

Rethinking Welfare Rules From a Marriage-Plus Perspective

By Paula Roberts and Mark Greenberg

Introduction

Policymakers have become increasingly interested in exploring the relationship between public benefits rules and marriage. Do the rules affect decisions to stay single, cohabit, or marry? If so, in what ways? Answering these questions raises complex issues that are endemic to any system that provides benefits on a group (i.e., family) basis rather than looking at individual needs. The complexity becomes particularly acute when eligibility for or amount of a benefit depends on household composition and income. Thus, they arise in a broad range of means-tested benefits, such as cash assistance, child care, food stamps, subsidized housing, and Medicaid, as well as tax system rules.

This issue brief examines the issues in the context of the

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Temporary Assistance for Needy Families (TANF) program. We focus on TANF for two principal reasons:

- All of the rules and choices we discuss are entirely within a state's control. A state wishing to restructure its program is free to do so.
- Since there are virtually no federal constraints (except those relating to resources), examining TANF rules allows a pure opportunity to consider what kinds of policies are most appropriate for a means-tested program.

While the focus is on TANF rules, many of the principles and issues explored are applicable to the structuring of other means-tested programs and may also be relevant to discussions of family structure and tax policy.

Before beginning, we note there is broad agreement that program rules should *not penalize* marriage. Beyond this, there is no general consensus about what the rules of a public benefits system should seek to

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accomplish in relation to family structure. Some contend that the system's rules should encourage or advantage two-parent families whether married or cohabiting. Others would encourage or advantage only married-couple families. Still others think a system that neither encourages nor discourages a particular family structure is the more appropriate goal. Which rules are "right" for a benefits system depends, of course, on which policy goal is being advanced.

CLASP has adopted a "Marriage Plus" perspective (see

sidebar). From this perspective, two goals should be paramount in designing public benefits programs: 1) the state should seek to develop rules that do not discourage marriage; and 2) these rules should not disadvantage children who live in single-parent families.

CLASP has sought to advance a “Marriage Plus” agenda. The key premises of this approach are that public policy should try to help more children be born into, and grow up with, two biological married parents, who have a reasonably healthy, cooperative relationship. However, marriage is not always possible or desirable in individual cases: many single parents are not in a position to marry their child’s other parent, some marriages should never begin, and others are better ended. Accordingly, it is essential to ensure that public policy helps all parents—whether never-married, cohabiting, separated, divorced, or married—fulfill their responsibilities and cooperate in raising their child whenever possible and appropriate. Public benefits should provide needed supports for children, whatever their family structure.

This policy brief proceeds from this perspective and describes some of the research addressing the effects of the different welfare policies over the years on family formation decisions. The brief then provides a framework for preliminary analysis of how to proceed. Finally, the brief concludes with some suggested concrete policies that would neither discourage marriage nor disadvantage children being raised in single-parent families.

THE EFFECTS OF THE AFDC AND TANF PROGRAM RULES ON FAMILY FORMATION DECISIONS

AFDC Program Research

Prior to TANF, the Aid to Families with Dependent Children (AFDC) program was the principal federal-state program for providing cash assistance to needy families. Only families with little or no income and few assets were eligible for assistance, and a parent was likely to lose assistance if she married, because the new spouse’s income was considered in determining the household’s eligibility for benefits. Starting in 1981, this was true whether the new spouse was the biological parent of children in the household or their step-parent. Much of the step-parent’s income was counted in determining eligibility and benefits, even if the step-parent had no legal duty of support under state law. Moreover, restrictive eligibility rules made it even more difficult for two-parent families to receive benefits. In addition to meeting the other AFDC rules, unless one of the parents was incapacitated, a two-parent family could only receive assistance if:

- The primary wage earner had worked in at least six of the previous 13 calendar quarters (the “work history test”).
- The primary wage earner worked less than 100 hours

per month (the “100-hour rule”).

- At least 30 days had passed since loss of a job.

There are a number of studies about the effect of AFDC rules on family structure. The most recent and comprehensive of these suggest that AFDC had an impact on the decision to marry, but the impact was not large. Other factors—including declining male wages; increased female employment opportunities; demographic changes; new contraceptive technologies; and changed public attitudes toward premarital sex, cohabitation, and non-marital childbearing—had a much larger impact on marital decision-making.

Ethnographic research did suggest that mothers receiving AFDC perceived that they were not supposed to have ongoing relationships (financial or otherwise) with the fathers of their children, except in the context of seeking child support. Moreover, they knew that marriage to the father or a boyfriend could bring a loss of or reduction in assistance. A new partner would have to bring resources to the marriage in order to offset the potential loss of aid (i.e., the man would have to have some education or job skills and be employed). Yet, as scholars began to point out, declining male employment and high incarceration rates (especially among African-American males) meant the pool of men fitting

this description was diminishing, often making marriage an unattainable goal, even for those who sought it.

Waiver Program Research

In the early 1990s, the U.S. Department of Health and Human Services (HHS) gave a number of states permission to deviate from federal AFDC rules and experiment with new approaches to cash assistance. As a result, a number of so-called “waiver projects” operated during this period, including some that included modifications of rules concerning two-parent families. In order to obtain waivers, the affected states had to agree to conduct an evaluation of their projects. The evaluations provide some important insights on a number of two-parent family issues.

Minnesota’s waiver project included a two-parent component. Married couples in seven counties were randomly assigned to AFDC or to the Minnesota Family Investment Program (MFIP). For the MFIP couples, the 100-hour and work history rules were removed, and two-parent families were allowed to retain more of their earnings before benefits were reduced. In addition, the step-parent income was substantially disregarded. An initial evaluation found that MFIP increased the proportion of two-parent *recipient* families (families who had already been receiving assis-

tance when the demonstration program began) who stayed married. It also modestly increased marriage and reduced domestic violence among single-parent *recipient* families three years after families entered the study. The evaluators also note that MFIP did not have similar effects on *new applicant* families (families who were applying for assistance for the first time as the demonstration program began). It is not clear why this was so. Therefore, the evaluators stress that replicating MFIP in different settings is necessary before policymakers can conclude that earnings supplements would positively affect marriage among low-income families.

Delaware’s waiver program, A Better Chance (ABC), eliminated all the special rules for two-parent families, applying the same eligibility criteria to them as to single-parent families. The state also applied strict time limits and work requirements, financial sanctions for failure to comply with a variety of program requirements, and increased income disregards for earnings and child support. Participants were randomly assigned to ABC or the traditional AFDC program. Overall, there was only a slight impact on marriage rates. However, there was a large increase in marriage among the subgroup of women under 25 who had not completed high school. Experimental group members in

this category were 4 percentage points more likely to be married than controls.

The ABC result is consistent with findings from an evaluation of a California demonstration program called Work Pays. Here again, some of the restrictions on two-parent family eligibility were removed. There was a statistically significant increase in marriage stability in the experimental group versus the control group.

TANF Program Research

In 1996, Congress replaced AFDC with TANF. TANF provides each state with a block grant that can be used for the provision of cash assistance to needy families and for other purposes. In enacting TANF, Congress articulated a desire for a program that encouraged two-parent families and marriage. States now have a good deal more latitude than they did under AFDC to set program rules, and many have taken advantage of that latitude to ease restrictions on two-parent families.

Given its relatively short life, and the fact that when the AFDC waiver process ended, states were no longer required to conduct program evaluations, it is not surprising that there are not many studies of the effect of the TANF program on family formation decisions. However, one recent paper suggests ways in which TANF policies could

lead to either more or less marriage:

- TANF policies such as time limits, work requirements, and sanctions could lead to more marriages by making the receipt of cash assistance less attractive and less viable for women.
- However, there might also be less marriage if the increased emphasis on work leads to greater financial independence for women, reducing their need or desire for marriage.

One trend might dominate the other or they could cancel each other out, and the results could be different for different parts of the TANF population. Decisions could also be affected by the *pool of available men*.

Using flow data from vital statistics from 1989 through 2000, the authors of this brief conclude that TANF's emphasis on work makes women more self-reliant and thus less likely to marry. However, if a couple is already married and receives assistance, then that assistance decreases the likelihood that they will divorce.

Another important source of information about couples in the TANF world is the Fragile Families and Child Wellbeing (FFCWB) study. This study follows approximately 5,000 children who were born in the late 1990s in 20 cities with a population of 200,000 or more. A subset of 75 romantically involved

couples living in Chicago, Milwaukee, and New York is being studied in even more depth. This component is called the Time, Love, Cash, Care, and Children (TLC3) study.

One FFCWB report included an examination of whether the generosity of state welfare systems affects the decision to marry, cohabit, live apart but remain romantically involved, or separate. The researchers looked at the combined TANF and food stamp benefits for a mother and two children in 1999. After controlling for differences in parents' demographic and economic characteristics, attitudes, relationship quality, and relationship status at birth (cohabiting, romantically involved but living apart, or no longer romantically involved), the researchers concluded that higher benefits are positively associated with couples staying together after one year. Each additional \$100 in cash benefits and food stamps incrementally reduced the likelihood that a couple would separate. However, there was scant evidence that more generous welfare benefits affected the decision to marry.

A second report, drawing from the TLC3 component of the study, examines attitudes toward marriage and family formation among low-income couples. Reports from this component suggest that women receiving TANF have a high opinion of marriage and see it as the best situation for raising children.

However, they are also skeptical of “marriage for marriage’s sake” and cite the lack of men with good jobs, fears of domestic violence, and problems related to drug and alcohol abuse as reasons for not simply jumping into marriage.

Finally, the TLC3 study suggests that mothers are either unaware of or do not believe that two-parent families can receive welfare. Only one-third believed a married couple could receive TANF cash assistance, while roughly one-half believed that a cohabiting couple could not receive assistance.

These results are preliminary and are representative of an urban population. Nevertheless, they—plus the findings from the waiver projects—do suggest the following for states designing a new approach to two-parent families:

- The ability to access TANF benefits may have a positive effect on low-income couples’ stability. While access to benefits does not necessarily lead to marriage, it does appear to increase the likelihood that a child will live with both parents.
- In order for rules to have the hoped-for effect, public education is needed to ensure that couples know that the rules have changed and that they can obtain cash assistance to create a stable home for their child.

- Low-income couples value marriage. However, welfare benefits per se are not going to lead to marriage. Other services, such as employment and training and alcohol/drug abuse counseling, are needed. At this point, much remains unknown about which, if any, public policies could increase marriage rates or could increase healthy marriages without having undesirable incidental effects. Moreover, domestic violence issues need to be addressed, as does male/female distrust.

CREATING A FRAMEWORK AND ESTABLISHING NEW RULES

Drawing on this research, we recommend a five-step process for state efforts to create new rules.

Step 1. Identify and analyze the different family types to be addressed in program rules.

Low-income families are not homogeneous. There are a variety of different family types, and it is helpful to clarify the types and issues each presents. The primary forms are: single-parent families, married couples, step-parent families, cohabiting couples, and blended families.

Step 2. Decide whom should be involved in designing changes in rules, including how to involve the domestic violence community in the restructuring efforts. There is significant virtue in including current and former recipients;

domestic violence experts; experts from local universities, and a variety of state and national organizations in the rules design process.

Consultation and collaboration should focus on 1) the review of program plans, policies, procedures, and written materials; 2) the development and ongoing review of confidentiality procedures; 3) the development of a protocol to deal with families in which domestic violence is an issue; and 4) training of program staff.

Step 3. Develop new rules.

There are a number of steps a state might take to ensure that needy two-parent families can obtain cash assistance on the same basis as needy single-parent families and to establish a structure in which an individual's decisions about whether to marry, cohabit, or remain single are not distorted by the rules of the public benefits system. Our key recommendations to accomplish this goal *for couples with at least one child in common* are:

1. *Eliminate any rules that make it more difficult for a family to receive assistance simply because the family includes two parents.* Thus, as most states have already done, all states should eliminate:

- waiting periods that only apply to two-parent families;
- shorter eligibility periods for two-parent families;

- restrictions on the number of hours a parent can work in a month;
- any “recent work history” test that only applies to two-parent families; and
- any other program rules that restrict eligibility or benefits solely because there are two parents in the home.

2. Eliminate the assets test or raise the amount of allowable assets.

While on its face an assets test may appear neutral to family structure, in practice an assets test is more likely to bar assistance to two-parent families than single-parent families. Moreover, assets tests have the unfortunate effect of seeming to penalize families for having savings and forcing families to divest themselves of assets that could provide important protections after the families cease receiving assistance.

3. Provide an additional deduction for the second earner in the household. In general, TANF grants increase as household size increases. Thus, if a TANF household contains two adults, the grant will usually reflect this. If the household starts with a single adult and that adult then marries or cohabits, the grant may increase to reflect the fact that there is an additional household member. This increase will help offset the additional costs associated with the second adult (e.g., food or rent for a larger apartment).

Parallel recognition should be given to the work expenses incurred by a second adult who is a wage earner. He or she will bring new work-related expenses to the household as well as new income. *Each working adult* should receive the benefits of the state's work expense allowance and earnings disregard rules.

4. *Specify that if all the children in the home are children in common, both parents should be included in the assistance unit.* In order to ensure that married parents do not fare worse than cohabiting parents, and to eliminate any financial penalty cohabiting parents face by marrying (or, perceive a fiscal advantage in remaining unmarried), it is important that the same eligibility and benefit-counting rules apply whether or not the parents are married. Thus, if parentage has been determined or acknowledged, both cohabiting parents should be included in the assistance unit calculation just as married parents living together would be.

This approach also eliminates the problem of child support obligations imposed on cohabitators. If the cohabitor is in the TANF household and part of the assistance unit, he does not have a separate child support obligation. However, if he is living in a household that receives TANF but is not a member of the household, he has a child support obligation. The obligation can include both cash support and medical reimbursement. These obligations can be

established retroactively in most states. Thus, a cohabiting father may be running up child support obligations to the state that will eventually have to be repaid. This can make long-term cohabitation or marriage problematic, as the debt can be quite large.

However, there are two important concerns to address in implementing this policy. First, concerns are sometimes raised that if the income of a cohabitor is counted, an applicant for assistance may be less willing to report that the cohabitor is living in the home. The lack of this information could impair the program's ability to understand the home circumstances or to identify needed services. Second, if this provision were implemented on its own, rather than as part of a package—improving benefit rules, asset rules, providing for appropriate earnings disregards—it runs the risk of simply denying needed assistance to fragile families. To address both of these concerns, it is important that this provision not be implemented on a stand-alone basis or as a cost-saver, but rather as part of an overall package that offers needed assistance and services to families.

5. *Ensure that eligible families have access to all the assistance for which they are eligible.* The TANF agency should make every effort to be sure that eligible families know about food stamps, Medicaid, and subsidized housing and child care—and how to apply for them. In addition,

while not a means-tested program, Unemployment Insurance (UI) benefits are often crucial to low-income families suffering job loss. However, these benefits may not be sufficient, and the family might be TANF-eligible. Both TANF and UI workers should educate clients that they may be eligible for TANF while receiving UI.

6. *Set eligibility for TANF benefits at a level sufficiently high that the program can provide assistance to both single-parent and two-parent families unable to meet basic needs.* If TANF is to both encourage work and stabilize families, financial eligibility needs to be set at a level high enough to provide assistance to families that are working but unable to earn enough to be truly stable. Among poor two-parent families, the most typical configuration involves one low-earning parent and one parent at home. Thus, a low eligibility level with restrictive treatment of earnings is very likely to mean that two-parent families who could benefit from assistance will be ineligible.

7. *When a couple unites or reunites, abate child support arrears owed to the state under an AFDC/TANF assignment for their common child.* Some couples with a child in common have never married or cohabited. Others have married and then separated for a period of time. If their child received AFDC or TANF assistance during the time the parents were not living together, the custodial parent was required to assign

child support rights to the state. If arrears accrued during the period of assistance, that money is owed to the state as reimbursement for the assistance provided.

Consistent with federal child support guidance, states can forgive arrears owed to the state as part of their family reunification policy. Vermont has adopted this type of policy, which applies when the reunited family's income is below 225 percent of poverty.

8. Extend assistance on a temporary basis to reuniting families. If a separated couple wishes to reunite, this desire should be supported. Even if a family would be ineligible for TANF cash assistance due to the return of a parent to the home, the state could continue assistance for a transition period. While an economist might argue that this provides an incentive for couples to split up and reunite, it is unlikely that a couple would take such a drastic step in order to receive short-term assistance. Nonetheless, policy analysts need to be aware of the issue and structure responses to minimize this problem.

9. Extend TANF education and employment services to noncustodial parents of children receiving TANF. As noted above, states can provide a variety of services to noncustodial parents whose children are receiving TANF assistance (and can also provide such services to noncustodial parents of other needy children). Such

services include job training and education, as well as relationship and parenting classes. Providing such assistance might increase the number of couples for whom marriage or cohabitation are viable options. Services to noncustodial parents could help create a larger pool of viable, potential partners.

10. Develop rules that count some, but not all, of the income of step-parents in the benefits calculation. Many of the changes discussed above would also benefit step-parent families. However, these families also present some unique challenges. While there is no clear "right" approach for addressing step-parent family situations, we suggest some guiding principles. The fact that (in most states) a step-parent does not have a legal duty to support the children of his or her spouse and may have legal duties to another family strongly suggests that the step-parent's income should not be counted dollar-for-dollar in the benefits calculation (i.e., some disregard amount should be allowed). At a minimum, amounts actually paid for the support of children or a former spouse should be excluded. At the same time, the fact that a step-parent's income is available for shared expenses suggests that there should not be a total disregard of step-parent income.

Step 4. Consider whether it is feasible to implement these rules statewide, and, if not, devise ways of implementing the rules over time

or for a particular target population. Changes in the rules may increase the number of two-parent families in the TANF caseload. Of course, given the historically low number of such families participating in the AFDC/TANF program, even a large percentage increase in two-parent cases may translate to a small impact on the overall caseload.

One way to address caseload issues is to begin by just addressing one component of program rules (e.g., a state may want to focus on stabilizing already married couples with a child in common or pay particular attention to fragile families).¹⁸ Alternatively, a state may wish to adopt new policies for all family types but phase the changes in over time. This type of phase-in might ameliorate any sudden caseload increase and allow some experimentation and refinement before the policies are applied to all.

Step 5. Develop a strategy for publicizing the changes.

As noted in the research, many public assistance recipients believe that the rules constrain their ability to marry. If changes are made, then they need to be publicized broadly if they are to have any effect.

States that follow these recommendations should have a good basis for designing and implementing a program that neither discourages marriages nor disadvantages children living in single-parent families.

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ABOUT CLASP

The Center for Law and Social Policy (CLASP) is a national non-profit that works to improve the lives of low-income people. CLASP's mission is to improve the economic security, educational and workforce prospects, and family stability of low-income parents, children, and youth and to secure equal justice for all.

The Couples and Marriage Policy Brief series seeks to inform the debate about public policies to strengthen and stabilize two-parent families and marriage. The series focuses on the effects on child well-being, with a special interest in couple relationships and marriage in low-income communities.

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