691(f) (2000)).

49. *See* FED. TRADE COMM., FACTS FOR CONSUMERS: EQUAL CREDIT OPPORTUNITY 1 (1998), *available at* http://www.ftc.gov/bcp/conline/pubs/credit/ecoa.pdf.

50. Sharon M. Danes & Mary Winter, *The Impact of the Employment of the Wife on the Achievement of Home Ownership*, 24 J. CONSUMER AFF. 148, 165-66 (1990); Mark Evan Edwards, *Home Ownership, Affordability, and Mothers' Changing Work and Family Roles*, 82 SOC. SCI. Q. 369, 373-74 (2001).

51. Edwards, *supra* note 50, at 374.

more pragmatic reasons. Millions of women went to work in a calculated attempt to give their families an economic edge.[52]

The transformation happened gradually, as hundreds of thousands of mothers marched into the workforce year after year. But over the course of a few decades, the change has been nothing short of revolutionary. As recently as 1976 a married mother was more than twice as likely to stay home with her children as to work full-time.[53] By 2000, those figures had almost reversed: the modern married mother is now nearly twice as likely to have a full-time job as to stay home.[54] The transformation can be felt in other ways. In 1965 only 21% of women who worked during pregnancy were back at their jobs within six months of giving birth to their first child.[55] Today, that figure is higher than 70%.[56] Similarly, a modern mother with a three-month-old infant is more likely to be working outside the home than a 1960s woman with a five-year-old child.[57]

Even these statistics understate the magnitude of change among middle-class mothers. Before the 1970s, large numbers of older women, lower income women, and childless women were in the workforce.[58] But middle-class mothers were far more likely to stay behind, holding onto the more traditional role of full-time homemaker long after many of their sisters had given it up. Over the past generation, middle-class mothers flooded into offices, shops, and factories, experiencing a greater increase in workforce participation than either their poor or well-to-do sisters.[59] Attitudes changed as well. In 1970, when

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52. In a survey of 1000 working mothers, 80% reported that their main reason for working was to support their families. Carin Rubenstein, *The Confident Generation: Working Moms Have a Brand New Attitude*, WORKING MOTHER, May 1994, at 38, 40.

53. *See* U.S. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, *Table F-14. Work Experience of Husband and Wife - All Married Couple Families, by Presence of Children Under 18 Years Old and Median and Mean Income: 1976 to 2001*, *in* HISTORICAL INCOME TABLES-FAMILIES, http://www.census.gov/hhes/income/histinc/f14.html (last visited Nov. 11, 2005).

54. *Id.*

55. KRISTEN SMITH, BARBARA DOWNS & MARTIN O'CONNELL, CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES P70-79, CURRENT POPULATION REPORTS: MATERNITY LEAVE AND EMPLOYMENT PATTERNS: 1961-1995, at 15 tbl.I (2001), *available at* http://www.census.gov/prod/2001pubs/p70-79.pdf.

56. *Id.* In 1961-1965, 13.7% of women were back to work within six months of giving birth to their child. *Id.* In 1991-1994, 52.3% of women were back within that time. *Id.*

57. *Id.*

58. STEPHANIE COONTZ, THE WAY WE NEVER WERE: AMERICAN FAMILIES AND THE NOSTALGIA TRAP 162 (1992).

59. Between 1979 and 2000, married mothers at all income levels increased their hours in the workforce. *See* MISHEL ET AL., *supra* note 46, at 109. However, women whose husbands were in the bottom quintile added 334 hours per year, and those in the top quintile added just 315 hours per year, compared with an average increase of 428 hours per year for women in the

the women's revolution was already well under way, fully 78% of younger married women thought that "it was better for wives to be homemakers and husbands to do the breadwinning."[60] Today, only 38% of women believe that it is "ideal" for one parent to be home full-time, and nearly 70% of Americans believe it does not matter whether it is the husband or the wife who stays home with the children.[61]

It is also the middle-class family whose finances have been most profoundly affected by women's entry into the workforce. Poorer, less educated women have seen small gains in real wages over the past generation.[62] Wealthy women have enjoyed considerable increases, but those gains were complemented by similar increases in their husbands' rapidly rising incomes.[63] Among the middle class, however, women's growing paychecks have made all the difference, compensating for the painful fact that their husbands' earnings have stagnated over the past generation.[64]

For millions of middle-class families hoping to hold onto a more traditional stay-at-home mom lifestyle, the bidding wars for homes in good school districts crushed those dreams. A group of solidly middle-class Americans, our nation's police officers, illustrate the point. A recent study documented that the average police officer could not afford a median priced home in *two-thirds* of the nation's metropolitan areas on the officer's income alone.[65] The same is true for elementary school teachers.[66] Nor is this phenomenon limited

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middle three quintiles. *Id.*

60. COONTZ, *supra* note 58, at 168.

61. WARREN & TYAGI, *supra* note 2, at 30, 201 n.59 (citing Chris McComb, *Few Say It's Ideal for Both Parents to Work Full Time Outside of Home*, GALLUP NEWS SERVICE, May 4, 2001, http://poll.gallup.com/content/default.aspx?ci=1558 (available by subscription only)).

62. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, REPORT 952: HIGHLIGHTS OF WOMEN'S EARNINGS IN 2000, at 28 tbl.15 (2001), *available at* http://www.bls.gov/cps/cpswom 2000.pdf. Both women and men who did not finish high school saw declines in real wages over the past twenty years. *Id.*

63. Among college graduates, women's earnings increased 30% since 1979, while men's earnings increased by 17%. *Id.*

64. Median earnings, which are the best measure of middle-class wages, have risen less than 1% for men since the early 1970s, while women's earnings have increased by more than one-third. *See* U.S. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, *Table P-36. Full-Time, Year-Round Workers (All Races) by Median Income and Sex: 1955 to 2001*, *in* HISTORICAL INCOME TABLES - PEOPLE, http://www.census.gov/hhes/income/histinc/p36.html (last visited Nov. 11, 2005) [hereinafter *Table P-36*].

65. Barbara J. Lipman, National Housing Conference, *Paycheck to Paycheck: Working Families and the Cost of Housing in America*, NEW CENTURY HOUSING, June 2001, at 1, 24-28, *available at* http://www.nhc.org/pdf/pub_pp_06_01.pdf.

66. *Id.*

to cities such as New York and San Francisco.[67] Without a working spouse, the family of a police officer or teacher is forced to rent an apartment or buy in a marginal neighborhood even in more modestly priced cities such as Nashville, Kansas City, and Charlotte.[68] These families have found that in order to hold onto the benefits of a stay-at-home mom, they will be shoved to the bottom rungs of the middle class.

What about those families with middle-class aspirations who earned a little less than average, or the ones who lived in a particularly expensive city? Even with both parents in the workforce, they have fallen behind. Rather than drop out of the bidding war and resign themselves to sending their kids to weaker schools, many middle-class couples have seized on another way to fund their dream home: take on a bigger mortgage. In 1980, the mortgage lending industry was effectively deregulated.[69] As a result, average families could now find plenty of banks willing to issue them larger mortgages relative to their incomes. As the bidding war heated up, families took on larger and larger mortgages just to keep up, committing themselves to debt loads that were unimaginable just a generation earlier.

With extra income from mom's paycheck and extra mortgage money from the bank, the usual supply and demand in the market for homes in desirable areas exploded into an all-out bidding war. As millions of families sent a second earner into the workforce, one might expect that they would spend *less* on housing as a proportion of total income. Instead, just the opposite has occurred. A growing number of middle-class families now spend a larger fraction of their family income on housing.[70] As demand for the limited stock

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67. *Id.*

68. *Id.* at 24, 26-27.

69. In 1980, Congress passed the Depository Institutions Deregulation and Monetary Control Act (DIDMCA), Pub. L. No. 96-221, 94 Stat. 132 (codified as amended in scattered sections of 12 U.S.C.), thus allowing banks to pay higher interest to depositors. *See* Cathey Lesser Mansfield, *The Road to Subprime "HEL" Was Paved with Good Congressional Intentions: Usury Deregulation and the Subprime Home Equity Market*, 51 S.C. L. REV. 473, 492-95 (2000).

70. WARREN & TYAGI, *supra* note 2, at 32, 202 n.62. The proportion of middle-income families who would be considered "house poor" has doubled since 1975. *See id.* at 202 n.63 (citing CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES H150/01, CURRENT POPULATION REPORTS: AMERICAN HOUSING SURVEY FOR THE UNITED STATES: 2001, at 91 tbl.2-20 (2002), *available at* http://www.census.gov/prod/2002pubs/h150-01.pdf; CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES H-150-75C, CURRENT POPULATION REPORTS: ANNUAL HOUSING SURVEY, UNITED STATES AND REGIONS: 1975, pt. C, at 2 tbl.A-1 (1977), *available at* http://www2.census.gov/prod2/ahsscan/h150-75c.pdf). In addition, the Consumer Expenditure Survey indicates that mortgage payments as a proportion of income increased considerably since the early 1970s. *Id.* (citing CES INTERVIEW SURVEY 1980-1981, *supra* note 45; CES 1998-99, *supra* note 45, at 58 tbl.5). Many indices that measure housing affordability have

of desirable family housing continued to grow, prices did not reach the natural limit that would have been imposed by the purchasing power of the single-income family confined to a conventional 80% mortgage. Instead, mortgage expenses took a leap of *69%* at a time that other family expenditures — food, clothing, home furnishings, and the like — remained steady or fell.[71]

Parents were caught. It may have been their collective demand for housing in family neighborhoods that drove prices up, but each individual family that wanted one of those houses had no choice except to join in the bidding war. If one family refused to pay, some other family would snatch up the property. No single family could overcome the effects of millions of other families wanting what they wanted.

Now, instead of all Americans taxing themselves to provide a good education for all children, parents are left to opt-in to a decent school by paying for an expensive home — if they can. A failing public education system has caused many middle-class families to spend themselves into

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shown no clear trend. *See, e.g.*, *id.* (citing CENSUS BUREAU, U.S. DEP'T OF COMMERCE, *Table 4-2. Affordability Status of Families and Unrelated Individuals for a Modestly Priced Home, by Current Tenure and Type of Financing: United States, 1984, 1988, 1991, 1993, and 1995*, *in* HOUSING AFFORDABILITY 1995 (1995), http://www.census.gov/hhes/www/housing/hsgaffrd/afford95/at95t42.html; JOINT CENTER FOR HOUSING STUDIES, *supra* note 33, at 32 tbl.A-3). These indices, however, typically calculate a theoretical housing cost, based on such factors as current mortgage rates and an imputed down-payment amount. As a result, the indices are extremely sensitive to fluctuations in interest rates, ignoring the fact that many families have fixed rate mortgages and do not refinance during periods of high interest. Similarly, these indices typically assume that all buyers get a conventional mortgage, which ignores the extraordinary rise in high-cost, sub-prime mortgages over the past few years. Furthermore, they assume that the typical down-payment has held constant over the past generation, when in fact, first-time homebuyers are putting down far smaller down-payments today than twenty years ago. *See* CENSUS BUREAU, U.S. DEP'T OF COMMERCE, STATISTICAL ABSTRACT OF THE UNITED STATES: 1993, at 734 tbl.1247 (113th ed. 1993), *available at* http://www2.census.gov/prod2/statcomp/documents/1993-06.pdf; Ruth Simon & Michelle Higgins, *Stretched Buyers Push Mortgage Levels to a New High*, WALL ST. J., June 12, 2002, at D1. Thus, the best evidence of real housing costs is the direct data on what families report they are actually paying.

71. *See* BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, CONSUMER EXPENDITURE SURVEY: INTERVIEW SURVEY 1972-73, at 292-95, 300-01, 308-09, 358 tbl.5 (1978) [hereinafter CES: INTERVIEW SURVEY, 1972-73]; BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, TABLE 1400. SIZE OF CONSUMER UNIT: ANNUAL MEANS, STANDARD ERRORS AND COEFFICIENT OF VARIATION, CONSUMER EXPENDITURE SURVEY 2000, http://www.bls.gov/cex/2000/stnderror/cusize.pdf (last visited Nov. 11, 2005) [hereinafter TABLE 1400]. Note that in 2000, 74% of married couples with two children owned their own homes; in 1972 and 1973 this figure was 71%. CES: INTERVIEW SURVEY, 1972-73, *supra*, at 290 tbl.5; TABLE 1400, *supra*. In order to isolate the effects of changing supply and demand for owner-occupied housing, this calculation only accounts for changes in mortgage expenditures, including both interest and principal, by families who owned their own homes.

bankruptcy. In two-parent households, they commit both incomes to securing a house in an appropriate school district. One-income households of modest means either take on even larger mortgages relative to their incomes or resign themselves to being left out of the race for educational opportunities. The cost of educating children has been effectively reallocated from all households to just those households with children.

IV. Another Cost of Living in the Suburbs

There is another indirect cost of parents' ferocious efforts to bid their way into desirable school districts: the cost of transportation. In the same way that mortgage costs link to parents' efforts to try to buy their way into decent schools, car costs are an auxiliary expense of the move to search for better schools in the suburbs.

Spending on cars has risen substantially in one generation. The average family now spends an *additional* $4000 every year to buy, lease, and maintain the family automobiles than it did in the early 1970s.[72] There are plenty of critics who will explain that this is the result of lust for luxury and needless spending. In the words of one car salesman, "people's expectations are much higher. They want amenities — power steering, power brakes as standard, premium sound systems."[73]

It is true that families spend more, but not because they are upgrading to Corinthian leather and built-in seat warmers. Instead, the typical family with children spent its money on something a bit more prosaic, a second car.[74] Once an unheard-of luxury within the middle class, the second car has become a necessity. Distance from home to work rose by 39% in the past

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72. *See* CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 326-29 tbl.5; BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, REPORT 958: CONSUMER EXPENDITURES IN 2000, at 10 tbl.4 (2002) [hereinafter REPORT 958], *available at* http://www.bls.gov/cex/csxann00.pdf.

73. JOHN DE GRAAF, DAVID WAAN & THOMAS H. NAYLOR, AFFLUENZA: THE ALL-CONSUMING EPIDEMIC 25-26 (2001).

74. According to the Bureau of Labor Statistics, the average four-person family had 1.7 vehicles a generation ago; today they have 2.5, an increase of nearly one (.8) car per family. CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 290 tbl.5; REPORT 958, *supra* note 72, at 10 tbl.4. This is a big jump, but it is not clear that overconsumption is to blame. The trick is in the averages. Many four-person families have more than two adults at home, such as a son in college, an elderly grandparent, or even a brother-in-law who does not have his own place. The number of adults in the average family of four is 2.4 today (up just slightly from 2.3 a generation ago). CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 290 tbl.5; REPORT 958, *supra* note 72, at 10 tbl.4. This means that the average family has shifted from owning .7 vehicles per adult to 1.0 vehicles per adult. In other words, as mom headed to the office and families moved deeper into the suburbs, they have indeed splurged, seeing to it that each adult has his or her own vehicle to get to work, school, and market.

twenty-five years.[75] With mom in the workforce and the family located ever further from the city's center, that second car became the only means for running errands, earning a second income, and getting by in the far-flung suburbs.

What about the price tag on that second car? An average new car costs more than $22,000 today, compared with less than $16,000 in the late 1970s.[76] But cars last longer than they used to. In the late 1970s, the average car on the road was just five-and-a-half years old.[77] Now the average family is driving a car that is more than eight years old.[78] Today's families pay more for that shiny new vehicle than their parents did, but they hold onto it longer too. In fact, unpublished data from the Bureau of Labor Statistics shows that the average amount a family of four spends *per car* (car payments, insurance, maintenance, and so forth) is 20% *less* than it spent a generation ago.[79]

In a family's budget, all the pieces are related. When families cannot rely on public schools to educate their children if they stay in modest housing close to their work, then part of the cost of that failing school system is the new house. Part of the cost of the new house is the transportation to get to that new house, further squeezing the family budget.

V. The Right Start — Preschool

Even after they commit to a huge mortgage to buy a house in a good school district, parents still face substantial costs to educate their children. The two ends of the spectrum — everything that happens before a child shows up for the first day of kindergarten and after the day of high school graduation — fall directly on the parents. Preschool and college, which now account for one-third or more of the years a typical middle-class child spends in school, are paid for almost exclusively by the child's family.

Preschool has always been a privately funded affair, at least for most middle-class families. What has changed is its role for middle-class children. Over the past generation, the image of preschool has transformed from an

75. Homeowners' median distance to work increased from 7.9 miles in 1975 to eleven miles in 1999. *American Housing Survey 1999*, *supra* note 27, at 100 tbl.2-24; *Annual Housing Survey 1975 Part A*, *supra* note 39, at 6 tbl.A-1.

76. WARREN & TYAGI, *supra* note 2, at 205 n.105 (citing Office of Energy Efficiency & Renewable Energy, U.S. Dep't of Energy, Automobile Affordability, 1979-1999: Fact of the Week #121: 03/20/00 (on file with author) (inflation adjusted)).

77. PATRICIA S. HU & JENNIFER R. YOUNG, U.S. DEP'T OF TRANSP., SUMMARY OF TRAVEL TRENDS, 1995 NATIONWIDE PERSONAL TRANSPORTATION SURVEY 34 tbl.20 (1990).

78. *Id.*

79. CES: INTERVIEW SURVEY 1972-73, *supra* note 71, at 292 tbl.5; REPORT 958, *supra* note 72, at 10 tbl.4.

optional stopover for little kids to a "prerequisite" for elementary school. Parents have been barraged with articles telling them that early education is important for everything from prereading skills to social development. As one expert in childhood education observes, "In many communities around the country, kindergarten is no longer aimed at the entry level . . . . And the only way Mom and Dad feel they can get their child prepared is through a pre-kindergarten program."[80]

It is easy to overlook just how much has changed in a short period of time. Today, nearly two-thirds of America's three- and four-year-olds attend preschool, compared with just 4% in the mid-1960s.[81] This is not just the by-product of more mothers entering the workforce; nearly half of all stay-at-home moms now send their kids to a preschool program:[82] "The science says it all: preschool programs are neither a luxury nor a fad, but a real necessity."[83]

As demand has heated up, many families have found it increasingly difficult to *find* a preschool program with an empty slot. Author Vicki Iovine describes the struggle she experienced trying to get her children into preschool in southern California:

> Just trying to get an application to any old preschool can be met with more attitude than the maitre d' at Le Cirque. If you should be naïve enough to ask if there will be openings in the next session, you may be reminded that there are always more applicants than openings, or the person might just laugh at you and hang up.[84]

Ms. Iovine's remarks are tongue-in-cheek, and pundits love to mock the parent who subscribes to the theory that "if little Susie doesn't get into the right preschool she'll never make it into the right medical school." But the shortage of quality preschool programs is very real. Experts have rated daycare centers and the news is not good. Well over half are lumped in the

80. Lauren Belsie, *Preschools Are Popping at the Seams*, CHRISTIAN SCI. MONITOR, July 9, 2002, at 13 (quoting interview with Dominic Gullo, Professor, Univ. of Wis.).

81. *Id.*

82. CHILDREN'S DEFENSE FUND, KEY FACTS: ESSENTIAL INFORMATION ABOUT CHILD CARE, EARLY EDUCATION AND SCHOOL-AGE CARE (2000).

83. Anna Quindlen, *Building Blocks for Every Kid*, NEWSWEEK, Feb. 12, 2001, at 68.

84. VICKI IOVINE, THE GIRLFRIENDS' GUIDE TO TODDLERS: A SURVIVAL MANUAL TO THE "TERRIBLE TWOS" (AND ONES AND THREES) FROM THE FIRST STEP, THE FIRST POTTY, AND THE FIRST WORD ("NO") TO THE LAST BLANKIE 240 (1999).

"poor to mediocre" range.[85] Not surprisingly, preschools with strong reputations often have long waiting lists.[86]

Today's parents are neatly caught in a trap. A generation ago, when nursery school was regarded as little more than a chance for mom to take a break, parents could consider the economics in a fairly detached way, committing to buy no more than what they could afford. And when only a modest number of parents were shopping for those preschool slots, the prices needed to remain low to attract a full class. Today, when scores of experts routinely proclaim that preschool is decisive to a child's development, but a slot in a preschool — any preschool — can be hard to come by, parents are in a poor position to shop around for a better price.

The laws of supply and demand take hold in the opposite direction, eliminating the pressure for preschool programs to keep prices low as they discover that they can increase fees without losing pupils. In 2002, for example, a full-day program in a preschool offered by the Chicago *public* school district costs $6500 a year — more than the cost of a year's tuition at the University of Illinois.[87] High? Yes, but cost did not deter parents: at just one Chicago public school that year, there were ninety-five kids on a waiting list for twenty slots. That situation is fairly typical. According to one study, the annual cost for a four-year-old to attend a childcare center in an urban area is more than *double* the price of public college tuition in fourteen states.[88] And so today's middle-class families simply spend and spend, stretching their budgets to give their child the fundamentals of a decent education.

VI. That All-Important Degree

The other end of the educational line also falls directly on parents. Once again, college has traditionally been the private obligation of the family, and families did what they could to educate their children. What has changed is the public attitude toward college — and the accompanying pressure on families with children.

85. SUZANNE HELBURN ET AL., COST, QUALITY AND CHILD CARE OUTCOMES IN CHILD CARE CENTERS (1995).

86. NAT'L COUNCIL OF JEWISH WOMEN, OPENING A NEW WINDOW ON CHILD CARE: A REPORT ON THE STATUS OF CHILD CARE IN THE NATION TODAY 6 (1999).

87. Kate N. Grossman, *Pre-Kindergarten Lures Middle Class to Public School*, CHI. SUN-TIMES, June 10, 2002, at 12. Tuition and fees at the University of Illinois in that year were $5748 (in-state tuition) (data on file with author). For current tuition costs, see Illinois: Tuition and Fees: 2005-2006, http://www.oar.uiuc.edu/current/tuit.html (last visited Oct. 16, 2005).

88. KAREN SCHULMAN, THE HIGH COST OF CHILD CARE PUTS QUALITY CARE OUT OF REACH FOR MANY FAMILIES, at A-2 (2000).

Americans are a contentious lot. They express an astonishing variety of opinions about politics and religion, sports teams and movies, vitamin supplements, and workplace dress codes. They even disagree on the basic facts of history. According to one recent poll, fully 6% of our fellow citizens believe that the Apollo moon landing was faked.[89] But there is one topic on which Americans overwhelmingly agree: the importance of a college education. According to a recent survey, 97% of Americans agree that a college degree is "absolutely necessary" or "helpful," compared with a scant 3% claiming that a degree is "not that important."[90] In other words, Americans are *twice* as likely to believe that man never walked on the moon, as they are to believe that a college degree does not matter! In a diverse culture full of contrarians who relish their differences with one another, faith in the power of higher education is the new secular religion. Americans now see a college degree as the *single most important* determinant of a young person's chances of success — even more significant than getting along well with others or having a good work ethic.[91]

A generation or so ago, Americans were more likely to believe that there were many avenues for a young person to make his way into the middle class, including paths that did not require a degree. Today, 77% of adults say that getting a college education is more important than it was just ten years ago, and 87% believe that "a college education has become as important as a high school diploma used to be."[92] Middle-class parents — obeying the dictate that college is essential in the new economy — have found themselves combatants in yet another active bidding war. Once again, supply and demand are out of balance. The number of students aiming for a spot in a decent four-year institution is rising every year, while the number of openings at the more prestigious public and private universities stays essentially the same. This is true not just at Harvard and Princeton, but also at the major state universities. The "open admission" policies that once ensured pretty much everyone a slot at State U. have virtually disappeared. Indeed, many state universities no longer have room for even average students, let alone struggling ones. The University of Wisconsin, for example, recently

89. Frank Newport, *Landing a Man on the Moon: The Public's View*, GALLUP POLL, July 20, 1999 (available by subscription only), *available at* http://poll.gallup.com/content/default.aspx?ci=3712&pg=1.

90. JOHN IMMERWAHR & TONY FOLENO, CTR. FOR PUB. POLICY & HIGHER EDUC., GREAT EXPECTATIONS: HOW THE PUBLIC AND PARENTS — WHITE, AFRICAN AMERICAN AND HISPANIC — VIEW HIGHER EDUCATION 3 tbl.1 (Report No. 00-2, 2000), *available at* http://www.highereducation.org/reports/expectations/expectations.pdf.

91. *Id.* at 5 tbl.3.

92. *Id.* at 1.

announced that the majority of its student body graduated in the top 10% of their high school class.[93] Not every child can be in the top half, much less the top 10%, and parents can find themselves in a bind. For the growing number of parents whose kids did not make it into the local public university, there may be little choice but to come up with $25,000 or more for tuition, room, and board at a private college.[94]

With more applications flooding admissions offices every year, colleges are in the catbird seat, free to increase the price of admission with relative impunity. Parents may complain and students may protest, but since nearly two-thirds of parents view a degree for Junior as "*absolutely essential*," universities can safely assume that families will find a way to pay.[95] And that is precisely what has happened. After adjusting for inflation, in-state tuition and fees at the average state university have nearly doubled in less than twenty-five years.[96] To put that in perspective, the price of college has grown more than three times faster than the cost of food, eight times faster than the cost of electricity, and ten times faster than the average professor's salary.[97] Tuition, room, and board now cost more than $8,600 a year at the average public university. To pay these fees the average family in the United States would have to commit 17% of its total pre-tax income to this one expense.[98] A private education is even more prohibitive, with a price tag of about half the entire annual income for an average, middle-class family.[99]

To pay for these extraordinary price increases, Americans have turned to debt. In 2001, over five million students had borrowed $34 billion in federal student loans — more than triple the amount borrowed just ten years

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93. *57 Percent of UW Freshmen in Top 10 Percent of Class*, WIS. ST. J., Aug. 5, 2002, at B5.

94. A private college education costs $25,300, about half the entire annual income for an average, middle-class family. NAT'L CTR. FOR EDUC. STATISTICS, U.S. DEP'T OF EDUC., DIGEST OF EDUCATION STATISTICS, 1999, at 344 tbl.317 (No. NCES 2000-031, 2000) [hereinafter DIGEST OF EDUCATION STATISTICS 1999].

95. IMMERWAHR & FOLENO, *supra* note 90, at tbl.1.

96. DIGEST OF EDUCATION STATISTICS 1999, *supra* note 94, at 344 tbl.317.

97. BUREAU OF LABOR STATISTICS, U.S. DEP'T OF LABOR, CONSUMER PRICE INDEX DETAILED TABLES, ANNUAL AVERAGES 2001, at 28 tbl.1A, *available at* http://www.bls.gov/cpi/cpid01av.pdf (last visited Nov. 11, 2005); DIGEST OF EDUCATION STATISTICS 1999, *supra* note 94, at 276 tbl.240.

98. DIGEST OF EDUCATION STATISTICS 1999, *supra* note 94, at 344 tbl.317; CENSUS BUREAU, U.S. DEP'T OF COMMERCE, HISTORICAL INCOME TABLES-FAMILIES tbl.F-10, *available at* http://www.census.gov/hhes/income/histinc/f10.html (last visited Nov. 11, 2005) [hereinafter HISTORICAL INCOME TABLES] .

99. DIGEST OF EDUCATION STATISTICS, 1999, *supra* note 94, at 344; HISTORICAL INCOME TABLES, *supra* note 98, at tbl.F-10.

earlier.[100] Student borrowing from private lenders has grown even faster, increasing *five-fold* in just six years.[101] Nor do college students bear the burden alone; parents are also going deeply in debt to pay for their children's educations. Every year, more than a million families take out a second mortgage on their homes just to pay for educational expenses.[102]

Families are caught in the worst possible bind. They have come to believe that college is a critical part of their children's education, "*absolutely essential*" for their future success. But the cost of that degree has risen at staggering rates. Families with children are picking up a growing share of the cost of providing a basic education for their children, and they are spending themselves into bankruptcy to do it.

VII. The Effect on Family Spending

The economic pressure on families is evident from a comparison of what families spent in the early 1970s versus what families spend on those same items today. The spikes in family spending have not occurred in clothing, food, furniture, appliances, and other basics. In fact, spending for a typical family of four in these categories has fallen slightly, as families have trimmed back on what they spend in these categories.[103]

Increases in spending have been concentrated in other areas. Over the past generation, families with children have increased their spending in five basic categories: homes, cars, daycare, tuition, and health insurance. To be sure, the cost of health insurance has risen for reasons unrelated to public education, although a separate paper could make a strong case for the impact of the fraying social safety net on medical expenses.[104] The other four

100. Press Release, U.S. Dep't of Educ., Accountability for Results Works: College Loan Default Rates Continue to Decline (Sept. 19, 2001), *available at* http://www.ed.gov/news/pressreleases/2001/09/09192001a.html. The Department of Education heralded the success of its programs to reduce the default rate on student loans, but the reduction does not mean families can afford the loans. Instead, the Department of Education emphasizes activities such as "capture of income tax rebate checks, wage garnishments, legal proceedings, and other collection tools" as well as the "department's new data match [to locate] all persons employed in the U.S." *Id.* Student loans are rarely dischargeable in bankruptcy, so many have learned that they must pay their student loans even if it means losing the house, the car, and the furniture. *Id.*

101. Stephen Burd, *How Much Is Too Much?*, CHRON. OF HIGHER EDUC., Jan. 23, 2003, at A18.

102. *See* Glenn B. Canner, Thomas A. Durking & Charles A. Lucket, *Recent Developments in Home Equity Lending*, 84 FED. RES. BULL. 241, 248 tbl.8 (1998).

103. *See* CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 292, 300, 304, 308; TABLE 1400, *supra* note 71.

104. *See, e.g.*, David U. Himmelstein, Elizabeth Warren, Deborah Thorne & Steffie

expenses link directly to parents' increasing efforts to purchase educational opportunities for their children — homes in good school districts, cars to get to those homes, daycare to watch children while their mothers work to help pay for those homes, and tuition for preschool and college. Using unpublished government expenditure data for a family of four, and correcting all numbers for inflation, it is possible to make a direct comparison of actual spending, household-by-household, from the early 1970s to the early 2000s.

TYPICAL BUDGET, FAMILY OF FOUR, 1970S-2000S (INFLATION ADJUSTED)

	SINGLE-INCOME FAMILY, EARLY 1970S *Inflation adjusted*	DUAL-INCOME FAMILY, EARLY 2000S	PERCENTAGE CHANGE
MAJOR FIXED EXPENSES			
Home mortgage	$5,309	$8,978	69%
Daycare (7-year-old)	$0	$4,354	100+%
Preschool (3-year-old)	$0	$5,321	100+%
Health insurance	$1,027	$1,653	61%
Automobile: Car # 1 (Purchase, upkeep, insurance)	$5,144	$4,097	-20.4%
Automobile: Car # 2	$0	$4,097	100+%
TOTAL FIXED EXPENSES	$11,480	$28,499	148%
DISCRETIONARY EXPENSES (FOOD, CLOTHES, UTILITIES, FURNITURE, APPLIANCES, SAVINGS, EXTRAS, ETC.)	$17,834	$17,045	-4%

Source: See data in Appendix 1

Even when adjusted for inflation, expenses in five basic categories have more than doubled.

The effects of these higher expenses on a family are staggering. In the early 1970s, the median income for a fully employed man, adjusted for inflation, was $38,700.[105] By the early 2000, an average male earner earned $39,000 —

Woolhandler, *Illness and Injury as Contributors to Bankruptcy*, 24 HEALTH AFF. W5-63 (Web-Exclusive Supplement, Feb. 2, 2005), http://content.healthaffairs.org/cgi/reprint/hlthaff.w5.63v1.

105. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, HISTORICAL INCOME TABLES — PEOPLE tbl.P-36 (2001), *available at* http://www.census.gov/hhes/income/histinc/p36.html.

not even 1% more than his counterpart of a generation ago. Clearly, the family of 2000 could not sustain fixed expenses of an additional $17,019 on a single income. The income difference, of course, was provided by mothers. In 1973, most mothers of minor children were at home, but by 2000, most were in the full-time workforce. The income difference was enormous. Combined family income for the two-earner family in the 2000s was 75% higher than the one-income family.[106] But even with two parents at work full-time, the numbers do not quite add up. After accounting for the increased taxes that the higher-income, two-earner family paid, the median working wife in 2000 added $16,229 to the family coffers. That leaves the two-income family of the 2000s with a shortfall, unable to cover the $17,019 in additional fixed expenses compared with the one-income family of a generation earlier.

The final point can be stated another way: by the time they make five basic payments — mortgage, car, daycare, tuition, and health insurance — today's two-income family has less money than its one-income counterpart of a generation ago. Increases in those five expenses have eaten up the entire net take-home pay of a working mother — and more. Any additional costs — time off from work to care for a sick child, increased expenses for work clothes for two adults — must be squeezed somewhere else in the budget. Given these high fixed expenses, the rise in home mortgage foreclosures, bankruptcies, credit card defaults, and other signs of financial distress are unsurprising.

While the circumstances of one-parent families are beyond the scope of this lecture, it is worth pausing to note that the single parent is competing for exactly the same things the two-parent family wants for its children — a decent education. There are no special price breaks for one-parent households. A single parent confronts the same high prices for real estate, the same high prices for preschool and college tuition, the same need for daycare. The difference is that the single parent has no way to bring in a second income. The single parent has to find the money, or give up on the dream that her children will have a decent basic education.

VIII. Who Pays for the Children?

Many Americans cling to an important ideal: children are the future and we have a collective obligation to see to their well-being. To that end, America provides funds for Aid to Dependent Families and Children to ensure that no child should go hungry.[107] State governments oversee living circumstances to

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106. *Id.*

107. The Aid for Families with Dependent Children Program, administered by the U.S. Department of Health and Human Services' Administration for Children and Families, is now

protect children from neglect and abuse.[108] We set aside tax dollars for playgrounds, educational television, and childhood immunizations. And, most importantly, for more than a century America has taxed *all* of her citizens — including the childless — to offer a free, basic education to every child.

For some, America's concern over children and their parents is already overblown. Professor Elinor Burkett articulates this view, arguing that the childless individual "has become a second-class American citizen."[109]

> [Parents] regularly come in late [to the office], leave early, or beg out of Saturday work because of their kids. Their paychecks include medical benefits that cost [the] boss twice what [a childless person's cost]. Their taxes are dramatically lower because of their kids, while [the childless] help pay for their kids' education, recreation and medical care. And everywhere [a childless person] turns, from the supermarket to the IRS, she's expected to make accommodations for the decisions of others to have it all: professions and children, time at the gym, evenings to party, and money for vacations.[110]

Perhaps Professor Burkett and her intellectual fellow travelers would be pleased to hear that the proportionate share of the cost of educating a child has shifted dramatically during the past generation.

The data assembled here suggest that over the past generation, the family has traveled backwards — fast. Today's parents are asked to bear individually a much larger share of the cost of raising their children than was true when Professor Burkett was growing up. With failure in the public schools and the resulting pressure on families to buy more expensive housing in distant suburbs, the cost of raising children has moved from society at large to the individual family. With every study that shows that in order to make it in the middle class, children need their parents to pay for preschools and college degrees, high-priced car seats, and high-quality daycare, the cost of raising children has shifted a little more. Professor Burkett may feel the pinch of

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called the Temporary Assistance for Needy Families (TANF) program. The TANF program was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, 110 Stat. 2105.

108. The Child Welfare Services Program, Title IV-B of Subpart I of the Social Security Act, establishes guidelines for the corresponding state child welfare programs and authorizes federal funding in the form of matching grants. 42 U.S.C. §§ 620-628 (2000).

109. ELINOR BURKETT, THE BABY BOON: HOW FAMILY-FRIENDLY AMERICA CHEATS THE CHILDLESS 7 (2000).

110. *Id.*

being denied a $600 tax credit, but parents of young children are feeling the pinch of being slammed with a $5000 preschool bill.

It was not so very long ago that many families viewed children as economic assets. Youngsters lent a hand on the farm or in the shop, they looked after their younger siblings, and, most importantly, they cared for their aging parents. As such, it was quite reasonable to expect parents to shoulder the costs of bringing up those kids; after all, parents also reaped the rewards. That reality has not disappeared altogether. Children are still economic assets. Today's children will build the economy of tomorrow, defend the nation in future wars, care for the sick, construct new buildings, repair the roads, and support the next generation of elderly through Social Security and federal, state, and local taxes. But most of that will not happen until these children have grown up and left home. In today's economy, few children earn their keep by working in the family business or gathering the next harvest; most will be a financial burden well into adulthood. In just a few generations, the calculus of raising children has changed. Middle-class parents are investing more and more in their own children; at the same time, society at large claims an ever-growing share of the rewards of those investments.

Like many, Professor Burkett views parenthood as nothing more than another "lifestyle choice,"[111] not so different from joining a commune or developing a passion for windsurfing. If people stop making that parental lifestyle choice, who will care for Ms. Burkett in her old age? Who will fly her airplanes, manufacture her breakfast cereal, and push her wheelchair? Who will pay taxes, build infrastructures, and keep the economy afloat?

A columnist for *U.S. News and World Report* wryly observed: "at the individual family level, a child, financially speaking, looks more like a high-priced consumer item with no warranty . . . . For economic man in the late 20th century, child-rearing has become a crummy financial bargain."[112] He was fundamentally right: bringing up children has indeed become a crummy financial bargain. But he was wrong in another regard; signing on to have children is quite different from buying a high-priced consumer item, with or without a warranty. If having children were like buying, say, a Mercedes, with a preset price tag that could be clearly accounted for, then prospective parents could simply make the usual set of financial choices posed by the typical economics textbook. They could choose among several options — the Mercedes, the BMW, or the pleasure of a tiny new person. Reasonable people could make informed choices, depending on their preferences, and they could

111. *Id.* at 197.

112. Phillip J. Longman & Amy Graham, *The Cost of Children*, U.S. NEWS & WORLD REP., Mar. 30, 1998, at 50.

abandon, or resell, their purchases if the costs got out of hand. But the cost of children is not so neatly packaged. As any sensible person knows, it is pretty silly to presume to calculate the eighteen year (or twenty-two-year) price tag of an individual child, with her unique talents and needs, before she is even conceived. It does not matter that a prospective parent did not plan on buying the baby-with-asthma package or the overpriced diploma at a private college for the kid who was denied admission to State U.; parents make the commitment to meet their children's needs long before they know the full price. And that commitment will color the parents' financial prospects for the rest of their lives.

IX. Conclusion

Over the past generation, family economics have shifted significantly. In the early 1970s, the amount and kind of education parents wanted for their children was available largely for free, paid for by all taxpayers. Parents picked up the costs of clothes and lunch money, and in some areas they paid for books and band instruments. And no one would claim that all schools were equal in quality or in the opportunities that their graduates enjoyed. But most parents believed that there was a core they could count on — a decent education for their children regardless of whether the parents could live in a modest apartment or a mansion. Parents of modest means were denied access to preschools and colleges, but they did not see those educational opportunities as essential to their children's future. In short, the public education system provided the basics for most families.

The most significant portion of the social safety net for middle-class families — the one that affects *every* middle-class parent — is rapidly coming unraveled. Families once could count on a base; now they are spending themselves into bankruptcy to try to purchase that base individually. The assault is having devastating consequences on families' finances.

APPENDIX I

Data to build the Typical Budget, Family of Four, 1970s-2000s, adjusted for inflation, *supra* Part VII, were drawn from the following sources, making the assumptions as noted. The expenses are the actual expenses reported by the sources noted for a family of four — a mother, father, one child in elementary school, and one preschooler. The data would be more extreme if their children were older, with one child in college and one about to enter college. The same approach to the calculations was employed for the 1970s data and the 2000s data, except as noted.

1970s Data

● Annual mortgage payments. Average mortgage principal and interest paid by a home-owning, four-person family. CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 294, 358 tbl.5. Median data are not reported for the Consumer Expenditure Survey. In 2000, 74% of married couples with children owned their own homes; in 1972-1973 this figure was 71%. *Id.* at 290 tbl.5; TABLE 1400, *supra* note 71. This calculation accounts only for changes in mortgage expenditures (including both interest and principal) by families who owned their own homes. Median data from the Federal Reserve produce similar results. *See supra* note 71.

● Annual automobile expenses. Annual expenses include car payments, maintenance, gas, and repairs. CES : INTERVIEW SURVEY, 1972-73, *supra* note 71, at 325-29 tbl.5. The calculation is based on one car for the 1970s family and two cars for the 2000s family. In fact, the average family of four owned 1.7 vehicles in 1972-1973 and 2.5 vehicles in 2000. *Id.* at 290 tbl.5; REPORT 958, *supra* note 72, at 10 tbl.4. The average family of four had roughly 2.5 adults, often a college-age child or older relative in both 1972-1973 and 2000. *See* CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 290 tbl.5; REPORT 958, *supra* note 72, at 10 tbl.4. A family with more than two adults is presumably more likely to have more vehicles, while a family with two or fewer adults would have fewer vehicles. Since the focus here is on the nuclear family with two adults and two young children, I assume, for simplicity's sake, that the family owns just one car in 1972-1973 and just two cars in 2000.

● Health insurance expenses. Health insurance, purchased through the husband's job, is based on the average amount spent by an insured family that made at least some contribution to the cost of a private insurance policy. CES: INTERVIEW SURVEY, 1972-73, *supra* note 71, at 330 tbl.5 (showing average expenditures on private health insurance by a family of four). In 1972-1973, the average family of four spent $160 (inflation adjusted to $640) on private health insurance (not including expenditures on Medicare). *Id.* However, 38%

of these families spent nothing whatsoever on health insurance, typically because they were uninsured, although in some cases because they were covered by a government program such as Medicaid or because they had a particularly generous employer who paid the entire bill. *Id.* In order to get a more accurate picture of the typical health insurance burden on a middle-class, insured family who would not typically qualify for Medicaid, I have included in the calculation only those families who spent at least $1 on health insurance. The calculation is as follows: $640 (average expenditures on health insurance) /62% (the portion of families who reported expenditures on private health insurance) = $1027, which is the estimate for a middle-class family's typical expenditures on health insurance.

2000s Data

● Annual mortgage payments. TABLE 1400, *supra* note 71. Method of calculation is the same as for the 1970s data above.

● The calculation assumes that the older child goes to the public elementary school, but after school and during summer vacations he goes to daycare, for an average yearly cost of $4350. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES PPL-168, SPRING 1999, DETAILED TABLES: PPL TABLE 6: AVERAGE WEEKLY CHILD CARE EXPENDITURES BY EMPLOYED MOTHERS OF CHILDREN UNDER 14, CHILDREN UNDER 5 AND CHILDREN 5 TO 14, at 6 (2003), *available at* http://www.census.gov/population/socdemo/child/ppl-168/tab06.pdf. The younger child attends a full-time preschool/daycare program, which costs the family $5320 a year. *Id.* at 4. Daycare costs calculated from average childcare costs for married mothers employed full-time with a child five to fourteen, and preschool costs calculated from average childcare costs for married mothers employed full-time with a child under five. *Id.* at 4, 6. Government statistics show that the average amount a family of four spends on after-school care is lower than the $4350 quoted above. *See* KRISTEN SMITH, CENSUS BUREAU, U.S. DEP'T OF COMMERCE, SERIES P70-086, CURRENT POPULATION REPORTS: HOUSEHOLD ECONOMIC STUDIES: WHO'S MINDING THE KIDS? CHILD CARE ARRANGEMENTS: SPRING 1997, at 15 tbl.7 (2002), *available at* http://www.census.gov/prod/2002pubs/p70-86.pdf. The government "average" includes children who have a grandmother or an older sibling who can watch them for free, which is a great benefit for the families who have someone who can do this, but it does no good for the typical family that has to rely on paid childcare. *Id.* The figure reported here is based on families who pay for childcare.

● Annual automobile expenses. With both parents at work, the calculation is based on two cars for the family. REPORT 958, *supra* note 72, at 10 tbl.4.

● Health insurance expenses. TABLE 1400, *supra* note 71. Methods of calculation are the same as the calculation for 1972-1973, *supra*.

Income After Taxes

The change in median family income after taxes for the one-income family in the early 1970s to the two-income family in the 2000s is listed below.

Husband's Income	$38,700	$39,000	1%
Wife's Income	0	$28,800	100+%
TOTAL FAMILY INCOME	$38,700	$67,800	75%
Tax Rate (% of income: Local, state, & federal)	24%	33%	29%
Taxes	$9,386	$22,256	137%
AFTER-TAX INCOME	$29,314	$45,544	55%

1970s Tax Calculation

● Taxes claimed about 24% of median income in the early 1970s. For the 1973 calculation, I apply the Tax Foundation's estimate of the tax rate for a single-income family in 1975. *See* CLAIRE M. HINTZ, TAX FOUND., SPECIAL REPORT NO. 96: THE TAX BURDEN OF THE MEDIAN AMERICAN FAMILY 6 tbl.1 (2000), *available at* http://www.taxfoundation.org/files/687490cfad2433b124d834266ee04e43.pdf. This report has the only data available that attempts to estimate the entire state, local, and federal tax burden on middle-class families, using a consistent methodology over the past forty years. *Id.* at 2, 4-9. Most other estimates only account for federal income taxes, which underrepresents the true tax burden on families, and most offer only current estimates, without historical context. *Id.* at 10-12; *see, e.g.*, STAFF OF J. COMM. ON TAXATION, 103D CONG., METHODOLOGY AND ISSUES IN MEASURING CHANGES IN THE DISTRIBUTION OF TAX BURDENS (J. Comm. Print 1993), *available at* http://www.house.gov/jct/s-7-93.pdf.; CONG. BUDGET OFFICE, U.S. CONG., PRELIMINARY ESTIMATES OF EFFECTIVE TAX RATES (1999), *available at* http://www.cbo.gov/ftpdocs/15xx/doc1545/taxrates.pdf. In addition, this report differentiates between the tax burden on two-income and one-income families, which is critical for this analysis. HINTZ, *supra*, at 1-7. This analysis includes a few minor adjustments to the Tax Foundation's basic methodology. First, employer-paid payroll taxes are omitted from both the income and the tax burden calculations. For payroll tax data, see *id.* at 6 tbl.1. This would not change the comparison between the early 1970s and 2000 in any substantial way, but it eliminates the need to gross-up income by including the employer's contribution to payroll taxes, only to have that income deducted on the tax side. Second, median wages for a fully employed male, rather than median income for a single-income family, was the basis for applying the taxes, in order to be consistent with the model — a married couple in which the male was employed — rather than relying on data that included other one-income households, such as divorced and never married women. The results, however, should be quite similar either way: in 1975, the Tax Foundation reported that median income for a single-income family was $12,560. *Id.* According to the U.S. Census Bureau, median earnings for full-time, year-round male workers was $12,934 that year, *Table P-36*, *supra* note 64, a difference of less than $400, which would indicate that a family living on median earnings for a fully employed male would be in roughly the same tax bracket as the family living on median income for all one-income families. Third, the Tax Foundation calculations are adjusted by omitting imputed corporate taxes, again avoiding the problem of overstating income by including an imputed distribution from corporate profits, only to have that deducted again in taxes. Imputed corporate income taxes come from ED HARRIS & ROBERTON WILLIAMS, CONG. BUDGET OFFICE, EFFECTIVE FEDERAL TAX RATES, 1979-1997, app. at 125 tbl.T-1a (2001), *available at* http://www.cbo.gov/ftpdocs/30xx/doc3089/EffectiveTaxRate.pdf. There are no special deductions in this calculation for home mortgage, childcare, or other expenditures because average tax burdens already account for average deduction levels, and there would be considerable risk of double-counting a family's deductions.

- Once all the taxes, mortgage payments, and other fixed expenses are paid, the median family of four would have had $17,834 in discretionary income (inflation adjusted), or about 46% of the primary wage-earner's pre-tax paycheck.

2000s Tax Calculation

- Because they now have two incomes, the family has been bumped into a higher bracket, *see* HINTZ, *supra*, at 2, 7 tbls.1 & 2, and the government takes 33% of the family's money. For the 2000 calculation, I apply the Tax Foundation's estimate of the tax rate for a two-income family in 1998, the most recent year for which this calculation was available. *Id.* at 7 tbl.2. Because they own a more expensive home than their one-income counterparts in the early 1970s, the two-income family also pays more property taxes in

2000, in addition to higher income taxes. The calculations used here are the same as in the 1970s tax computations, *supra*.

● Once all the taxes, mortgage payments, and other fixed expenses are paid, the median family of four would have had $17,045 in discretionary income (inflation adjusted), about 25% of their pre-tax paychecks — and $800 less than their counterpart from the 1970s.