

Marriage Disincentives Facing Low-Income People:

Designing and Testing Policies to Reduce Them

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What Are Marriage Disincentives?

- **When a married couple receives lower benefits together than they would as two unmarried individuals**
- **Result from targeting benefits to most needy families**

A Simple Example

- **Mom and child alone: no earnings, receive \$361 in TANF and \$188 in food stamps**
- **Dad alone: earns \$1,400 a month, no benefits**
- **Together: receive \$0 TANF and \$70 in food stamps**
- **Disincentive to marriage/cohabitation: \$479 a month**

Why Do We Care?

- **One-third of children are born into single-parent families**
- **These children are at higher risk for poor outcomes**
- **Unmarried parents aspire to marriage; but most do not marry**

ACF's Healthy Marriage Initiative

- **Goal: To encourage healthy marriage**
- **BSF: Targets low-income unmarried parents around the time of their child's birth**
- **BSF may include testing policies to reduce marriage disincentives**

Programs With Marriage Disincentives

- **Means-tested assistance programs: TANF, food stamps, Medicaid, WIC, child care, housing**
- **Earned Income Tax Credit (EITC)**
- **Child support enforcement**

Means-Tested Assistance Programs

- **Benefits fall when parent with earnings joins the family**
- **14 states have additional TANF/Medicaid eligibility requirements for two-parent families**
- **No distinction between marriage and cohabitation**
 - **Though cohabitation is easier to hide**

Policies to Reduce Disincentives in Means-Tested Assistance Programs

- **Disregard some or all of the spouse's income**
- **Remove additional eligibility requirements for two-parent families**

Earned Income Tax Credit

- **Distinguishes between marriage and cohabitation**
- **Contains disincentives and incentives to marriage**
 - **Disincentive if mom and dad have earnings**
 - **Incentive if only dad has earnings**

Policies to Reduce Disincentives in EITC

- **Allow married couples to file separately**
- **Increase the income a married couple can have before the EITC phases out**
- **Reduce the phase-out rate for married couples**

Challenges to Reducing Disincentives

- **Trade-off**
 - Reducing disincentives to form two-parent families
 - Targeting benefits
- **Expensive to increase benefits to married-couple families**

Evaluation Approach

- **Experimental design**
- **Change policies for treatment group; not for control group**
- **Challenging to demonstrate policy changes**
 - **Need to negotiate with multiple agencies**
 - **Complex for caseworkers**

Alternative Approaches

Make offset payments equal to:

- **Estimated loss from marriage for each couple**
 - **Not all changes can be simulated**
- **Average estimated loss from marriage for BSF couples**
 - **Not well targeted**
 - **Runs the risk of looking like paying people to marry**

Concluding Thoughts

- **Many programs contain marriage disincentives**
- **We don't know how much they deter marriage**
- **If they are a deterrent, contrary to Healthy Marriage Initiative**
- **Evaluation necessary to inform**