

# **Nothing Succeeds Like the “Success Sequence” in Reducing Poverty and Increasing Economic Mobility**

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## **Remarks to Commission on Economic Opportunity for Virginians in Aspiring and Diverse Communities July 17, 2019**

Before I plunge into a statistical analysis of the causes – and cures – for poverty in Virginia, let me start by taking you on a quick trip to Texas. Most of you have heard the tough-talking injunction, “Don’t Mess with Texas”, which in 2006 was voted American’s favorite slogan and celebrated by a parade down Madison Avenue in New York City. But do you know the origin of this slogan? Well, Houston, Dallas and the rest of Texas had a problem – a littering problem. A littering problem due primarily to the irresponsible choices of young men between ages of 18 to 24 who found it convenient, or even preferable, to toss their empties and other trash out the car window. So the state recruited Dallas Cowboy star players, Willie Nelson and other well-known personalities to cut television ads in which they gathered up litter, crushed empty beer cans and seethed, “Don’t mess with Texas.” What they launched was an intense public education campaign to influence behavior and change the culture in Texas. Indeed the campaign became a classic example of what behavioral economists (including Nobel Prize winner, Richard Thaler) call the “power of a nudge” in persuading people to do what is in their own best interests. The result? Within the first year, litter was reduced by 29% and within six years, roadside litter was only a fraction (one-fourth) of what it had been before the campaign was launched.<sup>1</sup>

So what does a littering problem and a nudge like “Don’t Mess with Texas” have to do with poverty in Virginia? It is this. The prevailing culture, the norms of a society, powerfully influence the behavior of individuals. Culture, for example, either leads people to be prejudiced and intolerant, on the one hand, or color-blind and tolerant of differences, on the other. Although there are multiple causes of poverty – poor education, insufficient work opportunities, low-paying jobs, poor physical and emotional health and just bad luck, among them – the most powerful cause of today’s poverty in America is the emergence of social norms that steer people into making decisions that are not in the best interests of themselves and their families. These social norms create a culture in which personal responsibility is not sufficiently emphasized.

Although there are certainly religious and moral dimensions to these social norms, I am not addressing those aspects today. And I am certainly **not** judging anybody. Indeed, whom am I, a sinner, to judge anybody? No, I am interested in assessing, based on the best available data, whether the culture we have created (or acquiesced in) is contributing to the scourge of intergenerational poverty. Is our present culture exacerbating poverty in a nation otherwise blessed by tremendous abundance? If so, can we reform or restore a culture that will influence behavior in a direction that leads people out of poverty?

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<sup>1</sup> Richard H. Thaler and Cass R. Sunstein, *Nudge* (Penguin Books, 2009), p. 60 (paperback).

## A Massive Change in Social Norms

Here is where our current culture has taken us. The share of American children born out of wedlock has exploded from 5% in 1960 to over 40% today<sup>2</sup> and the share of children being raised by an unmarried parent has more than tripled since 1960, from 9% in 1960 to 34% in 2014.<sup>3</sup> In 1960, only 6% of children lived with a single parent; today, over half of all children under 18 are raised, *for some period of time*, in a single parent family.<sup>4</sup> With over 40% of all children now born to unmarried mothers, *at any given moment* 32% of all children are being *raised* by an unmarried parent (about a fifth of whom are cohabitating with someone).<sup>5</sup>

And, as documented by Bradford Wilcox and Wendy Wang of the Institute for Family Studies, this trend toward single-parent child-raising is only accelerating among Millennials. Of Millennials (age 28-34) having children, **55%** put childbearing before or outside marriage; this 55% of Millennial parents compares to **25%** of Baby Boomer parents who had children before or outside of wedlock.<sup>6</sup> Because they are getting married later but not necessarily waiting for marriage to have children, only 40% of Millennials have gotten married by age 34 and done so before having children, compared to 67% of Baby Boomers of the same age.<sup>7</sup>

From 1968 to 2007, the share of all American children living with both parents plummeted from 85% to 68%, landing at only 65% in 2017.<sup>8</sup> When you take into account that 15% of children are living with parents in a remarriage, by 2013 fewer than half (46%) of all children in the United States under age 18 were being raised in the same home by *their* mother and father in a first marriage, compared to 73% in 1960.<sup>9</sup> We will address the long-term impact of this massive social change below, but even in the short term, it has an impoverishing impact on children and their families: a stable marriage is worth \$40,000 in additional annual family income compared to a family where children are being raised by a single parent.<sup>10</sup>

Although the rate of unmarried births varies among racial/ethnic groups – it has now gotten as high as 72% among African Americans and 53% among Hispanics – the slope of the curve among Caucasians may be the steepest. In 1970, 5.7% of white births were to unmarried women;

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<sup>2</sup> AEI/Brookings Working Group on Poverty and Opportunities, “Opportunity Responsibility and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream” (2015), p. 21; Gretchen Livingston, “Fewer than Half of U.S. Kids Today Live in a ‘Traditional’ Family,” [FactTank](#), Pew Research Center, December 22, 2014.

<sup>3</sup> Livingston (2014).

<sup>4</sup> Robert Putnam, [Our Kids: The American Dream in Crisis](#) (Simon & Schuster, 2015), pp. 69-70.

<sup>5</sup> Gretchen Livingston, “About One-Third of U.S. Children are Living with an Unmarried Parent,” [FactTank](#), Pew Research Center, April 27, 2018.

<sup>6</sup> Wendy Wang and W. Bradford Wilcox, “The Millennial Success Sequence: Marriage, Kids and the Success Sequence Among Young Adults,” American Enterprise Institute and Institute for Family Studies (2017), page 9.

<sup>7</sup> [Id.](#), p. 8.

<sup>8</sup> Livingston (2018); Ron Haskins & Isabel Sawhill, [Creating An Opportunity Society](#) (Brookings Institution, 2009), p. 204.

<sup>9</sup> Livingston (2014).

<sup>10</sup> W. Bradford Wilcox, “Married Parents: One Way of Reducing Child Poverty,” testimony before ‘Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years,’ National Academies of Sciences, Engineering, and Medicine, 2017.

by 2010, the percentage of white births outside wedlock had reached 36% – over six times the 1970 rate!<sup>11</sup>

The crisis is particularly acute among parents with less education and those brought up in poverty. For example, among Millennial parents (age 28-34) *lacking a high school degree*, Wilcox and Wang found that more than *four out of five* have had their children outside of marriage.<sup>12</sup> Looking at this phenomenon from the opposite perspective, that of their offspring: 65% of children whose mothers never graduated from high school now spend at least a part of their childhood in a single-parent home, compared to only 20% of such children in 1953.<sup>13</sup>

Meanwhile, **among mothers who were brought up poor, 64% of their children are born out of wedlock.**<sup>14</sup> This compares to 36% among mothers brought up in working-class families and only 13% among mothers brought up in middle or upper-class income families.<sup>15</sup> In other words, mothers brought up in poverty are *five times* more likely to give birth to a child out of wedlock than a mother from a middle or upper income family!<sup>16</sup> And thus the cycle of poverty spins and spins.

To a considerable degree, the explosion in non-marital childbirth parallels the collapse in marriage as a norm in society, especially among less educated or lower income groups. Back in 1970, 82% of adults (ages 25-55) who had *not* completed high school were nonetheless married, roughly the same percentage as college graduates.<sup>17</sup> But by the year 2015, however, only 48% of such adults who had not completed high school were married; among college graduates (ages 25-55), 63% were married in 2015 (compared to 82% in 1970).<sup>18</sup>

### Impact of The New Social Norm

So do these cultural trends matter for those of us interested in reducing poverty and increasing economic opportunity for folks from all walks of life? Yes. Emphatically, demonstrably and painfully, yes. Of Millennial parents who put marriage first, 86% are in the middle or upper thirds of income levels, while *almost half* of Millennial parents who had a baby first are stuck in the lower-third of incomes.<sup>19</sup> Children with married parents simply have more resources available to them. They have more access to their father's income; husbands and wives pool income and savings; married households enjoy economies of scale; married households have lower burdens in terms of child support and legal expenses; married couples have more time to devote to their children; and a stable family life is much more conducive to healthy childhood development. Children growing up in single-parent families, by contrast, have higher dropout rates, lower academic achievement, higher rates of teenage pregnancy, are more frequently

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<sup>11</sup> "Opportunity, Responsibility and Security," AEI/Brookings Working Group on Poverty and Opportunity (2015), p. 20.

<sup>12</sup> Wang & Wilcox (Success Sequence), p. 9.

<sup>13</sup> Wilcox (2017).

<sup>14</sup> W. Bradford Wilcox and Wendy Wang, "The Marriage Divide: How and Why Working-class Families are More Fragile Today," AEI/Brookings Research Brief, September 2017, p. 4.

<sup>15</sup> Id., p. 4.

<sup>16</sup> Id., p. 5.

<sup>17</sup> Id., p. 13.

<sup>18</sup> Id., p. 13.

<sup>19</sup> Wang & Wilcox, p. 12. "Success Sequence"

plagued by drug and alcohol addiction, suffer higher rates of emotional and behavioral illness, and are more prone to suicide.<sup>20</sup>

What's more, children growing up without a father present are more likely to commit crimes and suffer incarceration as they grow into adults.<sup>21</sup> As a result, they become less available, and perhaps less attractive, as candidates for marriage. They are also more likely to become young, single parents themselves.<sup>22</sup>

As for their financial prospects, children in father-less families are **four (4x) to five times (5x)** more likely to be poor than children raised in married-couple families.<sup>23</sup> In 2013, the poverty rate for children in single-mother families was 45.8% vs. only 9.5% for children in married-couple families.<sup>24</sup>

For those of us intent on achieving a more equal society, keep in mind that individuals who are raised in a poor single-parent household are much less likely to climb out of poverty, much less likely to enjoy the American dream of economic mobility. Importantly, a child born into a poor family headed by a married couple has a very good chance of escaping poverty; indeed, **4 out of 5** children born in the bottom income quintile, but raised by a married couple, rise out of this low income status by time they reach adulthood.<sup>25</sup> Almost 1 in 5 of them reach the top income quintile, and only 17% stay in the bottom income quintile.<sup>26</sup> By contrast, consider the odds for children born into a low-income family headed by an unmarried parent. Half of them stay in the bottom quintile as adults, and only 5% of them reach the top quintile.<sup>27</sup>

Much has been made about the evidence that upward economic mobility (relative and absolute) is not what it used to be. There are multiple reasons for this decline in upward mobility – e.g., the expanding gap between what the college-educated earn and what the high-school-educated earn, the increase in “assortative mating” among individuals of the same educational achievement, and the explosion in incarceration rates among young males in certain minority communities, among them. But the data suggest that the most powerful root cause of this diminishing economic mobility, especially for the poor, lies in the collapse of the old social norms!

Sometimes people ask whether the emerging social norm of cohabitation – about 7% of American children are now raised in such households – mitigates the negative impact of non-marital births. The answer is “no” for a very simple reason: statistically speaking, cohabiting households are much more unstable than married-couple households. In a majority of cases, five years after the birth of a child to an unmarried woman, that mother is no longer romantically involved with the child's father, and if the mother remains unmarried, two-thirds of the time she

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<sup>20</sup> AEI/Brookings (2015), p. 22.

<sup>21</sup> Kay Horowitz, “The Real, Complex Connections Between Single Parent Families and Crime,” [The Atlantic](#), December 3, 2012; Jerrod Brown, et al., “Father-Absent Homes: Implications for Criminal Justice Systems,” Minnesota Psychological Association, August 4, 2018.

<sup>22</sup> Putnam, p. 78.

<sup>23</sup> Haskins & Sawhill, p. 41; *see also*, Livingston, April 27, 2018; and W. Bradford Wilcox, “Married Parents: One Way of Reducing Child Poverty,” Congressional testimony, 2017; AEI/Brookings, p. 22.

<sup>24</sup> AEI/Brookings, p. 22.

<sup>25</sup> AEI/Brookings, p. 32.

<sup>26</sup> Id.

<sup>27</sup> Id.

is no longer romantically involved with the father.<sup>28</sup> Cohabiting parents are three times more likely to split up by the child's fifth birthday than married couples.<sup>29</sup> And two-thirds of cohabiting parents break up before their child reaches age 12 (compared to one-fourth of married parents).<sup>30</sup> Even after controlling for socio-economic factors (e.g., education, race, ethnicity, family income and the like), cohabiting parents are *twice* as likely to break up as married couples.<sup>31</sup> And as a practical matter, cohabiting parents are much less likely to pool their incomes and savings than married couples, reducing the resources available to support their children.

### The Success Sequence

We know from abundant data, especially the findings reported by some of the foremost analysts of poverty in America, Ron Haskins and Isabel Sawhill of the Brookings Institution, Bradford Wilcox and Wendy Wang at the Institute for Families, and a joint Working Group on Poverty and Opportunity at the American Enterprise Institute and Brookings Institution, that following the so-called "Success Sequence" works: i.e., a family headed by an individual who (a) completes high school, (b) works full time (or is a full-time college student or is married to someone working full time) and (c) marries before having children will have virtually no risk of succumbing to poverty. Indeed, according to Haskins and Sawhill, if a family is headed by an able-bodied high-school graduate who works full time and waits until age 21 to marry and then have children, that family enjoys a 98% probability of escaping poverty.<sup>32</sup>

This three-step strategy for success doesn't mean there aren't fantastic single parents, or that those who make different choices aren't good people, or that adolescents and young adults are doomed to a life of poverty if they take another path, but the statistical, empirical, cold, hard facts are that, although some individuals will escape poverty and succeed in life regardless of whether they or their parents have adhered to the Success Sequence:

- Seventy-six percent (76%) of individuals living in families that do not observe *any* of the three steps in the Success Sequence will turn out poor;
- Among families observing *only one or two* of these steps in the Success Sequence, 27% will turn out poor; and
- And only 2% of families who observe all of the steps in the Success Sequence will wind up poor.<sup>33</sup>

Following the Success Sequence particularly benefits young adults who grew up in low-income or otherwise disadvantaged families: those who follow all three steps have a poverty rate of only 6% versus 35% for their demographic peers who miss at least one step.<sup>34</sup> Indeed, 80% of young adults from a low-income upbringing not only escape poverty, but make it all the way to

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<sup>28</sup> Putnam, p. 68.

<sup>29</sup> AEI/Brookings, p. 21.

<sup>30</sup> *Id.*, p. 33.

<sup>31</sup> Wilcox (2017), p. 3.

<sup>32</sup> Haskins & Sawhill, pp. 70-71.

<sup>33</sup> Haskins & Sawhill, pp. 70-71.

<sup>34</sup> Wendy Wang, "The Sequence is the Secret to Success," *Wall Street Journal*, March 27, 2018, p. A17.

middle or upper-third income levels, when they simply take each step in the Success Sequence. Only forty-four percent (44%) of their peers who skip a step make it so far.<sup>35</sup>

Do these statistical probabilities change with the Millennial generation that is marrying later, if at all? Not much, if any. Adult Millennials who have formed a family by marrying first are *60% less likely to be poor* than their peers who had a child out of wedlock – even after correcting for other factors such as education, race, ethnicity, family-of-origin income and intelligence.<sup>36</sup> What’s more: marrying first vs. having a baby first more than doubles their odds of achieving middle or upper income levels (even after adjusting for education, childhood family income, employment status, race, ethnicity, gender and IQ<sup>37</sup>), while 97% of Millennial parents who follow the entire Success Sequence escape poverty all together.<sup>38</sup> Only 3% of Millennials who follow the Success Sequence are poor, while 53% who do not follow it *at all* are poor.<sup>39</sup>

Whether we can effectively and sensitively promote wider adoption of the Success Sequence is the proposition we need to explore. I am driven to this conclusion exclusively by the data, not by ideology, politics, or sitting on a high horse of moralism. The Success Sequence is not about exhibiting moral superiority; it is about making well-informed choices about improving one’s odds in life. Putting marriage before children substantially reduces the odds of young adults and their families falling into poverty, period. This statistical, empirical truth cuts across all races and ethnic groups: over 90% of Black, Hispanic, Asian and White Millennials who have followed the Success Sequence have avoided poverty as young adults.<sup>40</sup> And holding race, ethnicity, gender, IQ scores and education levels equal, Millennials following the Success Sequence have only *1/14th* the risk of falling prey to *poverty*, with *9x* the likelihood of reaching *middle-income status*, as their peers who follow none of the Success Sequence steps.<sup>41</sup> While wholly consistent with traditional morality, the Success Sequence is an intensely practical strategy for maximizing your family’s welfare.

Think of the Success Sequence as a staircase. The first step out of poverty is graduating from high school. After graduating from high school, your probability of avoiding poverty is 69%.<sup>42</sup> On the next step up, obtaining a fulltime job (either that or attending college or being married to someone with a full-time job), your likelihood of avoiding poverty rises to 84%.<sup>43</sup> If, on the third step, you marry before having children, your odds of escaping poverty rise up to 97% or 98%.<sup>44</sup> Why wouldn’t we encourage folks from all walks of life to climb that staircase out of poverty – from 69% to 84% to 98% odds of success?

And what if you aspire for something more than just getting out of poverty? Perhaps reaching middle-class income or even the top third of income levels? On Step #1, graduating from

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<sup>35</sup> *Id.*

<sup>36</sup> Wang & Wilcox, p. 15. (Success Sequence)

<sup>37</sup> Wang & Wilcox, p. 4.

<sup>38</sup> *Id.*, p. 22.

<sup>39</sup> Wang, *supra*.

<sup>40</sup> Wang, *supra*; Wang & Wilcox, p. 22.

<sup>41</sup> Wang & Wilcox, p. 22.

<sup>42</sup> Wang & Wilcox, p. 22.

<sup>43</sup> *Id.*

<sup>44</sup> Wang & Wilcox, p. 22; Haskins & Sawhill, pp. 70-71.

high school, you will gain a 49% probability of reaching one of those higher income levels.<sup>45</sup> On Step #2, taking a fulltime job (or attending college or marrying someone with a fulltime job) you will improve your chances to 66%.<sup>46</sup> And if, on the top step, you marry before having children, you will achieve an 89% probability of attaining the middle or top one-third of income levels.<sup>47</sup> So whether you grew up poor, working class, middle class or above; whether you are white, black or brown; whether your parents were PhD's, plumbers or personal-care aids; if you can manage to follow the Success Sequence you will enjoy up to a 98% probability of escaping poverty and an 89% chance of attaining a middle or upper class lifestyle as an adult. Why not publicize these odds?

The research proves that “personal responsibility matters”; indeed, the advantage goes to individuals who follow the Success Sequence. In the professional judgment of Haskins and Sawhill, the empirical research goes beyond showing a correlation to proving a causal relationship between adhering to the Success Sequence, on the one hand, and avoiding poverty or achieving the American dream of a middle-class livelihood, on the other. Let's share the good news: almost no one in America is fated to dwell in poverty; every person can make choices and adopt behaviors that will powerfully influence their outcomes in life.

The collective impact of such good decision-making by individuals would be profound for all of us. Haskins and Sawhill estimate that the national poverty rate would be cut by 25% – by one quarter! – if we simply returned to the percentage of children living in single-parent families that prevailed in 1970.<sup>48</sup> Indeed, in previous research they concluded that if the poor were able to complete high school, marry as much as they did in the 1970s, work full time and limit the size of their families to the typical size of a middle-class family, the poverty rate would fall by as much as 70%.<sup>49</sup>

The tragedy is that some demographic cohorts are not completing the Success Sequence in numbers sufficient to give them “escape velocity” from the gravitational pull of intergenerational poverty. Young adults from low-income backgrounds are only half as likely to complete the Success Sequence, or be on track to complete it, as their higher-income peers. Tragically, only 31% of young adults from low-income upbringings, 24% of African Americans and 42% of Hispanics are currently tracking on the Success Sequence.<sup>50</sup> We need to inform everyone, not just those born into more privileged households, about the success (and happiness) awaiting them at the end of the Success Sequence. Indeed, following the Success Sequence is a great equalizer, as it closes the gap between white and black in the salaries they earn as adults. If an African-American adheres to the Success Sequence, he or she is just as likely as a white person to achieve a middle class income.<sup>51</sup> And while 55% of those who started life poor and then missed all three steps in the Success Sequence remained mired in poverty as young adults, only 9% of young adults

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<sup>45</sup> Wang & Wilcox, p. 21.

<sup>46</sup> *Id.*, p. 21.

<sup>47</sup> Wang & Wilcox, pp. 19, 21.

<sup>48</sup> Haskins & Sawhill, p. 42.

<sup>49</sup> Haskins & Sawhill, p. 93.

<sup>50</sup> W. Bradford Wilcox, “Straight Talk About the Success Sequence, Marriage and Poverty,” Cato Institute, May 14, 2018.

<sup>51</sup> Isabel Sawhill, “Why Does the Success Sequence Work?,” Cato Institute, May 11, 2018.

from less-advantaged backgrounds find themselves poor if they have followed the Success Sequence.<sup>52</sup>

So what can we do to help our fellow Americans, especially those brought up in poor households, help themselves? Serious, non-ideological and widely respected scholars such as Haskins, Sawhill, Wilcox, Wang and the joint Working Group at AEI/Brookings advocate a public education campaign, utilizing the best available media, to communicate the advantages of following the Success Sequence, not in a “preachy” or judgmental way, but by speaking in practical, relevant terms so that teenagers and young adults will pay attention. The objective is to articulate persuasive reasons for adopting behaviors that will serve each individual’s own best interests: i.e., the facts of life on how they can improve their family’s odds of avoiding poverty and attaining the American dream.

There is no denying that it will be harder for some than others to follow the Success Sequence. For example, children born into poverty hear only one-third the number of words from their parents that their peers in higher-income families hear, stunting their intellectual development. Poor kids tend to live in more chaotic households, moving more often and changing schools in the process. The poor kids live in neighborhoods and communities with fewer fathers, fewer successful role models in their midst. They are often being raised by a single mother, whose time and energy are stretched to the breaking point by the pressures of earning a living and raising children all on her own. Children brought up in poverty often suffer toxic stress from their chaotic environment, with long-term impact to their emotional and physical health. And in some minority communities especially, it is difficult for young women to find suitable marriage partners because of the high rate of incarceration among males in their community.

So there are good reasons why reversing the social norms that have taken hold throughout America, especially among the underprivileged, will be a challenge. But it is a challenge we cannot shrink from. It would be immoral not to shout from the rooftops the good news that there is an escape path out of poverty and into the middle class and beyond. We should provide mentoring and whatever practical support that people need as they head down that path, one step in the Success Sequence at a time.

Can a well-designed communications campaign succeed in changing social norms and thereby influence behavior? There are no guarantees, but some campaigns have worked. No one messes with Texas any longer after their public media campaign. As another example, public education campaigns have been shown to reduce teenage smoking by meaningful numbers – by as much as a 22% reduction.<sup>53</sup> I propose that the Commonwealth work with qualified non-profit organizations in some of our communities plagued by high concentrations of poverty to test the efficacy of such a public education campaign touting the advantages of following the Success Sequence.

Wouldn’t our poor (indeed, our entire society) be better served if we coupled what we spend on social welfare programs with a sincere, supportive effort to help young people learn about

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<sup>52</sup> W. Bradford Wilcox, “Straight Talk About the Success Sequence, Marriage and Poverty,” Cato Institute, May 14, 2018.

<sup>53</sup> Hawkins & Sawhill, p. 230.

the long-term impact of their choices and behaviors on their outcomes in life? Let's help them embrace the age-old and empirically validated truth that *personal responsibility* matters.

Willie Nelson and the Dallas Cowboys persuaded folks not to mess with Texas. Surely we have public figures of comparable stature who could grab the attention of young Virginians, all of whom deserve to know the odds of success among their various options as they reach decision points in life. For a relatively modest investment, the Commonwealth would reap a windfall (financial and otherwise) if we achieved a measurable reduction in poverty and all the social ills that accompany it by nudging and pointing young Virginians in the direction of following the Success Sequence.