



Family-Friendly Policies for the 119th Congress

Edited by Timothy P. Carney

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Introduction

Timothy P. Carney

America is in a baby bust, with birth rates hitting record lows and still falling. Young Americans are getting married later and less. Meanwhile, parents face rising stress, and children suffer an epidemic of anxiety.

The family is the fundamental building block of a society, as the cell is of an organism. A nation with increasingly fewer families has less social cohesion and less of a future.

Americans say the ideal family has 2.7 children, but American women are having about 1.6 children each.¹ This is a serious deficit in a crucial area.

Congress should not engage in social engineering or try to set the birth rate. Most of the work to be done on this front is cultural or even spiritual. But Congress could enact, amend, or repeal plenty of policies to make America more family friendly.

In this compilation, various AEI scholars offer a small sampling of such policies. AEI, of course, does not take institutional positions, so some of these policies do not agree with each other—or they even clash. Nevertheless, Congress should do what it can to support families, and these policy ideas could help.

Notes

1. Megan Brenan, “Americans’ Preference for Larger Families Highest Since 1971,” Gallup, September 25, 2023, <https://news.gallup.com/poll/511238/americans-preference-larger-families-highest-1971.aspx>; and Brady E. Hamilton et al., *Births: Provisional Data for 2023*, US Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, April 2024, <https://www.cdc.gov/nchs/data/vsrr/vsrr035.pdf>.

Don't Subsidize Childcare

Timothy P. Carney

Many parents say safe and affordable childcare is a necessity, and some say the lack of it is a reason for not having more children. Thus, many commentators and lawmakers jump to the idea of universal or federally subsidized childcare. This is a mistake.

Broad-based childcare subsidies amount to dictating one specific family model: both parents working full-time and paying for formal childcare. This is a fine model, but Washington, DC, should not push it on everyone.

Given other options, only 11 percent of mothers say the best arrangement for children under age five is a full-time nanny or childcare.¹ About three-quarters of mothers said the ideal situation involves one or both parents sacrificing paid work and caring for the kids themselves.² Also, Canada's various experiments with universal day care have had poor results, including reduced day care access and lower quality.

Uncle Sam currently subsidizes the model of two parents with full-time jobs plus institutional childcare through the child and dependent care tax credit. This credit is for only parents who use formal childcare to work for pay. It is not available for parents who hire a babysitter for an infant so they can chaperone another child's field trip or homeschool older children. Nor is

it available for parents who make sacrifices to arrange informal childcare, such as enlisting a co-op of neighborhood mothers or a grandmother to watch the kids. Most importantly, the child and dependent care tax credit has no value for parents who opt to care for their own children by sacrificing paid work.

The child and dependent care tax credit's entire value (nearly \$4 billion in 2024) could be folded into increasing the child tax credit (CTC). (This would make up for most of the value the CTC has lost to inflation since 2018.) A larger CTC would help those who want formal childcare but also those who choose other avenues: cutting back on paid work in favor of full-time parenting, building an in-law suite to get family help, and so on.

Also, the federal government should not mandate that employers subsidize childcare. The Biden administration, for instance, used the subsidies in the CHIPS and Science Act to push employers to provide childcare benefits. These benefits are good, but all employer benefits end up reducing take-home pay. Any childcare mandate on employers essentially transfers money from those who use informal or parental childcare (or none at all) to those who use institutional childcare. This transfer makes no sense.

Notes

1. Wendy Wang and Jenet Erickson, *Homeward Bound: The Work-Family Reset in Post-COVID America*, Institute for Family Studies, August 17, 2021, <https://ifstudies.org/blog/homeward-bound-the-work-family-reset-in-post-covid-america>.

2. Wang and Erickson, *Homeward Bound*.

Remove Roadblocks to Starter Homes

Timothy P. Carney

The chief way in which unaffordability deters family formation is this: Today's young parents or would-be parents find it much harder to buy a home than did those who came earlier. Congress should not subsidize homeownership (this went poorly about 20 years ago), but it should remove the regulations that make starter homes less available.

Small single-family homes or duplexes are ideal for many parents, but these are not being built in sufficient numbers. This leaves a would-be parent with the options of living in a large apartment building or their mom's basement—neither of which is conducive to family formation.

The Federal Emergency Management Agency and Environmental Protection Agency develop national model building codes, which states and localities use to draft their regulations. The Clean Water Act and Occupational Safety and Health Administration directly affect builders. The National Association of Home Builders estimates that the cost of regulatory compliance constitutes nearly a quarter of the cost of a single-family home.

Congress should review all these regulations, determine which burden family-friendly housing the most, and mitigate the added costs.

Require a Family-Formation Review of New Federal Actions

Timothy P. Carney

Various laws require environmental impact reviews for new developments. Likewise, the Paperwork Reduction Act requires agencies to justify the paperwork burden they impose on Americans.

In the same spirit, Congress should require federal agencies to examine how their actions affect family formation. Does a new regulation create a marriage

penalty? Does it make homeownership more difficult? Does it discriminate against larger families?

The baby bust and retreat from marriage are crises that will define the next generation or two in the US and the rest of the world. All policymaking should pay at least some attention to removing obstacles to family formation.

Improve Parents’ Lives by Helping Schools Craft Better Cell Phone Policies

Christopher J. Scalia

Having children who perform—and behave—well in school makes every parent’s life easier. No recent development has made that more difficult than the ubiquity of cell phones.

In December 2024, the Department of Education issued a document called *Planning Together: A Playbook for Student Personal Device Policies*. In it, Secretary of Education Miguel Cardona warned about the harm of cell phones on students but acknowledged that “the decision to implement restrictions aimed at improving student performance must be made at the state and local level, where parents and educators are closer to the students, not in Washington, D.C.”¹

Instead of promoting specific policies, *Planning Together* offers advice on developing them. Its main recommendation: Work closely with the students to develop the guidelines.

It’s good that the Department of Education recognizes schools are struggling with cell phone policies—and that it has avoided imposing a one-size-fits-all policy. But the Trump administration’s Department of Education could do more to help schools develop policies by offering evidence of how cell phone usage affects academic performance and providing examples of best practices from around the country.

Congress is already trying to accomplish this. House and Senate committees are considering the bipartisan Focus on Learning Act, which would require the US Department of Education to “complete a study regarding the use of mobile devices in elementary schools and secondary schools nationwide,” including its impact on learning, mental health, and behavior.² It would also authorize the department to create a pilot program for schools countrywide to establish cell phone-free learning environments, providing them with the funds to purchase storage for students’ phones during the school day.

President Donald Trump and his presumptive secretary of education, Linda McMahon, should support the Focus on Learning Act. It’s a modest but realistic measure that respects federalism. The bill does not seek to expand the Department of Education’s authority, but it would still help states and school districts understand, explain, and implement the best policies to overcome the challenges posed by cell phones in schools. In the process, the act would reassure parents that their children are focusing at school (or at least finding distractions other than cell phones).

Notes

1. US Department of Education, Office of Planning, Evaluation, and Policy Development, Office of Educational Technology, *Planning Together: A Playbook for Student Personal Device Policies*, December 2024, 6, https://tech.ed.gov/files/2024/12/Planning-Together-A-Playbook-for-Student-Personal-Device-Policies_v25r4-FINAL.pdf.

2. Focus on Learning Act, S. 3266, 118th Cong., § 3 (2023).

Make Birth Free

Yuval Levin

The costs of hospital care and expenses related to childbirth burden many struggling families, and the fear of such costs has been shown to contribute to some young couples' reluctance to have children.¹ More than 40 percent of births are covered by Medicaid and thus free for the parents,² but all parents should be ridded of out-of-pocket costs.

The mechanism for such coverage could take various forms—including prohibiting private health insurance plans from requiring cost sharing for childbirth, neonatal care, and postpartum care and providing a new benefit through the Children's Health Insurance Program.

The details will matter enormously, needless to say. But eliminating the out-of-pocket health care

cost of birth would make an enormous difference for countless families. And whether or not it affects birth rates, this policy would express a national commitment to children and parents that could hardly be more important. It would also provide for an unusual convergence between some pro-life Republicans and some progressive Democrats—and thus exemplify how family policy generally might draw together strange bedfellows and assuage polarization.

This policy would not be cheap, which is no small caveat. But substantively and symbolically, bringing the out-of-pocket health care costs of childbirth to zero is an ambitious but achievable starting point for the next generation of pro-family policies.

Notes

1. Noam N. Levey, "Their First Baby Came with Medical Debt. These Illinois Parents Won't Have Another.," *KFF Health News*, May 10, 2024, <https://kffhealthnews.org/news/article/babies-come-with-medical-debt/>.
2. George Washington University, Milken Institute School of Public Health, "Medicaid Pays for Nearly Half of All Births in the United States," November 10, 2013, <https://publichealth.gwu.edu/medicaid-pays-nearly-half-all-births-united-states>.

Reform the Child Tax Credit and Eliminate Marriage Penalties

Brad Wilcox

The next Congress faces a pivotal moment to address two critical family policy issues: improving the child tax credit (CTC) and reducing or eliminating marriage penalties in the tax and welfare systems. These reforms are essential to supporting the families raising the next generation while fostering work and stability.

Revive and Reform the CTC

The expanded CTC of 2021 was a lifeline for millions of families, delivering monthly payments of \$250 to \$300 per child. But the 2021 CTC made the mistake of offering unconditional cash payments to nonworking families, which can undermine the connections among work, marriage, and family life.

For conservatives to support a robust CTC in 2025, it must align with pro-work and pro-family principles. Inspired by proposals like the Family Security Act 2.0, Congress should pass a CTC that requires a modest income threshold of \$20,000 before the full \$2,000-per-child credit kicks in. That credit should increase to \$5,000 annually for each child under age five and \$3,000 for each school-age child under 18. This approach rewards work while meaningfully supporting parents. Moreover, it addresses marriage penalties, sending a clear message: Public policy should *strengthen* families, not create obstacles to marriage.

Without congressional action, families will see the current \$2,000-per-child benefit slashed to \$1,000 in 2025—a significant financial hit for working- and middle-class parents. Congress has a golden opportunity to craft a middle-ground solution that helps

parents invest in their children while reinforcing the value of work and marriage.

Eliminate the Marriage Penalty

America's tax and welfare systems too often penalize marriage, particularly for low- and middle-income couples. Means-tested programs like Medicaid and the Supplemental Nutrition Assistance Program calculate eligibility based on household income, reducing or even eliminating benefits for many couples who marry. Particularly for working-class couples expecting or raising young children, marriage can mean losing access to benefits like Medicaid, which would otherwise cover pregnancy-related and other medical care for the mom and any kids she has.

These penalties have real consequences. Research suggests they reduce marriage rates, particularly among working-class families already struggling with family instability.¹ They thereby reinforce a marriage divide in which poor and working-class families are less likely to form around marriage, putting children at risk of family instability, poverty, and poor life outcomes (and resulting in generations of government dependence).

To fix marriage penalties, Congress should reform means-tested programs like Medicaid and reform tax credits like the earned income tax credit by doubling income thresholds for married couples with young children (under age five). This isn't just about fairness—it's about affirming the importance of stable, married families to children, communities, and the nation.

The challenge is clear: Congress must advance a pro-family, pro-work agenda that strengthens the economic and social foundations of American life.

With the right reforms, we can turn these perennial policy debates into lasting victories for families.

Notes

1. Elias Ilin et al., “Is Our Fiscal System Discouraging Marriage? A New Look at the Marriage Tax,” Working Paper No. 30159 (National Bureau of Economic Research, October 2022), <https://www.nber.org/papers/w30159>.

Reform the Earned Income Tax Credit to Transform Marriage Penalties into Marriage Bonuses

Scott Winship

During the Biden years, tax and family policy revolved around the child tax credit (CTC). Some policymakers tried to expand the credit to make it easier for two-parent families to have kids and rely on one breadwinner, but they were thwarted by objections that a child allowance would promote single-parent families in which no one worked.

Policymakers seeking to use the tax code to strengthen poor and working-class families should shift their focus to the earned income tax credit (EITC).

The EITC is a refundable tax credit for low earners. Research indicates the EITC has successfully connected low-income parents to the workforce when they would otherwise have relied on welfare programs.¹

However, because the credit phases out with additional family income, it tends to go to single parents who could lose the credit if they marry. The EITC therefore encourages single parenthood, which is bad for children and parents.

One proposed reform to the EITC would promote marriage and make it easier for working-class married couples to rely on a single earner: If EITC eligibility and benefits were tied to *individual* earnings, rather than *family income*, then marrying would not result in income loss.² Moreover, if two parents—each with

their own kids—married one another, they could each use the EITC schedule for their combined number of kids, while as single parents, they would use the less generous schedules applicable to their respective dependents. In contrast to current policy, with its marriage penalty, the reformed EITC would provide a sizable marriage *bonus*.

For example, two single, working parents, each with one child, would each receive a maximum of around \$4,300 in 2025. If they married and both kept working, they would *each* qualify for a maximum of over \$7,100 (using the schedule for two children). Alternatively, they might choose to have one parent stay at home full-time, in which case they'd still receive \$7,100, reducing the cost of the married, one-breadwinner model by \$1,500 relative to current policy. The EITC would transform from helping primarily low-income single parents to also benefiting working-class married couples.

The EITC has played a key role in promoting work and thereby reducing poverty. However, Americans have a long way to go to reverse the decades-long weakening of the two-parent family. This proposal would cost under \$400 billion across 10 years—not chump change but a small price to shore up the family and expand child opportunity.

Notes

1. Samuel Hammond, “New Research Finds the Child Tax Credit Promotes Work,” Niskanen Center, December 10, 2020, <https://www.niskanencenter.org/new-research-finds-the-child-tax-credit-promotes-work/>.

2. Scott Winship, “Reforming the EITC to Reduce Single Parenthood and Ease Work-Family Balance,” Institute for Family Studies, July 10, 2023, <https://ifstudies.org/blog/reforming-the-eitc-to-reduce-single-parenthood-and-ease-work-family-balance>.

Promote Family Wealth and Stability Through Smarter Homeownership Policy

Edward J. Pinto and Tobias Peter

Homeownership is a proven pathway to building wealth and supporting family formation, and it provides the long-term belonging and community roots that help families thrive. However, housing policies have failed many low-income, first-time buyers. Traditional 30-year mortgages pay down principal slowly, leaving borrowers with excessive debt that increases the risk of default.

A 20-year loan term paired with realigned cross-subsidies and underwriting provisions is a smarter, more effective approach. This strategy aligns the effective monthly cost of a 20-year mortgage with that of a 30-year mortgage, giving families access to faster equity growth and wealth building while maintaining affordability. For example, within five years, a borrower with a \$250,000 loan would pay down \$21,000 more in principal for a 20-year mortgage than for a 30-year mortgage. After 20 years, the homeowner would gain complete freedom from monthly payments, creating intergenerational wealth and freeing up cash flows for retirement savings or children's education.

Wealth building increases families' financial security, promotes family stability, and reduces housing insecurity. Unlike down payment assistance programs—which can unintentionally drive up home prices—the 20-year loan model addresses affordability without increasing prices. It also reduces foreclosure risk, as borrowers accumulate equity early, giving them financial flexibility during hardships.

This strategy requires no new government spending, but Congress has a role: reallocating existing funds and underwriting approaches. Currently, the Federal Housing Finance Agency (FHFA) and

Federal Housing Administration (FHA) rely on broad, un-targeted cross-subsidies, in which higher-quality borrowers subsidize riskier loans. Not only has this strategy failed to lastingly increase homeownership rates; it also promotes risky loans and inflates home prices.

Instead, Congress should instruct the FHFA and FHA to redirect existing funds and recognize the wealth-building benefits of a 20-year loan. This would make the monthly payments on a 20-year loan an affordable alternative to those on a 30-year loan for select borrowers. Specifically, Congress should take the following steps:

- Instruct the FHFA to shift cross-subsidies from high-risk, 30-year loans to support the 20-year loan model.
- Mandate the Department of Housing and Urban Development and FHA to set mortgage insurance premiums for 30- and 20-year loans in a way that helps align monthly payments.
- Modify underwriting provisions relating to debt-to-income calculations, adjustable-rate mortgages, and seller concessions to reflect the lower default risk and wealth-building benefits of a 20-year loan.

This policy is a win-win. Borrowers get an affordable alternative to the 30-year mortgage while building equity faster and achieving freedom from debt sooner. By targeting support to households earning 80 percent or less of the area median income and

borrowers with loan-to-value ratios above 95 percent, government guarantees are directed to where they are most effective. This approach reduces foreclosure

risk, stabilizes communities, and supports long-term wealth for future generations, creating a brighter future for American families.

Increase the Maximum Child Tax Credit to \$2,500

Kevin Corinth

Starting in tax year 2018, the Tax Cuts and Jobs Act (TCJA) doubled the child tax credit (CTC) to \$2,000 per child. Unfortunately, high inflation has reduced the credit's real value today by \$500.

Congress should increase the maximum credit to \$2,500 per child so its real value is restored to 2018 levels. In addition, Congress should index the credit to inflation moving forward to prevent future erosion of the credit's real value. If Congress extends the TCJA but does not increase the CTC to \$2,500, families with children will end up with a smaller child tax break than if the TCJA expired.

The TCJA eliminated the dependent exemption, which will return in 2026 at \$5,300 if the TCJA expires. This would reduce federal income tax liability by \$1,325 per child for middle-class taxpayers in the 25 percent tax bracket. Thus, if Congress does not extend the TCJA, these families will receive tax benefits of \$2,325 per child (\$1,325 from the exemption plus \$1,000 from the tax credit). If Congress extends the tax law while failing to increase the CTC, this benefit will be only \$2,000.

The simple solution is to extend the TCJA while increasing the CTC to \$2,500 and indexing it for inflation.

Use the System for Enforcing Child Support Payments to Bring Low-Income Men into the Workforce

Howard Husock

Single mothers, whether divorced or never married, depend on legally required child support, typically from the fathers of their children. In recent years, state and federal child support collection has improved dramatically. But it can fall short when an absent spouse is out of the workforce and unable to provide support.

The Urban Institute has found that 75 percent of fathers owing more than \$30,000 in child support have incomes below \$10,000.¹ This mismatch between absent fathers' child support arrearages and their capacity to pay is worst when they are not in the labor force at all. This is especially a problem for recently released ex-offenders, 60 percent of whom the Federal Bureau of Prisons has found to be unemployed four years after release.² A mismatch between what these fathers owe and their capacity to pay it may discourage them from not only working but also being involved with their children.

In recent years, states have moved to address this mismatch by making it easier to modify the required support payments. But no such modification will matter if absent fathers are not in the formal workforce at all. The Bureau of Labor Statistics reports that in 8 percent of all families with children under age 18, whether the parents are married or not, neither parent is employed; in 5 percent, the mother but not the father is employed.³

What's needed is working fathers. Drawing low-income men into the workforce offers two benefits: child support payments and absent fathers' increased

involvement in their families—even the prospect, eventually, of marriage.

Congress can push more fathers into the workforce by adjusting the system of federally funded financial support for low-income parents—Temporary Assistance for Needy Families (TANF). Congress could adopt a work requirement for low-income men who owe child support payments. This requirement would mirror that for low-income mothers receiving TANF, who have, since 1996, faced a work requirement for benefits.

This work requirement would be a state program, but Congress has a lever: The Department of Health and Human Services provides financial aid to state governments. States use their TANF grants to support households in which absent spouses—such as those who are incarcerated—are not making child support payments, thus necessitating government assistance. These payments are substantial. As per the Congressional Research Service,

For every dollar a state spends on CSE [child support enforcement] expenditures, it generally is reimbursed 66 cents from the federal government. This reimbursement requirement is “open ended,” in that there is no upper limit or ceiling on the federal government’s match of those expenditures. . . .

In FY2023 [fiscal year 2023], the CSE program paid to families \$25.7 billion in child support and served nearly 12.1 million child support cases.⁴

To implement a work requirement for noncustodial parents who owe child support, Congress should condition this “cost recovery” money on states adopting a work requirement for such parents. This federal mandate would require amending Title IV, Part D of the Social Security Act, the master legislation for all income support programs.

To enforce the work requirement, noncustodial parents who fail to gain employment or participate in a state employment training program should face imprisonment (or, in the case of ex-offenders, a return to prison). This isn’t radical: Many ex-offenders, released on parole, already face a work requirement and the threat of reincarceration.

When adopting this stringent sanction, states should take care not to set child support payments onerously high for those with very low incomes. Simply put, any job and any payment should be considered good news. Note that payments can be through wage garnishment—direct collection from paychecks.

The 1996 welfare reform act led to sharply increased employment for single mothers. A work requirement for men who owe child support payments and are failing to meet their responsibility would constructively complement that progress. Over time, it would aid families financially and make low-income men more marriageable—because of their capacity to support their children.

Notes

1. Elaine Sorenson et al., *Assessing Child Support Arrears in Nine Large States and the Nation*, Urban Institute, July 11, 2007, 3, <https://www.urban.org/sites/default/files/publication/29736/1001242-Assessing-Child-Support-Arrears-in-Nine-Large-States-and-the-Nation.PDF>.
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3. US Department of Labor, Bureau of Labor Statistics, “Employment Characteristics of Families—2023,” press release, April 24, 2024, <https://www.bls.gov/news.release/pdf/famee.pdf>.
4. Jessica Tollestrup, *Child Support Enforcement: Program Basics*, Congressional Research Service, August 19, 2024, <https://crsreports.congress.gov/product/pdf/RS/RS22380>.

Reform the Department of Housing and Urban Development's Rules on Subsidized Housing

Howard Husock

More than nine million Americans in five million households live in public or subsidized housing.¹ Costing nearly \$18 billion, government-assisted housing comprises the largest portion of the Department of Housing and Urban Development's budget. The federal government spends more on low-income housing than on Temporary Assistance to Needy Families (TANF)—that is, cash welfare.

But subsidized housing, on examination, is largely for low-income, single-parent families. Two-parent families with children occupy just 3 percent of subsidized housing. In fact, these programs have subsidized long-term poverty. (The average resident has lived in such housing for 10 years.)² Moreover, by subsidizing single motherhood, they subsidize intergenerational poverty.

The following rule changes could encourage two-parent households and household economic upward mobility. So that these changes apply to the more than 3,000 public housing authorities in the US, Congress should codify them as amendments to the National Housing Act, the master legislation for all housing subsidies.

Let Two-Parent Households Qualify

Priority in the subsidized housing program now goes to those with the lowest incomes, which favors single-parent households. Instead, housing authorities should consider incomes in two-earner households separately, as if each earner were seeking to qualify. This would boost support for two-parent families.

Transform Rent Increases into an Exit Bonus

Congress should eliminate the requirement that households pay 30 percent of their income in rent. This leads rent to increase when income increases. Instead, rents should stay flat, while rent increases that would otherwise have been paid under the 30 percent rule should be deposited in an escrow account whose funds accrue interest. Such funds would be disbursed to households only upon their exit from subsidized housing.

Impose a Time Limit for New Tenancies

Subsidized housing is a major social program, but it is not an entitlement; local housing authorities have long waiting lists. A five-year time limit, like that of TANF, with the escrow account described, would incentivize households to increase their earnings and move up and out.

Conclusion

Housing policy is a key part of the social welfare safety net. But its current structure is not aligned with other programs intended to encourage self-sufficiency, long-term economic upward mobility, and independence. The proposals above would help change that by promoting marriage and self-reliance.

Notes

1. USA Facts, “How Does the Government Support People with Section 8 Housing?,” November 3, 2023, <https://usafacts.org/articles/how-does-the-government-support-people-with-section-8-housing/>.
2. US Department of Housing and Urban Development, Office of Policy Development and Research, Picture of Subsidized Households, <https://www.huduser.gov/portal/datasets/assthsg.html>.

About the Authors

Timothy P. Carney is a senior fellow at the American Enterprise Institute, where he studies civil society, family, localism, religion in America, economic competition, and electoral politics. He is concurrently a senior columnist at the *Washington Examiner*.

Kevin Corinth is a senior fellow and the deputy director of the Center on Opportunity and Social Mobility at the American Enterprise Institute, where he researches economic mobility, poverty, safety-net programs, homelessness, social capital, and other issues.

Howard Husock is a senior fellow in Domestic Policy Studies at the American Enterprise Institute, where he focuses on municipal government, urban housing policy, civil society, and philanthropy.

Yuval Levin is the director of Social, Cultural, and Constitutional Studies at the American Enterprise Institute, where he also holds the Beth and Ravenel Curry Chair in Public Policy. The founder and editor of *National Affairs*, he is also a senior editor at *The New Atlantis*, a contributing editor at *National Review*, and a contributing opinion writer at *The New York Times*.

Tobias Peter is a senior fellow and the codirector of the AEI Housing Center, where he focuses on housing risk and mortgage markets.

Edward J. Pinto is a senior fellow and codirector of the AEI Housing Center. His research focuses on using light-touch density to increase the supply of naturally affordable and inclusionary housing.

Christopher J. Scalia is a senior fellow in the Social, Cultural, and Constitutional Studies department at the American Enterprise Institute, where he focuses on literature, culture, and higher education.

Brad Wilcox is a nonresident senior fellow at the American Enterprise Institute. He is also a professor of sociology at the University of Virginia, where he directs the National Marriage Project, and a senior fellow at the Institute for Family Studies.

Scott Winship is a senior fellow and the director of the Center on Opportunity and Social Mobility at the American Enterprise Institute, where he researches social mobility and the causes and effects of poverty. He also focuses on economic insecurity and inequality, among other poverty issues.