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