The Effects of Welfare Reform Alternatives on the Family

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I. INTRODUCTION AND SUMMARY

The family is the basic unit of social organization in our society--performing economic as well as sociological, psychological, and biological functions. The effects of public policies on the family, therefore, are of great concern.

The effects of welfare reform on the family are of particular public policy interest because it is generally assumed (1) that the number of female-headed families is increasing in relation to the number of families as a whole; (2) that children, as well as the other members of society, will be better off if their parents remain married; and (3) that the existing welfare system contains incentives for families to split up and for female-headed families with children to be created.

The Demographic Situation. The first assumption is indeed correct. The percentage of children who live with both parents has declined, for whites, from 92 percent in 1960 to 87 percent in 1973. For blacks the decline has been from 75 percent in 1960 to 52 percent in 1973.

The Effects of Family Breakup. There is no reliable evidence currently available regarding the effects of marital instability on children or on society at large. There is some evidence that children from split homes complete fewer grades in school and learn less than children from intact homes. There are also studies which show, however, that children from split homes do not get worse grades in school and are no more likely to become delinquents than children from intact homes. Both sets of findings are suspect because there are many other (as yet inadequately measured) differences between intact families and split families besides the number of parents present. In any case, the only group relevant to public policy

are those families whose stability is already tenuous enough to be open to outside policy influences.

The Effects of Current Public Policy. There are numerous incentives in existing income maintenance programs for families to split. (This is also true of the federal income tax for certain income combinations.) By providing an alternative source of income to women with dependent children, the AFDC program has reduced the economic pressure for women either to remain married or to remarry. In addition, because AFDC benefits in some states are available only to single-parent families, the benefits to be gained from splitting or the costs entailed in getting married may be as high as $6200. AFDC incentives to split in the range of $600 to $1600 per year are quite common. In the Food Stamp program, incentives to split range from $100 to $400.

How much effect on marital stability has the existing incentive structure had? The best guess is that the AFDC program has had a relatively small effect on marital instability. Some studies of the AFDC program indicate that states with higher AFDC benefits also have higher rates of female headship. But methodological weaknesses suggest that reliance on their quantitative estimates would be unwise. It is also the case that, despite the increasing generosity of AFDC payments, remarriage rates have until recently been increasing--to the point where as many as 80 percent of all divorced women eventually remarry. Furthermore, between 1960 and 1974 the number of nonpoor female heads with children has increased two and one-half times (from 1.0 to 2.6 million), whereas the number of poor female heads with children has only increased by one-third (from 1.5 to 2.0 million). The evidence shows, therefore, that--although

the demographic trends are correlated with increases in AFDC generosity--the program itself is at most contributing to a pervasive social trend attributable to other social factors such as increasing incomes, increasing independence of women, and increasing liberalization of social attitudes and the law concerning divorce.

The Probable Effects of Welfare Reform Proposals. Most welfare reform proposals would also create incentives for family splitting. For example, the Income Supplement Program (essentially a negative income tax proposal developed under former HEW Secretary Weinberger, and referred to in this report as the ISP plan) in some cases leads to reductions in income of up to $1200 if two adults marry. The ABLE program proposed by the Martha Griffiths subcommittee of the Joint Economic Committee (a negative income tax and tax credit proposal) entails somewhat smaller splitting incentives. In certain circumstances, JOIN (guaranteed jobs, wage subsidies, and cash benefits for single-parent families) creates severe reductions in income from marriage. And the Three Track proposal (earnings subsidies, special unemployment benefits, and cash benefits for single-parent families) contains both incentives and disincentives to marry.

What Should the Public Policy Stance Be? In the absence of reliable conclusions about the effects of marital disruption on children and on society, it is difficult to know whether public policy should actively discourage family breakup or whether it should be neutral. Clearly, few would take the position that government should pursue, as a primary objective, policies which encourage marital instability. However, there are policy objectives

in addition to preserving the family--such as providing aid to the poor. In pursuit of such other important objectives it may well be appropriate to design policies which contain, as a necessary byproduct, an incentive structure that increases the freedom of beneficiaries to split up.

II. PUBLIC POLICY OBJECTIVES AND THE ISSUE OF FAMILY STABILITY

The family is the basic unit of social organization in our society. It performs economic as well as sociological, psychological, and biological functions. As a consequence, the effect of public policies on marital stability should be of great concern. While there is undoubtedly a consensus in our society that, other things equal, public policy should not encourage marital instability, there is substantial disagreement about whether public policy should actively encourage marital stability or merely seek to be neutral.

The strongest argument that can be made for actively encouraging family stability is that children and other members of society will generally be better off if parents who are considering divorce remain married. The children will be better off because they will have the guidance, role models, and personal attention of two parents rather than one. Their sense of identity and self-worth, it is argued, is likely to be stronger if their biological parents raise them together. In addition, they will probably be raised in a higher-income household. Two parents can earn more than one; and in cases of family splitting the children usually go with the mother, who normally has lower earnings capacity than the father. Other members of society also benefit from marital stability, according to this argument, because children from broken homes are more likely to require public financial support and are more likely to engage in antisocial behavior.

The argument for government intervention is that, to the extent that people are selfish, when they make decisions they will consider only themselves. If marital partners with children are completely

selfish in deciding whether or not to continue their marriage and if, on average, their children and other members of society would be better off if they remained married rather than split, marital partners who split will not be making socially optimal decisions. In the language of economists, therefore, an externality exists.

Internalizing this externality is the objective of laws and moral teachings that encourage marital stability. Laws can encourage marital stability by forbidding (or at least making difficult) divorce, and by making marriage more economically lucrative--that is, through regulation and/or direct economic incentives. Moral teachings encourage individuals to feel they should consider the well-being of others besides themselves when making marital and other socially important decisions. In the language of economists, moral teachings strive to change utility functions.

The argument for public policy neutrality with respect to marital decisions both stresses the costs of policies which encourage stability and questions their alleged benefits.

One cost of public policies which encourage marital stability is the continuation of some marriages in which the children and, perhaps as a consequence, other members of society as well would be better off if the partners split. Another cost is an equity cost. There are marital splits which would occur irrespective of the neutrality or lack thereof of public policy. Public policies which encourage marital stability through either economic incentives or regulation are inequitable from the point of view of the expartners in the marriages that break up in spite of those incentives.

The alleged benefits of public policies which encourage marital stability may also not exist--either because the policies are ineffective in promoting stability, or because marital stability does not have the positive effects on children postulated above. Forbidding divorce, for example, may lead to desertion instead. Tax and/or welfare laws that make it advantageous to be married may have no effect on marriages, even though they are inequitable in the sense defined above. Even if such public policies do encourage marital partners who might otherwise have split to stay together, the children in such marriages might not be better off. It may be true that on average children are better off if they are raised by both parents together. It is only, however, the children in the marginally unstable marriages--those that would be affected one way or the other by public policy--that are of concern here. In cases where a marriage is shaky enough for economic incentives to determine its survival, the children may well not be generally better off if the marriage survives. The effects of public policy on marital stability and of marital stability on the welfare of children are empirical questions about which we have very little reliable evidence. (What evidence we do have is discussed in Section VII.)

It is also well to recognize that, while no one would suggest that encouraging marital instability should be a prime objective of public policy, we already have on the books (because of other, conflicting policy objectives) legislation that fosters marital splits (or at least discourages remarriage), and is approved of by the public. Widows, through no fault of their own, have lost their marital partners. Throughout our history we have had laws (first at the local level, then

at the state level, and finally, beginning with the Social Security Act in 1935, at the federal level) which have provided aid to widows with children. The provision of such aid clearly reduces the economic pressure for remarriage. Similarly, women with young children who have been deserted or divorced may be equally blameless and equally in need of help. But one cost of providing such aid is that other women considering splitting from their husbands may be encouraged to do so by virtue of the fact that provision of aid reduces the economic costs to them of a marital split.

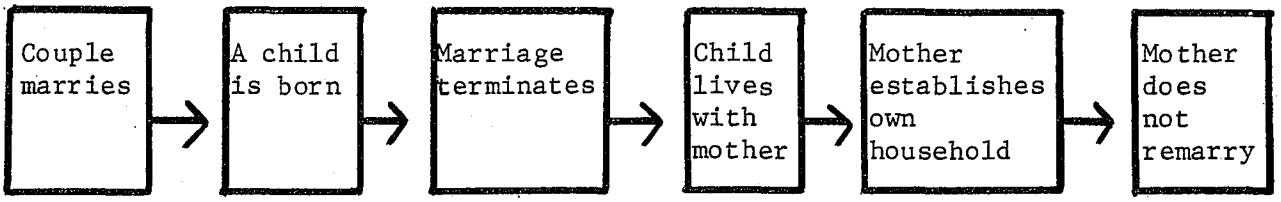
This kind of encouragement of marital instability would also be present in a policy that provided aid to all poor families irrespective of whether they are intact or split. But it is exacerbated by confining aid to split families. (The nature and magnitude of this additional marital instability incentive is discussed in detail in Section VI.) If aid is not confined to split families, however, the cost of such programs will greatly increase because there are so many more low-income intact than split families.

In short, whether public policy should be neutral toward or provide incentives in favor of marital stability depends upon both empirical relationships and value judgments. Moreover, it may occur because of conflict with other objectives--such as providing aid to the poor--which necessitates designing public policies that have (as an inevitable byproduct) incentive structures that may lead to increased family splitting.

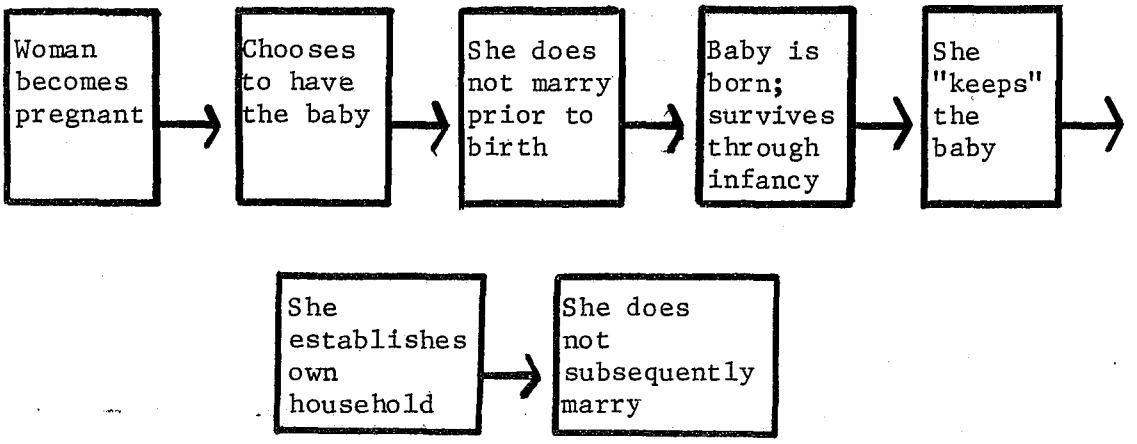
III. THE DEMOGRAPHY OF FEMALE-HEADED FAMILIES

Between 1960 and 1975 the number of female-headed families with members under 18 practically doubled, increasing from about 2.5 million to nearly 5 million. The increase was more rapid for nonwhites than for whites (1.8 to 3.2 million for whites and 0.7 to 1.7 million for nonwhites). In 1960, 92 percent of white children lived in families with two parents; in 1973, the proportion had declined to 87 percent. The comparable figures for black children are 75 and 52 percent.

The process by which two parents with children separate and create two households, one of which is by definition a female-headed household, involves a whole chain of demographic events. An increase in the number of female-headed families may result from changes at any point in the process. Similarly, social policy may have either intended or unintended consequences for any of these links in the chain, depicted here:



It is also informative to decompose the process by which a "single" woman becomes a family head:



The pattern of the transitions in both these chains has been changing through time.

First, rates of marital disruption have been increasing. In 1975, there were over one million divorces granted in the United States. A decade earlier there were fewer than half a million. The "rate" of divorce (divorces per 1000 married women) rose from about 11 to 20 during this decade. Among couples marrying in the 1940s and 1950s, about 5 percent had divorced during the first five years of marriage. Among couples marrying during the late 1960s, the proportion had risen to about 11 percent.

Second, among persons whose first marriages end in separation or divorce, the proportion eventually remarrying is very high; and remarriage frequently occurs very soon after the previous marital disruption. At least four-fifths of all women ending a first marriage will eventually remarry. The proportion remarrying has been increasing

until recently and the interval between marriages has probably been decreasing. There is now evidence of a slight decline in the rate of remarriage, but remarriage continues to be almost universal.

Third, following the termination of their marriage most women, except those who are very young, establish households of their own rather than move into the households of parents or other relatives. The proportion in their own household has been increasing for at least the past two decades.

Finally, although the proportion of all births classified as illegitimate has risen, this rise is due to the rapid decline in the rate and number of "legitimate" births. The rate at which unmarried women have been bearing illegitimate children has also been falling for a decade. The single exception to this generalization is the continued rise in the illegitimate birth rate of white females aged 15-19.

To what extent is the present AFDC program responsible for these social trends? The rise in both marital dissolution and household headship among formerly married mothers is correlated with the following changes in AFDC: more flexible eligibility criteria, rising benefit levels, and increased participation rates. It is thus tempting to infer a causal connection. (Available evidence on the effect of AFDC on female headship is reviewed in Section VII.)

But the rise in both marital dissolution and household headship seems to have occurred in all segments of society--including groups not typically found among AFDC recipients as well as those which are.

Clearly, there are pervasive societal forces affecting levels of marital dissolution which operate independently of the AFDC system. These include rising incomes, increasing independence of women, and increasing liberalization of divorce laws. Between 1960 and 1974, in fact, the number of nonpoor female heads with children increased much more rapidly--from 1.0 to 2.6 million--than the number of poor female heads with children--from 1.5 to 2.0 million. Moreover, despite increases in AFDC benefits and participation rates, overall remarriage rates have been increasing and are now as high as 80 percent. At most, the AFDC program may be contributing to a limited degree to a pervasive social trend.[1]

Some additional observations should be kept in mind regarding the future.

(1) In the past, population growth has played an important role in increasing the number of female family heads. Their number is inflated at present because of the large number of persons born during the baby boom. More recent birth cohorts are smaller, and should lead to a decline in the number of female family heads, and therefore female family heads with children.

(2) Younger women are better educated and have more work experience than their older predecessors did at the same age. This should give an increasingly larger proportion the skills and experience necessary to be more nearly self-sufficient. Similarly, attitudes regarding work by mothers of young children have changed, and facilities for childcare are more widely available (and perhaps of higher quality) than previously. In

[1] To the extent that there may have been a very recent reversal in the remarriage trend, it may be partly attributable to the incentives in the AFDC system.

each instance the effect may be to increase the ability of women to be self-sufficient following marital dissolution.

(3) Among couples experiencing marital disruption, the custody of children has traditionally gone to the mother. There is some evidence that a larger proportion of children than before are now living with fathers. This proportion is still small, but it could grow considerably in the future.

(4) Continued access to safe, legal abortion services, and continued expansion of sex education programs, family planning services, and the provision of relevant information to sexually active, unmarried persons should continue to reduce the rate of pregnancy and childbirth among the unmarried. It should also reduce the prevalence of marriages "forced" by pregnancy. The consequences of these "premature" marriages--in terms of interruptions in the education of both parents as well as on their economic lives, health, marital satisfaction, and general well-being--may also be expected to have an impact on the need for public assistance and public services.

(5) Birth rates are now very low. They have been very low for the population at large for the past five years. Rates are falling among groups within the population which traditionally have been overrepresented within the poverty population. Lower fertility has several potential effects on the size and composition of the population of female-headed families: (a) There should be a decline in the number of children per female family head. Similarly, an increasing fraction of divorcing couples should be childless.

The poverty population will continue to consist disproportionately of larger families, although increasingly this will be due to the greater economic needs of large families rather than low income persons having uncontrolled, and therefore high, fertility; (b) With smaller families, pressures for remarriage following divorce will be lessened. (c) Similarly, the increased tendency to delay births within marriage may reduce the proportion of marital terminations which involve couples with children and may, in consequence, improve the economic environment in which children are born.

IV. EFFECTS OF INCOME ON MARITAL STABILITY: ALTERNATIVE THEORIES

A number of theories have been advanced to account for the relation between income and family stability, and different theories lead one to predict different effects of an income maintenance program.

The economic constraint theory emphasizes the economic pressures and ties that bind a couple together and suggests that such constraints are greater at higher income levels. A higher-income couple stands to lose more from a dissolution that may require a division of assets, support payments, and a reduction in consumption levels. Long-term indebtedness tends to be greater at higher income levels, which makes withdrawal from the marital union more difficult. Income differentials between husband and wife also tend to be greater in the upper-income strata; thus the wife is more dependent, with a greater stake in maintaining the marriage. Taking this argument at face value suggests that increasing families' incomes (through income maintenance programs or other means) should increase the constraints on recipient couples, thereby increasing marital stability.

However, the strength of some of the constraints would appear to depend on the source of the income. In particular, if the wife earns a share of the income or the family receives income through an income maintenance program, the dependency of the wife may be considerably lower. This independence effect of resources available to the wife may offset some of the economic constraints which accompany the higher income. It has been found, for instance, that women are more likely to seek divorce as a solution to an unsatisfactory marriage if they are economically independent of their husbands by virtue of earned income or an inheritance.

It is possible, then, that an income maintenance program giving cash payments to families (at levels above those currently provided by welfare) would reduce the economic constraints that bind a wife to her husband. A jobs program emphasizing the employment of males might be less likely to do this, but it would be at the cost of continuing the economic dependence of wives and maintaining intact a number of relatively unhappy marriages, and penalizing women who work and head families. Of course, a program that greatly expanded the number of jobs available in the labor market would presumably lead to higher employment rates among women, which might also lead to greater economic independence--with a concomitant increase in marital dissolution rates and decrease in remarriage rates.

The economic strain theory holds that tensions generated by economic problems tend to erode the quality of interpersonal relations within the family, creating strains between husband and wife. If this theory is correct, then we might well expect an income maintenance program to bring greater family stability by reducing some of the economic tensions and the strife that might result from them. Either a cash program or a jobs program should be effective, with the degree of effectiveness of each depending on the actual level of transfers to the families.

The equity or role affect theory suggests that if a husband earns a high income, both he and his wife tend to evaluate his role as breadwinner favorably, and this promotes marital satisfaction. Studies have found men and women to be apparently very concerned about whether or not their marriages are fair and equitable. If a marriage is a traditional one, the man is expected to be the provider; the woman is

supposed to take care of the home and children. There is also considerable evidence that when a man loses his job and can no longer contribute his due to the marriage, both partners find it distinctly unsettling. The longer he fails to provide, the more his position of respect erodes. Couples who perceive their relationship to be inequitable tend to have unstable relationships.

From this perspective, a cash income maintenance program could not be expected to lead to greater marital stability, for the additional income would be unearned and would not accrue to the credit of the husband. A jobs program that permitted the husband to fulfill traditional role expectations as breadwinner would presumably strengthen the marriage by leading to a greater sense of equity. There is the possibility, however, that traditional marriages may in some cases be undermined if more married women work as a consequence of a jobs program. A traditional-minded husband may feel threatened by the role encroachment of his wife. A working wife may also find herself impossibly burdened with a double job, since research shows that husbands of working women rarely make any significant additional contribution to housework. A growing resentment of the husband's shirking of household tasks, coupled with the greater economic independence of the working wife, could lead to more marital breakups. It should be noted, however, that an increasing number of men and women are forming nontraditional relationships, arguing that men need not be the providers and women the homemakers. In such "egalitarian" relationships, the issue of who provides for the family should matter less.

Social class theories tend to emphasize a number of norms, attitudes, values, and characteristics of the different class strata as the sources of marital stability. This set of theories is related to the controversial notion of a "culture of poverty." Oscar Lewis maintained that a special subculture--the "culture of poverty"--was to be found among a portion of the poor in the United States and certain other countries. He saw marital instability and a high level of intrafamily conflict as major characteristics of this subculture. Daniel Patrick Moynihan also believed that black family disorganization represented primarily an adaptation to low income and high levels of unemployment among black men. However, he also suggested the possibility that ". . .the situation has so deteriorated that the problem is now feeding on itself--that measures which once would have worked will henceforth not work so well, or work at all."[1] Other writers have challenged the view that family disorganization is an integral part of a lower class subculture. They see the disorganization not as an outgrowth of a distinctive set of norms, values, and attitudes but as simply an adaptation to a situation of deprivation that makes it impossible to reach the goals that are generally valued in American society.

The debate over the culture of poverty has been a bitter one, largely because many social scientists have feared that acceptance of the culture of poverty view would imply a palliative policy approach that would treat the symptoms rather than the underlying causes of family disorganization. Both Lewis and Moynihan tended to agree with their critics that the first priority in dealing with family problems among the poor should be given to ending unemployment and poverty.

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[1]Daniel P. Moynihan, "Employment, Income, and the Ordeal of the Negro Family," Daedalus 94 (Fall 1965):768.

Those who subscribe to the culture of poverty view, however, do tend to be less optimistic that alleviating economic problems of the poor will bring about an immediate strengthening of the family. The social scientists who regard family disorganization simply as an adaptation to conditions of poverty would presumably expect a more immediate effect on the family if economic conditions were improved, particularly with a jobs program.

There is probably some truth in each of the theories. We do not know, however, the relative strength of the factors emphasized. Since the theories imply contrasting predictions about the effects of a cash income maintenance program or a jobs program, this is obviously the critical question. Apart from the income maintenance experiments (see Section VII), there has been very little research that has attempted to examine the effects of changes in income on the family.

V. EFFECTS OF INCOME MAINTENANCE PROGRAM PROVISIONS ON FAMILY COMPOSITION

Tracing out the economic incentives relating to family composition set up by a variety of characteristics of income maintenance plans is a fairly straightforward proposition. The approach taken here is to compare the income available to several family types with and without the plan. If the relative economic attractiveness of certain family configurations changes, then the family status incentives are said to be changed by the plan. In addition to such incentive effects of plans, there may be other effects. For example, as previously discussed, the availability of transfer income may have an "independence effect" on the decisions of a woman with children, allowing her to afford to live apart from a husband.

It is extremely important to realize the narrowness of the focus used in this section of the paper. Decisions about marriage, children, and living arrangements in general involve a whole array of issues--emotional, cultural, social, economic. The discussion here is only in terms of the monetary incentives to change behavior which income maintenance programs may create. Given all the other influences, these economic incentives may indeed affect some people's decisions at the margin. However, many potential participants may not be aware of the details of an income maintenance program's eligibility and benefit rules. And regardless of information, other factors may simply outweigh such incentives.

There are several dimensions of income maintenance programs which can be expected to affect family status decisions. The most important

of these are the eligibility rules, the definition of the recipient unit, and the benefit schedule. Each of these dimensions has several aspects. The eligibility rules may include categorical exclusions of certain kinds of units, a work test for some or all of the members of the unit, and income limits (a means test) which vary with the size (and perhaps other attributes) of the unit.

The definition of the recipient unit determines whether eligibility and benefit schedules apply to individuals, legally-defined families, or households defined on the basis of living arrangements. The eligibility rules and benefit schedules may be based on different unit definitions.

The benefit schedule defines what the benefits are--cash, in-kind goods or services, wage subsidy, or job--and may show variation of benefits with respect to the size of the unit and its income. Such a schedule incorporates a guarantee, an implicit tax rate on the unit's income, and a definition of "countable" income. Some in-kind programs (for example, Medicaid) may have an undefined benefit schedule. Once eligibility is established, the dollar value of services received is not limited by rules, and depends only on usage. The effects of these characteristics may vary with interactions among them, as well. For example, the effect of program income limits on a woman's probability of remarriage may depend on whether her potential husband's income is counted in computing her children's program benefits; that is, the effect of the means test depends on the definition of recipient unit.

The specific aspects of family status examined here are marital instability and, to a lesser degree, fertility. Marital instability is broadly defined to include consideration of marriage, remarriage, divorce,

and separation decisions. It is generally the case that factors which encourage marriage or remarriage also discourage divorce or separation, and vice versa. However, the legalities of support obligations after marriage create some differences between the incentives to marry or remarry and the incentives to divorce or separate. The question asked with respect to fertility is simply whether a specific attribute of a program encourages couples or unmarried women to have (and keep) more children than they would in the absence of the program.

Eligibility Rules

The first characteristic to be examined is eligibility rules. Eligibility rules are established in order to limit program beneficiaries to those considered "needy" or "deserving." Incentive problems may arise because individuals can change their behavior in order to fit whatever definition of "deserving" is adopted for a particular program, thereby qualifying for benefits. The historical emphasis in income maintenance programs has been on limiting eligibility for income support to those who are most clearly not to blame for their own situation--that is, individuals whose own behavior cannot be seen as the cause of their needy situation. This is done through categorical restrictions and the work test, which are applied together with income limits that define the "needy."

1. Categorical eligibility. Eligibility rules which categorically exclude certain types of families from benefits will encourage potential program recipients to avoid being part of such families. In multipronged programs, certain types of program benefits may be available to categories

of families. For example, a program may offer income maintenance to single-parent families, and only employment-tied benefits to intact families. Depending on the situation of the family, potential recipients may have incentives to be in the more favored group. Historically, general income support was provided to children (presumed blameless) lacking full parental support, and later to their "deserving" caretakers. But the current requirement--that AFDC recipients be (1) children lacking parental support (because of a parent's death, continued absence, or mental or physical incapacity) and (2) their related caretakers--may encourage potentially eligible people with children to set up single-parent households; it may also encourage otherwise eligible women to have (and keep) at least one child in order to qualify for benefits as a "caretaker."

Clearly the incentive to change behavior in order to meet eligibility requirements is greater the larger are the benefits of being eligible. Thus someone who earns a small amount more than the income test for AFDC allows might not be inclined to cut back on work slightly in order to qualify, if the benefits so gained are proportional to the difference between actual income earned and the AFDC income maximum. However, because eligibility for AFDC brings with it eligibility for Medicaid, the benefits of meeting the eligibility requirements are considerable and incentives to change are therefore much stronger. Similarly, categorical exclusion of families without children from the income maintenance of the AFDC (or AFDC-UF) program causes a large increase in benefits at the birth of the first child, because then both the child and the caretaker(s) are eligible.

2. Work-tested eligibility. A work test is a requirement that an individual actively seek work (and sometimes job training as well) and accept suitable employment (training) if offered. It is included in many income-tested programs to exclude people who could earn income if they wanted to, in an attempt to ensure that only people who are not able to support themselves get government support. It may have effects on marital stability, because if a work test is imposed for all adult members of a recipient family or household, then individuals have incentives not to live with others who fail the work test. For example, the Food Stamp program makes the whole household ineligible for benefits if any member refuses to work. This is somewhat different from the AFDC program, where an individual's work test failure only excludes consideration of his or her needs in computing the family's need for assistance. If work is obtained, income maintenance program recipients may still be eligible for some benefits--the amount depending on the benefit schedule and their increased countable income--if they still pass the means test.

If work tests are categorically applied, this may also create incentives to change family composition. For example, if mothers of young children are excluded from a requirement to register for work or training, this may be an incentive for some women to have children regularly enough to have a young one at home over a period of many years.

3. Income-tested eligibility. The eligibility criterion at the heart of most cash and in-kind income maintenance programs is the means test, which specifies the income level(s) below which the unit (individual, family, household) is eligible to receive program benefits. This limit is discussed below as the breakeven point of the benefit schedule.

Unit Definition

One would generally wish to use the living unit within which resources are shared as the basis for determining eligibility and amount of need for income maintenance. Thus the individual is not usually considered to be the appropriate unit because, especially within families, there may be specialization of functions between (among) the adults, with one (some) working in the market and the other(s) in the home. Using the individual as the unit in this situation would show the spouse who works at home, as well as most children in school, with no resources for their support, yet most of us expect that the resources of the market-worker(s) are available to them. Thus, we use the family or household as the unit in most income maintenance programs. The (positive) income tax system also avoids the individual approach in adopting the principle of equal taxes for married couples with equal combined incomes, regardless of how much is earned by each. Income-splitting provisions implicitly assume that resources within the family are shared. But for both the tax and transfer systems, once a unit definition is chosen, patterns of sharing (or just the official actions--such as marriage--which are assumed to indicate sharing commitments) may change in response, in order for individuals to be part of eligible units or to increase the benefits they receive. Just as with eligibility rules, the choice of recipient unit definition involves a conflict between the desire to best tailor the program to what administrators perceive as the needs of potential recipients and the incentives for behavior changes which the choice may create.

The choice between using the family and using the household for income maintenance determination raises several questions. The family has the advantages of being defined by certain acts in law such as marriage, and being legally circumscribed by responsibilities to support. However, because a simple legal step (such as marriage) may be the only difference between people in otherwise identical situations, it may not capture the basic sharing unit. And depending on that legal step to define the recipient unit may create strong incentives for individuals to take or not to take that step, with no other change in their living situation. Thus it is sometimes argued that the household is the more appropriate unit, since it reflects the actual living arrangements. However, if sharing does not occur within that unit (as legally it must in a family), or if household membership is somewhat fluid, then program administration is difficult and rights of privacy may be violated in administrative attempts to understand the household's internal arrangements.

Benefit Schedules

Benefit schedules are the third major aspect of income maintenance programs which may affect marital stability and fertility. What the benefit is, and how the amount provided varies with the size and resources of the recipient unit, may induce family decisions that differ from those produced by the market. The comparisons which follow of program incentives with market incentives implicitly assume, at the simplest level, that the market makes no adjustments for family status. That is, one's wage income from a job (or income from coupon-clipping) is independent of family and household arrangements. However, for some

marital status and fertility decisions, the positive tax system varies taxes and hence take-home income (through deductions, exemptions, credits, and through use of different schedules) by marital status, "head of household" status, and number of dependents. Many of the same incentive issues discussed with respect to income maintenance programs also apply to (and are hotly debated with regard to) the impacts on family structure of the positive tax system. Since the focus of income maintenance policies is on low-income people (who generally pay little income tax), the family status incentive effects of the positive tax system may, in general, be small. As proposals for reform of the income maintenance system lean toward a negative income tax approach, it becomes more important for income maintenance analysts to understand the incentive effects implicit in the current tax and transfer system.

We can represent the schedule of income maintenance benefits (cash or in-kind) available to an eligible unit with the equation

$$B = G(c) - rY$$

where B is the benefit, or subsidy amount;

G is the guarantee level, generally a function of unit composition;

c is the unit composition, which, depending on the program, may simply be the number of members in the unit, or may, in addition, reflect other attributes (such as members' ages);

Y is the unit's countable income; and

r is the implicit tax rate on countable income, that is, the rate at which benefits decline as income increases.

Given these definitions, the breakeven point of the schedule (the countable income level at which benefits go to zero), denoted Y^*, is easily derived as

$$Y^*(c) = G(c)/r$$

and total income available to a unit participating in the program is

$$I = Y + B = Y(1-r) + G(c), \qquad \text{for } Y < Y^*(c).$$

In this context, we can examine the incentives for units to form or split up and for units to add new children as members (or to avoid having children) by comparing the total income available together and apart, or with and without an additional child. The unit formation issue is discussed immediately below, and fertility is discussed after that.

Marital stability. Suppose two individuals or households that are income maintenance program participants are considering combining or marrying, but want to know how such a change will affect their program benefits. If we use subscripts to denote the two units, their incomes as separate units can be written as

$$I_1 = Y_1 + B_1 = Y_1(1 - r) + G(c_1), \qquad \text{if } Y_1 < Y^*(c_1) = G(c_1)/r$$
$$I_2 = Y_2 + B_2 = Y_2(1 - r) + G(c_2), \qquad \text{if } Y_2 < Y^*(c_2) = G(c_2)/r.$$

We can compare the sum of these two incomes with the income they would have if they combined into one unit or married. Most current and proposed income maintenance programs use the family as the unit definition and do not recognize a change in family composition when two households combine unless marriage occurs as well. (Under a household definition, in contrast, benefits may change when two units combine without marriage. The implications of this alternative definition are mentioned later.) Under a program

that uses the family unit definition, if two units simply live together, their income is the same as the sum of their two separate incomes:

$$I_1 + I_2 = (Y_1 + Y_2)(1 - r) + G(c_1) + G(c_2).$$

If they marry, the program administrators recognize a change in family composition, and their income becomes

$$I_T = Y_T + B_T = (Y_1 + Y_2)(1 - r) + G(c_T),$$
$$\text{if } Y_1 + Y_2 < Y^*(c_T) = G(c_T)/r ,$$

where the subscript T denotes the unit formed by combining units 1 and 2. It is clear that if

$$G(c_T) < G(c_1) + G(c_2),$$

then their income falls when they marry whereas, without the program, their income $(Y_1 + Y_2)$ is independent of their household arrangements.

If we suppose that there are economies of scale which make it less expensive to live together than separately, then total income when the units are combined should also include an additional term reflecting this saving. If this saving does not vary with unit income, then it changes their "full income" in the same way whether the program exists or not, and does not change the program incentives. For example, suppose E is the dollar saving in living costs from combining units with composition c_1 and c_2 into a unit with composition c_T. The income of the combined unit is the sum of money income and the saving, so if the two units decide to live together (no marriage), the combined income is

$$I_1 + I_2 + E = (Y_1 + Y_2)(1 - r) + G(c_1) + G(c_2) + E.$$

If they decide to marry, their combined income is

$$I_T + E = (Y_1 + Y_2)(1 - r) + G(c_T) + E.$$

But E is also an addition to their combined income in the market situation without the program. That is, their income when apart is $(Y_1 + Y_2)$ and their income living together (married or not) is $(Y_T + E) = (Y_1 + Y_2 + E)$. Thus it is still the case that if

$$G(c_T) < G(c_1) + G(c_2),$$

then they have more of an incentive not to marry when the program is available than they do in the absence of the program; the program changes the relative costs of being married and unmarried.

However, if the economies of scale are a function of income, then an income maintenance program, in changing the units' incomes (apart and together) also changes the savings to be gained by combining. The analysis becomes more complicated, for presumably the amount saved by combining depends on the income and composition of each of the separate units as well as the combined unit. But suppose, for simplicity, that the saving from combining two units is an increasing function of the combined family income. (This is probably not an unreasonable representation of cases where the two separate units' per capita incomes are roughly equal.) Then after combining, the income available, including the saving, is

$$I_1 + I_2 + E = (Y_1 + Y_2)(1 - r) + G(c_1) + G(c_2) + E(I_1 + I_2)$$

if the two units live together without marrying, and is

$$I_T + E = (Y_1 + Y_2)(1 - r) + G(c_T) + E(I_T)$$

if the two units marry. Thus the increase (decrease if negative) in full income when the units combine (without marriage) is $E(I_1 + I_2)$. The increase in full income when the units are already combined and then marry is

$$[I_T + E(I_T)] - [I_1 + I_2 + E(I_1 + I_2)] = G(c_T) - [G(c_1) + G(c_2)] + E(I_T) - E(I_1 + I_2).$$

And the increase in full income when the units combine and marry is

$$[I_T + E(I_T)] - [I_1 + I_2] = G(c_T) - [G(c_1) + G(c_2)] + E(I_T).$$

Without the program, the increase in full income when the units combine (with or without marriage) is $E(Y_T)$, and there is no change in full income when the units marry, having lived together previously. If we define "neutrality" as a situation in which the program does not change the relative costs of being married and unmarried, then the program is neutral if

$$G(c_T) + E(I_T) - [G(c_1) + G(c_2)] = E(Y_T)$$

for those units who combine and marry, and is neutral if

$$G(c_T) - [G(c_1) + G(c_2)] + E(I_T) - E(I_1 + I_2) = 0$$

for those who live together and then marry. That is, the program is neutral if the change in income at marriage under the program is the same as the change in income at marriage without the program.[1] Rearranging terms, the first expression (referring to people who live apart and consider combining and marrying) becomes

$$E(I_T) - E(Y_T) = G(c_1) + G(c_2) - G(c_T).$$

This version makes clearer the implication that neutrality requires that the decrease in guarantee at marriage (the guarantee for the married unit minus the sum of the two separate units' guarantees) should be equal to the increase in (economies of scale) savings attributable to the income increase which the program provides. If the economies of scale function

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[1] Alternatively, one might want to define neutrality as an equal <u>percent</u> change in income at marriage with or without the program, or as an equal absolute or percent change in the welfare ratio at marriage with and without the program.

(E) is linear, this argument is more transparent, for then the condition above becomes

$$E(I_T - Y_T) = G(c_1) + G(c_2) - G(c_T) \rightarrow E(B_T) = G(c_1) + G(c_2) - G(c_T),$$

which says that the change in guarantee at marriage should be equal to the economies of scale on the benefit income.

This is an interesting result, for it contrasts with horizontal equity arguments, which generally suggest that the difference in guarantee between two units with different composition should be equal to the difference in need. This is the basis of the benefit schedules of most current (and proposed) income maintenance programs which show per capita benefits declining with unit size, although total benefits increase as the number of members increases. This equity argument says that the change in guarantee at marriage should offset the full scale economies of combining households, not just the addition to scale economies that the program benefits provided by raising money income on which economies are realized. For families getting all their income from the income maintenance program, the two criteria coincide, but for most program participants, there are other sources of income, and the "incentive neutrality" criterion would require a guarantee that came closer to being constant per capita as income came closer to the breakeven level. If the equity criterion is used to set guarantees, then units with some earned income would be encouraged to split up or not to marry relative to their situation in the absence of the program, and such incentives would increase with income over the relevant range from zero income to breakeven. This points up a very real tradeoff between the equity of responding to needs and the incentives an equitable schedule sets up.

However, returning to the situation of units that live together and consider marriage, we find a different requirement for marriage-neutrality. Examining the terms of that expression above, neutrality requires that the change in guarantee at marriage must be equal to the change in economies of scale attributable to the change in combined income (which the change in guarantee brings about). This requirement is met only if the change in guarantee is zero. Thus if economies of scale accrue when units combine, but the program administrators change benefits only when units officially combine by marrying, there is no possible benefit formula that can change combined income at marriage by the same amount as it changes in the absence of the program.

In addition, if the program is using a family unit definition, and economies of scale are a function of combined income, then the incentives for living apart and together (without marriage) must be affected. For without the program, the change in income when units combine is $E(Y_T)$, and with the program it is $E(I_T)$. Since the program presumably augments money income, $I_T > Y_T$ and $E(I_T) > E(Y_T)$. Thus, units not planning to marry have more of an incentive to live together under the program than they do in the absence of the program.

If, on the other hand, the program administrators use a household unit definition, so that benefits change whenever living arrangements change, then the neutrality issue is simpler. There is no problem with units that live together and then may marry, for they will have no change in income at marriage with or without the program. In this case, neutrality would refer to a situation in which the program does not change the relative costs

of living apart and together, and a program would be neutral if

$$G(c_T) + E(I_T) - (G(c_1) + G(c_2)) = E(Y_T).$$

This is the same criterion as that just derived (under the family unit definition) for units living apart who are considering simultaneous combination and marriage. With program administrators using the household unit definition, a "neutral" formula can be conceived, but it still conflicts with the equity criterion as discussed above.

In addition to its conflict with incentive neutrality, there are several other arguments which can be made against the "equitable" schedule which has benefits that differ among families or households by the full amount of need differences attributable to economies of scale. Smaller living units involve a real resource cost because of the efficiency loss of not taking advantage of economies of scale. Thus a program which has incentives to split up or not to combine involves not only the social cost of the decreased marital stability but also the efficiency cost. In addition, it can be argued that privacy is a good that can be purchased just like food and clothes, and it is not appropriate to vary a unit's benefits as a function of which items are chosen to spend income on. A system of declining per capita benefits rewards individuals or families who choose to buy privacy (increasing their benefits) as compared to families who buy other goods. One way of posing the choice is to ask whether the government should capture the economies of scale of the inframarginal units or whether the individual program participants should. When one is concerned about incentives at the margin, one should choose the latter; but this interferes with the equity of benefit distribution among all (not just marginal) recipients.

The variation in benefits with income can also affect family formation and dissolution decisions. If the implicit tax rate (r) is a constant, then in a situation of constant per capita guarantees, the benefits of two units with incomes low enough for both to be eligible will be unchanged when they marry. However, if the per capita guarantee varies with unit size, so does the breakeven level of income, since $Y^*(c) = G(c)/r$. Thus, for example, a four-person family may be ineligible for benefits because its income is too high, while two two-person families, each with half that income, are both eligible. This is equitable, in the sense that we think of the two-person unit's costs of living as relatively higher, so they are poorer; but it may create incentives at the margin for some large units to split into smaller units in order to qualify for benefits. And if benefits are not proportional to the difference between income and the breakeven as, for example, with Medicaid, then the situation is not even equitable.

However, if an eligible unit marries a unit which has too much income to be eligible, total benefits will fall. For example, suppose a single woman earning Y_1 and a man living with his two children and earning Y_2 are thinking of getting married. Setting aside the economies of scale issue, suppose also that an income maintenance program is available which uses the family unit definition and has a guarantee of \$g per capita and an implicit tax rate r. The woman's income is too high for her to be eligible:

$$Y_1 > Y^*(1) = g/r.$$

But the man and his children are program participants. The combined income of the two families before marriage is

$$I_1 + I_2 = Y_1 + Y_2(1 - r) + 3g ,$$

and their total income after marriage would be

$$I_T = (Y_1 + Y_2)(1 - r) + 4g$$

if they are eligible for the program, that is, if

$$Y_1 + Y_2 < Y^*(4) = 4g/r.$$

They may be discouraged from marriage if their combined money income falls, that is, if

$$I_T < I_1 + I_2 \rightarrow$$
$$(Y_1 + Y_2)(1 - r) + 4g < Y_1 + Y_2(1 - r) + 3g \rightarrow$$
$$g < Y_1 r.$$

And we know that is indeed the case, since the woman's initial ineligibility implies that

$$g/r < Y_1.$$

More generally, if the guarantee depends on the number of unit members but is not necessarily constant per capita, their incomes fall at marriage if

$$G(4) - G(3) < rY_1.$$

If the per capita guarantee is constant or declining with unit size, then

$$G(4) - G(3) \leq G(1)$$

(the fourth person adds no more to benefits than the first). And the fact that the woman's income is so high as to make her ineligible alone again implies that their total money income decreases at marriage:

$$G(4) - G(3) \leq G(1) < rY_1.$$

This result is surely equitable, for the previously eligible unit now has (official) access to more private income and therefore is not as needy as before; but at the same time it may discourage marriages between eligible and ineligible units. This is especially the case if

actual living (and sharing) arrangements can be the same regardless of marriage, because then the assumption implicit above--that the parties involved are trying to maximize their combined incomes--is clearly appropriate and the economies of scale issue is much less relevant.

On the other hand, if a separation entirely eliminates sharing between the units, then an increase in total benefits (hence combined income) may be accompanied by a decline in access to income for some household members. In the example above, if sharing was done only after marriage, then it may be in the interests of the man and his children for him to marry, even though combined income falls, because their per capita income may rise. When the guarantee is constant per capita, the man and children's per capita dollar income does increase at marriage by

$$\begin{aligned}\frac{1}{4} I_T - \frac{1}{3} I_2 &= \frac{1}{4}[(Y_1 + Y_2)(1 - r) + 4g] - \frac{1}{3}[Y_2(1 - r) + 3g] \\ &= \frac{1}{4}(Y_1 + Y_2)(1 - r) + g - \frac{1}{3} Y_2(1 - r) - g \\ &= \frac{1}{4} Y_1(1 - r) + Y_2(\frac{1}{4} - \frac{1}{3})(1 - r) \\ &= \frac{3}{12} Y_1(1 - r) - \frac{1}{12} Y_2(1 - r),\end{aligned}$$

which is a positive amount because the initial eligibility outcomes for the two separate units imply that

$$3Y_1 > 3g/r > Y_2.$$

The money income available to the woman falls at marriage because she is joining a lower per capital income unit.

When the guarantee is not constant per capita, the increase in per capita income for the man and his children is

$$\frac{3}{12} Y_1(1 - r) - \frac{1}{12} Y_2(1 - r) + \frac{1}{4} G(4) - \frac{1}{3} G(3).$$

This may be positive or negative, depending on whether the per capita guarantee falls by so much as to offset the additional income per capita which the woman adds. Thus in cases of unequal incomes and no sharing prior to marriage, the lower income household must weigh the benefit loss against the possible income gain. Note, however, that the program provides more income per capita to the man and his children before marriage than after marriage. Thus the man and his children have a smaller income increase at marriage under the program than the increase they would experience at marriage in the absence of the program. The program might be said to decrease the man's positive incentive to marry, while also decreasing the woman's monetary disincentive to marriage. For both partners, any economies of scale realized at marriage will add to (reduce) the increase (decline) in full income at marriage. Again, however, if such economies are constant, the program incentives are unaffected and the use of per capita income comparisons is appropriate. If the economies of scale realized depend on income, then the same account should be taken of program income in calculating the separate incentives as was discussed with regard to calculating combined incentives.

Except for the case of a transfer system fully integrated into the tax system (with both systems having the same tax rate), the loss in benefits at the marriage of an eligible and ineligible unit is an unavoidable aspect of any transfer program. If tax rates on per capita income are progressive, then marriage between unequal per capita earners is encouraged.

It should also be noted that the benefit gain from divorce and separation or benefit loss at marriage is smaller if marriage is not the only determinant of responsibility for children. Thus a parent with children who receives child support will be given smaller program benefits (although not dollar for dollar) because income is higher. And a child who is not adopted by a step-parent retains eligibility for AFDC; therefore the benefit loss at the marriage of the parent is smaller.

Fertility. The possible incentive effects of a benefit schedule on fertility are quite obvious. If the household composition measure on which the benefit guarantee depends includes consideration of the number of members in the household, then adding a new member will increase the family's income:

$$I_1 = G(C_1) + Y(1-r)$$

$$I_2 = G(C_2) + Y(1-r)$$

$$I_2 - I_1 = G(C_2) - G(C_1) > 0$$

compared to a situation in which income is unchanged at the birth of a child. This is likely to create incentives at the margin for some people to have an additional child. Just as a benefit schedule which takes account of economies of scale subsidizes the formation of smaller households out of larger groups, so too, a schedule which increases benefits with family size subsidizes part of the cost of having an additional child. The reason for increasing benefits at the birth of a child is a concern with equity: a family with, say, three children has greater needs than a family with two children and the same other resources.

Even disregarding the impossibility of consistency between equity goals and goals relating to minimizing these marginal incentives, there is a conflict between unit formation neutrality and fertility neutrality: any schedule which increases benefits when family size increases (which reduces incentives to have separate families) must be a subsidy to additional children. The conflict between the two is reduced somewhat by the use of different guarantee levels for members with different ages, a lower guarantee being available for children than adults. This takes account of the lower living costs of children and at the same time separates the marriage neutrality from the level of fertility incentive.

VI. INCOME MAINTENANCE PROGRAM COMPARISONS

The effects of the three income maintenance program dimensions on marital stability and on fertility have been discussed in a general way in the previous section. The effects of each of these dimensions may also depend on interactions among them. This is easiest to examine with regard to specific examples. This section examines several existing and proposed income maintenance programs in terms of their eligibility rules, unit definitions and benefit schedules, and calculates a measure of the magnitude of the incentives they may create for marriage, remarriage, divorce, separation, and having an additional child.

Table 1 briefly describes the programs being compared. Table 2 displays how the benefit schedules of various programs take account of unit size. Also shown is the variation in need (as measured by the poverty threshold) with family size, and the variation in the tax threshold (the income at which a unit becomes liable for positive taxes) with family size. Tables 3 and 5 show the changes in program benefits (and need and positive tax liabilities) that result from marriage and birth of a child, respectively, for families in several situations. The positive tax changes are included to show how far the market outcome (including taxes) diverges from the standard of neutrality (no change in income) usually used to represent it. Table 4 displays some examples of changes in per capita income at marriage. It is important to note that each program is treated independently; that is, the changes calculated for one program are not incorporated into changes calculated for another program, even though they may interact in actual operation. For example, the effect of changed positive taxes (which change countable income) is ignored in computing

Table 1. Program Features

Program	Categorical Eligibility	Work Test?	Unit	Benefit Schedule Characteristics (assume zero unearned income)
AFDC (Aid to Families with Dependent Children)	Excludes intact families and childless families	Yes	Family	Schedule varies across states, but can be represented by B = G(n) - Y, where B is AFDC grant, Y is countable income (and $30 per month and 1/3 of other earnings are not counted, along with other deductions), and G(n) is the benefit paid to a family with no countable income. G(n) is increasing in n, but G(n)/n is decreasing in n. Wisconsin Area I benefit schedule used in subsequent tables has G(n) as shown in Table 2.
AFDC-UF (Unemployed Father)	Excludes intact families with employed father and childless families	Yes	Family	Ditto
Food Stamps	Universal	Yes	Household	Schedule can be approximated by BONUS = A(n) - .3Y, where A is stamp allotment, a function of number of household members (n), Y is countable income, and BONUS is difference between face value of stamps (allotment) and purchase price. A(n) schedule is displayed in Table 2. In Tables 3, 4 and 5, the actual purchase requirement schedule (as of 1/1/75 for 48 states and D.C.) is used, not the approximating equation shown above.
ISP (Income Supplement Program)	Universal	Yes	Family	B = G(n) - .5Y, where B is benefit payment, G(n) is guarantee (displayed in Table 2) and Y is income.
ABLE (Allowance for Basic Living Expenses)	Universal	Yes	Family	B = G(c) - .5Y, where guarantee is sum of family members' guarantees which depend on family composition and age: Husband-wife filing jointly, $2050; Head of household (IRS definition), $1225; Single adult filer, $825; Dependent over 18 years old, $825; First and second child, each, $325; Third to sixth child, each, $225; Seventh (and successive) child, $0; plus a refundable income tax credit of $225 per person.

(Continued)

Table 1-- Continued

Program	Categorical Eligibility	Work Test?	Unit	Benefit Schedule Characteristics (assume zero unearned income)
Three Track	Universal eligibility for SUIB, wage subsidy and Food Stamps, single parent families with children eligible for income guarantee	Yes, for SUIB	Family	(1) Family members and individuals are eligible for Special Unemployment Insurance Benefits (SUIB) if unemployed and a member of family with income below 150% of the poverty line. In addition, families receive an employment subsidy (ES) equal to rE if $0 < E \leq \$4000$ and equal to MS - r(E-4000) if $E > 4000$, where E is earnings, r the subsidy rate, and MS the maximum subsidy. r and MS vary with family size as follows: 1, .05, $200; 2, .10, $400; 3, .15, $600; 4, .20, $800; 5+, .25, $1000. Families are also eligible for Food Stamps, with revised benefit schedule: Bonus Value = A(n) - .3Y, where Y includes all income. The SUIB also varies with family size, as shown in Table 2. (2) One parent families eligible for the above or an income guarantee of $G(n), that is, B = G(n)-E, where G(2)=3100, G(3)=3800, G(4)=4400.
JOIN (Jobs and Income)	Universal eligibility for wage subsidy or public job, but only one per family. Only single parent families with children under 14 are eligible for income guarantee	No	Individual and family (individual's wage level and ability to find a job determine eligibility for wage subsidy or public job, but benefits may be reduced to zero if individual is in a high income family or if another family member has public job or wage subsidy)	(1) For single parent families with children under 14: B = G(n) - .25E, where E is earned income, G(n) is the income guarantee, a function of family size: G(2)=2750, G(3)=3300, G(4)=3800. Parent is also eligible for public job or for wage subsidy, as described below. (2) For other families and individuals, a wage subsidy (WS) and guaranteed public job are available, subject to a benefit reduction (BR) and to a limit of one per family. The GPJ pays $2.50/hour. The wage subsidy is zero if the hourly wage rate (w) is less than $2.30 or greater than $3.40, and is equal to .5($3.40 - w) if $2.30 < W < $3.40. The benefit reduction rules are BR = .25(E-D) where E is earned income and D is the earnings disregard, a function of family status: two-parent family with children, D = $6000; childless couple, D = $4000; individual, D = $0.

Table 2. Standards Varying with Family Size
(dollars per year)

	Family Size					
	1	2	3	4	5	6
Food Stamp Coupon Allotment[a]						
Total	$552	$1008	$1464	$1848	$2184	$2520
Per Capita	552	504	488	462	437	420
Wisconsin AFDC Payment Standard[b]						
Total	2028	3600	4284	5088	5844	6312
Per Capita	2028	1800	1428	1272	1169	1052
Average Public Housing Benefit[c]						
Husband-wife family (with child(ren))						
Total		518	773	762	731	N.A.
Per Capita		259	258	190	146	
Average Public Housing Benefit[c]						
Female head (with child(ren))						
Total	155[d]	533	649	656	N.A.	N.A.
Per Capita	155	266	216	164		
ISP Income Guarantee[g]						
Total	1200	2400	3000	3600	N.A.	N.A.
Per Capita	1200	1200	1000	900		
ABLE Income Guarantee[h]						
Husband-wife family (with child(ren))						
Total		2500	3050	3600	4050	4500
Per Capita		1250	1017	900	810	750
ABLE Income Guarantee[h]						
One-parent family (with child(ren))						
Total	825[i]	2000	2550	3000	3450	3900
Per Capita	825	1000	850	750	690	650
Three Track SUIB[j]						
Total	2150	2842	3534	4226	4918	5610
Per Capita	2150	1421	1178	1056	984	935
Income Tax Threshold[k]						
Husband-wife family (with child(ren))						
Total		4100	6300	6900	7500	8100
Per Capita		2050	2100	1725	1500	1350
Income Tax Threshold[k]						
Head of Household (with child(ren))						
Total	2700[i]	5400	6000	6600	7200	7800
Per Capita	2700	2700	2000	1650	1440	1300

(continued)

Table 2--Continued

	Family Size					
	1	2	3	4	5	6
Poverty Line[e]						
Husband-wife family (with child(ren))						
Total		3324	3996	5000	5881	6585
Per Capita		1662	1332	1250	1176	1097
Poverty Line[e]						
Female head (with child(ren))						
Total	2458[f]	3353	3946	5000	5781	6457
Per Capita	2458	1676	1315	1250	1156	1076

N.A. - information not available

Notes are on next page.

NOTES to Table 2

[a]Also equal to bonus value of monthly coupons to household with no countable income, multiplied by 12; schedule as of 1/1/75.

[b]Wisconsin Area I monthly payments to family with no other income, multiplied by 12; as of 7/1/76.

[c]Net benefit is rent subsidy plus or minus changes in AFDC, GA, food benefits, or state tax credits that occur as a result of moving from private to public housing. Rent subsidy is rental value of unit on private market less rent tenant actually pays. Source: Handbook of Public Income Transfer Programs: 1975, page 248. Note that this is not actually a standard or schedule of benefits; it is a measured outcome of the program as applied nationally prior to 1974. These are annual benefits for families with no income.

[d]Family size 1 is single individual.

[e]Poverty cut-offs for 1974.

[f]Family size 1 is single female.

[g]Income Supplement Program parameters as of 1974.

[h]This income guarantee includes ABLE (Allowance for Basic Living Expenses) grants and a per person refundable income tax credit of $225; program parameters for 1977.

[i]One-person family is single filer.

[j]SUIB is Special Unemployment Insurance Benefit available to worker unemployed in family with income less than 150% of the poverty line, program parameters for 1978.

[k]Income tax threshold is the level of adjusted gross income (AGI) at which a family of that size begins to pay federal income tax if all income is wages and salaries and the standard deduction is taken; based on 1976 Form 1040.

Table 3. Increase in Combined Annual Income from Alternative Sources When Marriage Occurs (dollars per year)

	Two Single Adults Marry[p]	Single Adult (unit 1) Marries Adult with 1 Child (unit 2)	Single Adult (unit 1) Marries Adult With 2 Children (unit 2)	Adult with 1 Child Marries Adult With 1 Child
FOOD STAMP BONUS VALUE INCREASE[a]				
Case 1. Each unit has zero countable income	-$96	-$96	-$168	-$168
Case 2. Each unit has $2000 countable income[b]	-312[c]	-372	-432	-396
Case 3. Unit 1 has $3000 countable income, Unit 2 has zero countable income	-312	-384	-468	-252
Case 4. Each unit has $3000 countable income	0[d]	-240[c]	-336	-192
WISCONSIN AFDC BENEFIT INCREASE[e]				
Case 1a. Each unit has zero countable income[b]	0[d]	$684	$804	-$2112
1b. Same, but no AFDC-UF[f]	0[d]	-3600[c]	-4284[c]	-7200[c]
Case 2a. Unit 1 has $1000 countable income, Unit 2 zero, father unemployed[q]	0[d]	-316	-196	-2112
Case 2b. Same, but no AFDC-UF[f]	0[d]	-3600[c]	-4284[c]	-6200[c]
Case 3a. Unit 1 zero countable income, Unit 2 has $1000 countable income	0[d]	684	804	-2112
Case 3b. Same, but no AFDC-UF[f]	0[d]	-2600[c]	-3284[c]	-6200[c]
Case 4a. Each unit has $1000 countable income father unemployed[q]	0[d]	-316	-196	-2112
Case 4b. Same, but no AFDC-UF[f]	0[d]	-2600[c]	-3284[c]	-5200[c]
Case 5. Unit 2 has zero countable income, Unit 1 is employed male who does not adopt stepchild(ren)	0[d]	-1572	-684	-1572
Case 6. Unit 2 has zero countable income, Unit 1 is employed male who adopts stepchild(ren)	0[d]	-3600[c]	-4284[c]	-3600[c]
ISP BENEFIT INCREASE[r]				
Case 1. Each unit has zero income	$0	-$600	-$600	-$1200
Case 2. Each unit earns $2000 income	0	-600	-600	-1200
Case 3. Each unit earns $3000 income	0[d]	-900[m]	-900[m]	-1200
Case 4. Unit 1 earns $2000, Unit 2 zero	0	-600	-600	-1200
Case 5. Unit 1 earns $4000, Unit 2 zero	-800[m]	-1400[m]	-1400[m]	-1200

(continued)

Table 3 --Continued

	Two Single Adults Marry[p]	Single Adult (unit 1) Marries Adult With 1 Child (unit 2)	Single Adult (unit 1) Marries Adult With 2 Children (unit 2)	Adult with 1 Child Marries Adult With 1 Child[p]
ISP BENEFIT INCREASE[r]				
Case 6. Unit 2 earns $2000, Unit 1 zero	0	-600	-600	-1200
Case 7. Unit 2 earns $4000, Unit 1 zero	-800[m]	-600	-600	-1200
ABLE BENEFIT INCREASE[s]				
Case 1. Each unit has zero income	$400	$0	0	-$400
Case 2. Each unit earns $2000 income	400	0	0	-400
Case 3. Each unit earns $3000 income	0[d]	-360	-360	-400
Case 4. Unit 1 earns $2000, Unit 2 zero	400	0	0	-400
Case 5. Unit 1 earns $4000, Unit 2 zero	-430[m]	-830[m]	-830[m]	-280[m]
Case 6. Unit 2 earns $2000, Unit 1 zero	400	0	0	-400
Case 7. Unit 2 earns $4000, Unit 2 zero	-430[m]	120[n]	0	-280[m]
THREE TRACK BENEFIT INCREASE[t]				
Case 1. Each unit has zero earnings	-$1198	-$1162	-$1242	-$1206
Case 2. Unit 1 earns $2000 in half year, Unit 2 zero earnings	-283	-443	-587	-71
Case 3. Unit 2 earns $2000 in half year, Unit 1 zero earnings	-283	37	65	-71
Case 4. Each unit earns $2000 in half year	-529	-455	-725	-381
Case 5. Unit 1 earns $4000 in half year, Unit 2 has zero earnings	-183	-243	-339	103
Case 6. Unit 1 earns $4000 full year, Unit 2 has zero earnings	892	832	736	1524
Case 7. Unit 2 earns $4000 in half year, Unit 1 has zero earnings	-183	163	509	103
Case 8. Unit 2 earns $4000 in full year, Unit 1 has zero earnings	892	1584	2040	1524

(continued)

Table 3.--Continued

	Two Single Adults Marry[p]	Single Adult (unit 1) Marries Adult With 1 Child (unit 2)	Single Adult (unit 1) Marries Adult With 2 Children (unit 2)	Adult with 1 Child Marries Adult With 1 Child[p]
JOIN BENEFIT INCREASE[u]				
Case 1. Each unit has zero earnings	0[d]	-$2750	-$3300	-$5500
Case 2. Unit 1 has full time GPJ[v], Unit 2 has zero earnings	$1000	-1500	-2050	-4250
Case 3. Each unit has full time GPJ, but after marriage, only one GPJ allowed	-2750[w]	-5250[w]	-5800[w]	-6000[w]
Case 4. Each unit earns $2.50/hr. full time	0[x]	-2175	-2725	-4350
Case 5. Unit 1 earns $2.50/hr. full time, Unit 2 zero earnings	425	-1850	-2400	-4025
Case 6. Unit 1 earns $3/hr. full time, Unit 2 has zero earnings	0[x]	-2450	-3000	-4000
Case 7. Unit 1 earns $3.50/hr. full time, Unit 2 earns $2.50/hr. full time	0[x]	-2175	-2725	-3175
Case 8. Unit 1 earns $2.50/hr full time; Unit 2 earns $3.50/hr. full time	0[x]	-1000	-1550	-3175
FEDERAL INCOME TAX SAVING[g]				
Case 1. Unit 1 has $2000 AGI, Unit 2 zero	$0	$200	$200	$0
Case 2. Unit 1 has $4000 AGI, Unit 2 zero	196	596	596	40
Case 3. Unit 1 has $8000 AGI, Unit 2 zero	296	448	607	419
Case 4. Unit 1 has $18000 AGI, Unit 2 zero	787	975	1162	697
Case 5. Unit 2 has $2000 AGI, Unit 1 zero	0	40	0	0
Case 6. Unit 2 has $4000 AGI, Unit 1 zero	196	241	0	40
Case 7. Unit 2 has $8000 AGI, Unit 1 zero	296	260	268	419
Case 8. Unit 2 has $18000 AGI, Unit 1 zero	787	510	494	697
Case 9. Each unit has $2000 AGI	0	200	200	0
Case 10. Each unit has $4000 AGI	-211	-615	-496	-1012
Case 11. Each unit has $8000 AGI	-266	-289	-275	-312
POVERTY GAP DECREASE[h]				
Case 1. Each unit zero income	$1792	$2015	$1604[i]	$2077
Case 2. Each unit $2000 income	1116[j]	2011[i,j]	1604[i]	2077
Case 3. Each unit $3000 income	0[k]	353[i,j]	946[i,j]	1077[j]

NOTES to Table 3:

[a]Changes in monthly coupon allotment minus purchase requirement multiplied by 12 to obtain annual figure; schedule effective 1/1/75; these changes would also occur without marriage, if the two units formed a household and shared food preparation facilities.

[b]For a very approximate estimate of the annual earnings to which a level of "countable" income corresponds, multiply Food Stamp "countable" income by 1.5, multiply AFDC "countable" income by 2.

[c]Program eligibility of one or both units lost as result of marriage and/or combining households and incomes.

[d]Neither unit is eligible for program before or after marriage.

[e]Changes in Wisconsin Area I monthly payments multiplied by 12 to give annual figure; schedule as of 7/1/76.

[f]Benefit changes calculated using Wisconsin Area I schedule (see note e), but assuming AFDC-UF were not available.

[g]Federal income tax liability changes calculated assuming all income from wages and salaries, standard deduction taken, and using the 1976 Form 1040.

[h]Poverty gap is amount by which unit income falls below the poverty threshold; if income is above threshold, gap is zero (not negative). The figures reported depend solely on (unchanged) market income and family sizes; none of the payment or tax changes reported above are included. 1974 poverty thresholds.

[i]Computed under the assumption that Unit 1 is a single male and Unit 2 is female-headed.

[j]Poverty gap goes to zero as result of combining households and incomes.

[k]No poverty gap before or after marriage.

[m]This decrease in benefits would be partially offset by a decrease in taxes for the unit paying taxes before marriage--married unit is below tax threshold.

[n]This increase in benefits would be augmented by a decrease in taxes for the unit paying taxes before marriage--married unit is below tax threshold.

[p]The units are symmetric in these cases, so the effects are the same no matter who is earning income.

(Notes to Table 3--continued)

[q]The definition of "unemployed" is determined by each state offering AFDC-UF, with some federal restriction, including that the definition must include a father who is employed less than 100 hours per month.

[r]See Table 1 for description of ISP (Income Supplement Program), program parameters refer to 1974.

[s]See Table 1 for description of ABLE (Allowance for Basic Living Expenses), program parameters refer to 1977.

[t]See Table 1 for description of Three Track--program parameters refer to 1978.

[u]See Table 1 for description of JOIN (Jobs and Income)--program parameters refer to 1978.

[v]GPJ is guaranteed public job; in JOIN program it pays $2.50/hr.

[w]This is the income decline which occurs; at the same time, one spouse who previously worked full time no longer works, so there would be savings on child care expenses and home production would increase. Alternatively, if a job paying less than the GPJ were the alternative, rather than no work at all, then income would fall by less when marriage disqualified one spouse for the GPJ.

[x]Program benefits are not positive before or after marriage.

Table 4. Increase in Per Capita Annual Money Income of Unit Members When Marriage Occurs
(dollars per year)

	Two Single Adults Marry[a]	Single Adult (Unit 1) Marries Adult with 1 Child (Unit 2)	Single Adult (Unit 1) Marries Adult with 2 Children (Unit 2)	Adult with 1 Child Marries Adult with 1 Child[a]
NO PROGRAM (All program results should be compared to NO PROGRAM entries to examine program incentives)				
Case 1. Each unit has $2000 income				
Member(s) of unit 1	0	-667	-1000	0
Member(s) of unit 2	0	333	333	0
Case 2. Each unit has $4000 income				
Member(s) of unit 1	0	-1333	-2000	0
Member(s) of unit 2	0	667	667	0
Case 3. Unit 1 has $2000 income, Unit 2 has no income				
Member(s) of unit 1	-1000	-1333	-1500	-500
Member(s) of unit 2	1000	667	500	500
Case 4. Unit 1 has no income, Unit 2 has $2000 income				
Member(s) of unit 1	1000	667	500	500
Member(s) of unit 2	-1000	-333	-167	-500
Case 5. Unit 1 has $4000 income, Unit 2 has no income				
Member(s) of unit 1	-2000	-2667	-3000	-1000
Member(s) of unit 2	2000	1333	1000	1000
Case 6. Unit 1 has no income, Unit 2 has $4000 income				
Member(s) of unit 1	2000	1333	1000	1000
Member(s) of unit 2	-2000	-667	-333	-1000

Table 4--Continued

	Two Single Adults Marry[a]	Single Adult (Unit 1) Marries Adult with 1 Child (Unit 2)	Single Adult (Unit 1) Marries Adult with 2 Children (Unit 2)	Adult with 1 Child Marries Adult with 1 Child[a]
FOOD STAMP[b] participants				
Case 1[c]: Member(s) of unit 1	-156[d]	-711	-979	-99
Member(s) of unit 2	-156[d]	169	182	-99
Case 3: Member(s) of unit 1	-880	-1161	-1317	-437
Member(s) of unit 2	724	491	351	335
WISCONSIN AFDC-UF[e] participants				
Case 1[c]: Member(s) of unit 1	0[f]	-572	-728	-528
Member(s) of unit 2	0[f]	-372	-156	-528
Case 3: Member(s) of unit 1	-1000[f]	-572	-728	-528
Member(s) of unit 2	1000[f]	-372	-156	-528
Case 4: Member(s) of unit 1	1000[f]	1428	1272	-528
Member(s) of unit 2	-1000[f]	-372	-156	-528
Case 5: Member(s) of unit 1	-2000[f]	-2572	-2728	-728
Member(s) of unit 2	2000	372	-156	-528
Case 6: Member(s) of unit 1	2000[f]	1428	1272	-528
Member(s) of unit 2	-2000[f]	-572	-156	-528
AFDC (without UF)[g] participants				
Case 1[c]: Member(s) of unit 1	0[f]	-667	-1000	-800
Member(s) of unit 2	0[f]	-467	-428	-800
Case 3: Member(s) of unit 1	-1000[f]	-1333	-1500	-1300
Member(s) of unit 2	1000[f]	-1133	-928	-1300
Case 4: Member(s) of unit 1	1000[f]	667	500	-1300
Member(s) of unit 2	-1000[f]	-1133	-928	-1300

Table 4--Continued

	Two Single Adults Marry[a]	Single Adult (Unit 1) Marries Adult with 1 Child (Unit 2)	Single Adult (Unit 1) Marries Adult with 2 Children (Unit 2)	Adult with 1 Child Marries Adult with 1 Child[a]
AFDC (without UF)[g] participants				
Case 5: Member(s) of unit 1	-2000[f]	-2667	-3000	-1000
Member(s) of unit 2	2000[f]	-467	-428	-800
Case 6: Member(s) of unit 1	2000[f]	1333	1000	-800
Member(s) of unit 2	-2000[f]	-667	-428	-1000
ISP[h] participants				
Case 1[c]: Member(s) of unit 1	0	-533	-800	-300
Member(s) of unit 2	0	-33	67	-300
Case 3: Member(s) of unit 1	-500	-867	-1050	-550
Member(s) of unit 2	500	133	150	-50
Case 4: Member(s) of unit 1	500	133	-50	-50
Member(s) of unit 2	-500	-367	-183	-550
Case 5: Member(s) of unit 1	-1800	-2333	-2600	-800
Member(s) of unit 2	1000	467	400	200
Case 6: Member(s) of unit 1	1000	467	200	200
Member(s) of unit 2	-1800	-533	-367	-800
ABLE[i] participants				
Case 1[c]: Member(s) of unit 1	200	-387	-680	-100
Member(s) of unit 2	200	193	227	-100
Case 3: Member(s) of unit 1	-330	-740	-945	-365
Member(s) of unit 2	730	370	315	165
Case 4: Member(s) of unit 1	730	320	115	165
Member(s) of unit 2	-330	-160	-38	-365

Table 4--Continued

	Two Single Adults Marry[a]	Single Adult (Unit 1) Marries Adult with 1 Child (Unit 2)	Single Adult (Unit 1) Marries Adult with 2 Children (Unit 2)	Adult with 1 Child Marries Adult with 1 Child[a]
ABLE[i] participants--continued.				
Case 5: Member(s) of Unit 1	-1690	-2277	-2570	-630
Member(s) of unit 2	1260	723	580	430
Case 6: Member(s) of unit 1	1260	673	380	430
Member(s) of unit 2	-1690	-337	-127	-630
FEDERAL INCOME TAXES[j] apply				
Case 1[c]: Member(s) of unit 1	0	-533	-900	0
Member(s) of unit 2	0	367	0	0
Case 2: Member(s) of unit 1	-106	-1374	-1877	-253
Member(s) of unit 2	-106	250	460	-253
Case 3: Member(s) of unit 1	-1000	-1267	-1450	-550
Member(s) of unit 2	1000	733	550	550
Case 4: Member(s) of unit 1	1000	733	550	550
Member(s) of unit 2	-1000	-367	-183	-550
Case 5: Member(s) of unit 1	-1804	-2337	-2704	-1080
Member(s) of unit 2	2000	1467	1100	1100
Case 6: Member(s) of unit 1	2000	1467	1100	1100
Member(s) of unit 2	-1804	-713	-367	-1080

NOTES to Table 4:

[a]The units are symmetric in these cases, so the effects are the same no matter who is earning income.

[b]Changes in monthly coupon allotment minus purchase requirement multiplied by 12 to obtain annual figure; schedule effective 1/1/75; these changes would also occur without marriage, if the two units formed a household and shared food preparation facilities. The cases as described in NO PROGRAM are redefined to refer to countable income.

[c]For case definitions refer to NO PROGRAM section.

[d]Both units lose eligibility at marriage with combined income.

[e]Changes in Wisconsin Area I monthly payments multiplied by 12 to give annual figure; schedule as of 7/1/76. The cases as described in NO PROGRAM are redefined to refer to countable income.

[f]Units not eligible before or after marriage, so results identical to NO PROGRAM results.

[g]Benefit changes calculated using Wisconsin Area I schedule (see note e), but assuming AFDC-UF benefits were not available.

[h]See Table 1 for description of ISP (Income Supplement Program); program parameters refer to 1974.

[i]See Table 1 for description of ABLE (Allowance for Basic Living Expenses); program parameters refer to 1977.

[j]Federal income tax liability changes calculated assuming all income from wages and salaries, standard deduction taken, and using the 1976 Form 1040.

Table 5. Increase in Annual Income from Alternative Sources when a Child is Born
(dollars per year)

	Husband-Wife Family Has First Child	Husband-Wife Family Expands From One to Two Children	Unmarried Individual Has First Child	Unmarried Head Has Second Child
FOOD STAMP BONUS VALUE INCREASE[a]				
Case 1. Family has no countable income	$456	$384	$456	$456
Case 2. Family has $2000 countable income[b]	432	372	396	432
Case 3. Family has $4000 countable income[b]	336	372	0[c]	336
Case 4. Family has $6000 countable income[b]	0[c]	288	0[c]	0[c]
WISCONSIN AFDC BENEFIT INCREASE[d]				
Case 1. Family has zero countable income[b,g]	$4284[e,f]	$804[f]	$3600[e]	$684
Case 2. Family has $1000 countable income[b,g]	3284[e,f]	804[f]	2600[e]	684
ISP BENEFIT INCREASE[q]				
Case 1. Family has zero income	$600	$600	$1200	$600
Case 2. Family has $1000 income	600	600	1200	600
Case 3. Family has $2000 income	600	600	1200	600
Case 4. Family has $4000 income	600	600	400[p]	600
Case 5. Family has $6000 income	0[n]	600	0[n]	0[n]
ABLE BENEFIT INCREASE[r]				
Case 1. Family has zero income	$550	$550	$950	$550
Case 2. Family has $1000 income	550	550	950	550
Case 3. Family has $2000 income	550	550	950	550
Case 4. Family has $4000 income	550	550	0[n]	550
Case 5. Family has $6000 income	230[p]	550	0[n]	0[n]
THREE TRACK BENEFIT INCREASE[s]				
Case 1. Family has no earnings	$988	$908	$952	$988
Case 2. Worker earns $2000 in half year	792	844	472	816
Case 3. Worker earns $4000 in full year	892	892	200	436
Case 4. Worker earns $4000 in half year	892	892	546	546
Case 5. Worker earns $6000 in full year	792	792	100	100
Case 6. Worker earns $6000 in half year	792	792	1521	446
Case 7. Worker earns $8000	0[n]	4226[z]	0[n]	0[n]

Table 5--Continued

	Husband-Wife Family Has First Child	Husband-Wife Family Expands From One to Two Children	Unmarried Individual Has First Child	Unmarried Head Has Second Child
Case 8. Each spouse earns $2000 in half year	546	546	x	x
Case 9. One spouse earns $4000 in full year, other earns $2000 in half year	446	446[w]	x	x
JOIN BENEFIT INCREASE[z]				
Case 1. No earnings	$ 0	$ 0[v]	$2750	$550
Case 2. One full time GPJ[u]	250	0	2750	550
Case 3. One half time GPJ	0	0	2750	550
Case 4. One worker, $2.50/hr full time	475	0	2175	550
Case 5. One worker, $3/hr full time	300	0	1550	550
Case 6. Each spouse works full time, $2.50/hr	0[n]	0	x	x
Case 7. Each spouse works half time, $2.50/hr	362	0	x	x
Case 8. One spouse works full time, $2.50 or $3/hr, other has GPJ full or half time	500	0	x	x
FEDERAL INCOME TAX SAVING[h]				
Case 1. Family has $2000 AGI$_j$	$200[i]$_i$	$ 0	$200[i]$_i$	$ 0
Case 2. Family has $4000 AGI$_j$	400[i]$_i$	0	556[i]$_i$	40
Case 3. Family has $6000 AGI$_j$	351[i]$_i$	131	357	170
Case 4. Family has $8000 AGI	152	159	188	151
Case 5. Family has $18,000 AGI	188	187	465	203
POVERTY GAP INCREASE[k]	$692	$1004	$895[m]	$593[m]

NOTES to Table 5:

[a]Changes in monthly coupon allotment minus purchase requirement multiplied by 12 to obtain annual figure; schedule effective 1/1/75.

[b]For a very approximate estimate of the annual earnings to which a level of "countable" income corresponds, multiply Food Stamp "countable" income by 1.5, multiply AFDC "countable" income by 2.

[c]Countable income too high to be eligible for Food Stamps before or after birth.

[d]Changes in Wisconsin Area I monthly AFDC payments multiplied by 12 to obtain annual figure; schedule as of 7/1/76.

[e]Birth of first child makes family eligible for AFDC.

[f]These benefits are available only if family qualifies for "Unemployed Father" program of AFDC.

[g]Additional benefits to cover child care expenses incurred in working would be added directly to this grant.

[h]Federal income tax liability changes calculated assuming all income from wages and salaries, standard deduction taken, and using the 1976 Form 1040. Use of the child care credit for employment-related expenses would increase these savings, where applicable.

[i]Birth of first child makes family eligible for earned income credit.

[j]Note that full-time, full-year work at the minimum wage would yield approximately $5000 AGI.

[k]Poverty gap is amount by which income of unit falls below poverty line; increases reported here are calculated for units with incomes $0-2500, thus below the line before and after birth of child. The figures reported depend solely on (unchanged) market income and family sizes; none of the payment or tax changes reported above are included. 1974 poverty thresholds.

[m]Parent assumed to be female.

[n]Family ineligible for positive benefits before and after birth of child; federal income tax liabilities would decrease, providing some increase in income.

[p]Family ineligible for positive benefits before birth of child, federal income tax liabilities would decrease to zero, which would augment the program benefit increase shown here.

(Notes to Table 5--continued)

[q]See Table 1 for description of ISP (Income Supplement Program), program parameters refer to 1974.

[r]See Table 1 for description of ABLE (Allowance for Basic Living Expenses), program parameters refer to 1974.

[s]See Table 1 for description of Three Track---program parameters refer to 1978.

[t]See Table 1 for description of JOIN (Jobs and Income)---program parameters refer to 1978.

[u]GPJ is guaranteed public job; in JOIN program it pays $2.50/hr.

[v]JOIN program makes no change in benefits to husband-wife family after first child; but tax liabilities would decrease, providing some increase in income.

[w]For this income level, family income would increase more at birth of child if half-year earner stopped working: the Special Unemployment Insurance Benefit and other worker's earnings subsidy would increase by more than enough to offset the $2000 earnings decline; the family would have $513 more income (rather than 446 shown) and one spouse would be working half a year less.

[x]Case not applicable to single-parent family.

[z]This extremely large increase in benefits at the birth of a child is attributable to the on-off nature of SUIB (Special Unemployment Insurance Benefit), which is available to unemployed people in families with incomes below 150% of the poverty line. 150% of the poverty line is below $8000 for two adults and a child, but above $8000 for two adults and two children. Therefore the unemployed spouse can claim the SUIB after the birth of the child.

AFDC benefit changes. Similarly, the effects on Food Stamp bonus values of changes in AFDC income which result from a status change are not included in the Food Stamp estimates shown.

The entries in Table 3 are calculated as the difference between the total income of the unit after marriage and the sum of the two units' incomes before marriage, and therefore measure the gain or loss in combined money income which occurs at marriage. They are most representative of the incentives facing a couple which fully shares resources whether married or not, but for whom program administrators assume no sharing without marriage. Because program administrators (and our legal system) do not assume that all responsibility ends with divorce, a married couple does not generally have the option (except in the positive tax system) of being divorced and continuing to live together and share resources but have the program treat them as unmarried or separate families. In contrast, two individuals (with or without children) can live together before ever being married to each other and be treated by income maintenance programs and the tax system as separate units.

Table 4 illuminates the incentives when full sharing does not occur without marriage. The entries are calculated as the difference between per capita income in the combined unit and per capita income in the separate units. The changes in income when a given program is available should be compared with the changes in the absence of any program ("NO PROGRAM") to gain an understanding of the program incentives.

The most striking entries in Tables 3 and 5 are attributable to categorical eligibility rules which exclude certain family types from all or some forms of program benefits. This causes the large increases in AFDC-UF

benefits to husband-wife families at the birth of their first child, and in AFDC or JOIN benefits to unmarried women who have a child and do not give it up for adoption. Categorical exclusions also cause the great loss in AFDC and JOIN benefits when a single head marries and becomes ineligible because she/he becomes part of an intact family (or, reversing the signs, the benefits increase when a husband and wife separate and the one who takes care of the children becomes a single head). The changes in AFDC benefits reported in the tables when AFDC eligibility is lost or gained actually understate the full effects, because AFDC brings with it other benefits (most notably Medicaid). The earned income credit, a new (1976) part of the "positive" tax system, produces the same sort of incentive effect (smaller in magnitude) for having at least one child, because it is available only to taxpayers with a dependent child in the home.

These large dollar amounts might well be an incentive to change family status or composition in the indicated ways. The incentives are reduced if the separated spouse bears some responsibility for the other spouse and child(ren) after the separation, or if the father of an illegitimate child similarly has some responsibility for financial support, because the countable income of the eligible unit will then be increased in proportion to the child support payments. Reducing this incentive is one possible outcome of the current (since 1975) AFDC effort to improve the system of establishing paternity and obtaining child support from absent parents. Similarly, the incentives for a single adult with children not to marry created by the AFDC program are reduced by the method of treating cases of step-parents who do not adopt the child(ren) of their spouses. A step-parent may actually provide support to a nonadopted child; but it is

not legally required and therefore is not counted in computing program benefits, even though the true parent becomes ineligible to receive benefits as caretaker because the spouse is now responsible for his or her support. But note that this would not be true if the woman married or remarried the father of her children. This is another case where intact or traditional families are offered less support by the welfare system than otherwise similar disrupted or less traditional families. And any time differential benefits are set up, incentives exist to be in the more favored category.

In states which have the AFDC-UF program, the application of the work test to fathers in intact families has a slightly different twist; once they find work and no longer meet the unemployment definition (fewer than 100 hours of work per month), both they and their families are ineligible for aid, even if their income is still low enough for them to be considered needy according to the income test. That is, two-parent families are categorically excluded from aid in some states, and excluded from aid only if they are employed in other states. The incentive for husband-wife families to separate is smaller in the AFDC-UF states than in states without the UF program, but it is not zero, because of the categorical inclusion of only families with unemployed fathers. It can be argued that this categorical limitation of AFDC aid (and Medicaid) to single-parent families involves an implicit work test: in two-parent families, one parent is assumed able to find work and support the family. The extension of aid in some states to two-parent families where both are unemployed (AFDC-UF) follows this logic, making the work

test explicit. If the reason for restricting aid to single-parent families is the implicit assumption of ability to find work, then the AFDC-UF program must be seen as more equitable, in providing aid to those families for whom that assumption is not a fair representation of opportunities. By the same token a negative income tax approach, with only a work test but no categorical exclusions, might be seen as a further extension of this logic. It provides aid to all those whose own efforts cannot provide them with what society deems a basic minimum, rather than implicitly assuming, through categorical exclusions, that certain types of families and individuals can provide for themselves when observation shows that some cannot. Thus we see in Tables 3 and 5 no changes in Food Stamp, ISP or ABLE benefits which are extremely large, because these are universal programs.

The entries in Tables 3 and 5 are based on the assumption that the programs use the family as the basic unit for determination of eligibility and need. However, the Food Stamp program bases eligibility and benefits on the household unit, if food purchasing and preparation facilities are shared, but also assumes that sharing occurs in a family. Thus, for example, two single individuals living together can apply separately or as a household for Food Stamp benefits, depending on whether they share cooking facilities or not. A married couple living together, in contrast, must apply as a household, because spouses are assumed to share cooking facilities. Since benefits per capita decrease with household size, this creates an incentive not to be married, since two individuals filing separately would receive higher benefits than a two-person household.

For programs involving guaranteed employment or wage subsidies, the individual worker is the usual recipient unit. Programs which promise only one job or wage subsidy per family would create strong incentives for two-worker households to split up in order for both workers to benefit from the guarantee. An example of this effect is shown in Table 3, JOIN case 3, where one spouse must give up a guaranteed public job at marriage. (Note, however, that the income loss would be reduced by savings on child care expenses and increased "home production." Or if one spouse has the alternative of a lower paying private job, then income would fall by less than the table shows.) A program which promises one benefit (that is, a job or an income transfer) per family would have even stronger incentive effects for family splitting. However, in many cases it seems that a benefit reduction schedule based on family income might accomplish the same objective, that of limiting benefits to poor individuals who are members of poor families. If such income limitations take into account family size these programs will create the usual disincentives for eligible and ineligible units to combine, but no worse than any income-tested transfer program.

Almost all of the entries in Table 3 show a decline in program benefits at marriage, even where categorical eligibility is not at issue. In general this is because the benefit schedules show declining per capita benefits as unit size increases. One exception to this pattern is the ABLE program, which attaches a fixed guarantee to each adult regardless of unit size, except that an additional amount attaches to being the head of a family containing two or more members. The positive entries at marriage for AFDC occur because of the categorical ineligibility of an adult with no children, who becomes eligible when married

to a household head with children, assuming both are unemployed and living in a state which has AFDC-UF. JOIN and Three Track show some benefit increases at marriage, generally attributable to a reduction in the Benefit Reduction or an increase in the Earnings Subsidy and Special Unemployment Insurance Benefit as family size increases in cases where one of the units has no earnings.

The tax system also causes income to vary with marriage. For cases where the income of the potential spouses is unequal, taxes fall and income rises. Even at a fairly low income level, $4000 adjusted gross income (which is four-fifths of the earnings from working full time all year at the minimum wage), the tax saving from marrying a nonearning spouse is $200. When a child (children) is (are) present in the family before marriage, the saving is even greater. In contrast, if both prospective partners earn approximately equal incomes and continue to do so after marriage, total federal income taxes increase at marriage, except for low combined income levels (and with children present), where the earned income credit applies with some magnitude.

This contrast between the tax and transfer system benefit changes associated with marriage must be a source of concern if we are interested in the incentive effects of transfer programs. Clearly the incentives faced by low-income people who are potential income maintenance recipients are markedly different from the "market plus tax" incentives faced by them and the rest of the taxpaying population.

When we look at the per capita income changes facing members of the separate units contemplating marriage (see Table 4), we get a somewhat

different impression of program incentives. In most cases, the program affects incomes of the separate units and the combined unit in such a way that all members' per capita incomes change less at marriage. That is, under the program, per capita income falls less (or may rise) for those whose income falls at marriage and increases less (or may fall) for those whose income rises at marriage, as compared to the no-program situation. Thus the program encourages one partner to get married and discourages the other, relative to the no-program situation. This can be seen as an appropriate result from a need perspective: the programs cushion income changes at marriage and divorce. The overall incentives are also not clear in some cases where the programs increase the per capita income change of members of both units at marriage; that is, the gainers gain more and the losers lose more at marriage. This occurs most notably under the federal income tax (cases 3-6, column 4 plus cases 4 and 6, columns 2-3 in Table 4), and rarely in other programs.

In some programs or cases, the program incentives are clear: both partners are affected in the same way by the program, either encouraged to marry or discouraged, compared to the no-program situation. For example, in virtually all of the cases involving AFDC without UF, neither partner sees an increase (decrease) in per capita income at marriage greater (less) than the change in the absence of the program. This is because the AFDC program excludes intact families and therefore leaves them with the same per capita income as in the no-program situation. The partner not eligible for aid before marriage (Unit 1 in columns 2 and 3) experiences the same income change at marriage as with no program, but the other partner (or both in

column 4) loses the AFDC aid at marriage, which is not entirely made up for by access to the partner's income.

Most of the other programs shown in Table 4 also exhibit this effect in some cases, but much less consistently (for example, some entries in Food Stamp case 1, ISP case 4, and Federal Income Tax case 2, as well as scattered entries in column 4 (both partners have children) for various programs). In a very few cases, program incentives might encourage both partners to marry (ABLE-case 1 column 1; AFDC-UF-case 6, columns 2 and 3, Income tax-case 1, column 2, cases 3 and 5, columns 2-3, and cases 6 and 7, column 1).

Since we do not assume to know how decisions are made when the two partners' relative income changes are opposite, we could say that, in general, examining the separate incentives of prospective partners who do not share when they are not married does not suggest definitive program incentive effects for marriage or divorce.

If we drop the assumption of no sharing without marriage which is implicit in Table 4, we can examine the effects on the separate partners' incentives of child support requirements (which may be seen as enforced sharing after marriage). When a marriage ends, child support and alimony generally redistribute income from the unit whose members' per capita incomes rise to the unit whose members' per capita incomes fall. If child support (and alimony) were imposed to maintain full sharing of resources, then per capita incomes would not change at divorce or separation. Generally, the economies of scale relating to maintenance of two separate households of different size are also taken into account, however, so that

full equality of per capita money income is not maintained. But in either case, these private transfers would still serve as most of the public transfer programs do, to cushion income changes: those whose per capita incomes rise at divorce gain less and those who in the absence of the program have income declines at divorce lose less when child support and alimony are paid. Thus the incentives of such a policy for marital stability are mixed. If one believes that the income-gainer is likely to be the one who precipitates the separation, then imposition and enforcement of child support and alimony could be seen as a likely enhancer of marital stability.

The entries in Table 5 are uniformly nonnegative. Setting aside the categorical exclusions already discussed, the benefit increases are attributable to benefit schedules which increase benefits with family size in order to have benefits correspond to need. It should be noted that if a program includes free day care or reduces the cost of day care, this reduces the cost of having a child in addition to the figures shown in Table 5. The federal income tax system, for the same reason as the transfer system--to cover increased needs--reduces taxes as family size increases. The tax savings shown in Table 5, in general, are not as large as the benefit increases in income maintenance programs, but they are nonnegligible. Thus the distortion of market fertility incentives by the income transfer system is not as great when the market is defined to include the tax system. The incentives faced by income maintenance program participants are larger than but in the same direction as those faced by most of the population.

In summary, these program comparisons are intended to illustrate more concretely the principles discussed in the preceding section. The most

important results derived from the discussion and display are threefold. First, there is no way for programs to be both neutral in terms of incentives (for marriage or having children) and equitable. In each program aspect there is a serious tradeoff to be considered between responding to participant needs and creating incentives for stable families. Second, categorical exclusions seem to create the strongest incentives to discourage marriage or remarriage and encourage divorce or separation and also encourage having a (first) child. Categorical exclusions might also be most easily replaced with other means of targeting aid on the needy, perhaps in particular through wider use of the work test. Third, in examining transfer program incentives it is important to compare them with the incentives created by the tax system as well as with a standard of neutrality which assumes income is not a function of family status.

VII. AVAILABLE EVIDENCE

Program Effects on Marital Stability

Two kinds of evidence are currently available on the issue of public policy and family breakup. The first is evidence on existing programs: AFDC and AFDC-UF. The second is evidence from the negative income tax experiments.

Evidence on AFDC. There have been several studies concerning whether the AFDC program contains incentives in favor of marital breakup. This subsection will discuss three of them: Honig, Ross-Sawhill, and Hoffman-Holmes.[1]

The question of whether generous AFDC benefits induce more than the average number of family breakups has been addressed using both cross-section data and longitudinal data. Two cross-section studies--the Honig and the Ross-Sawhill studies--have examined whether higher-than-average AFDC benefits are associated with higher incidence of broken families than the incidence in the nation as a whole.

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[1] Marjorie Honig, "AFDC Income, Recipient Rates, and Family Dissolution," Journal of Human Resources 9, No. 3 (Summer 1974):303-322; Heather Ross and Isabel Sawhill, Time of Transition: The Growth of Families Headed by Women (Washington, D.C.: Urban Institute, 1975); Saul Hoffman and John Holmes, "Husbands, Wives, and Divorce," in Five Thousand American Families--Patterns of Economic Progress (Ann Arbor: Survey Research Center, University of Michigan, 1976), pp. 23-75.

Honig estimated that, in 1960, a 10 percent higher welfare payment caused a 3-4 percent higher proportion of families to be headed by females. Recalculating the overall statistics for 1970, she found that the 1970 results generally showed a smaller, but still clearly significant, welfare impact for both black and white families. When she used a measure reflecting geographic variations in cash-plus-Food Stamp benefits, the welfare effect in 1970 came out as large as the 1960 effect. Ross and Sawhill did the same analysis, for 1970, on data for poverty areas in forty-one cities. In their analysis the size of the welfare payment affected black families, although it had no discernible effect on white families.

There are at least two shortcomings to both studies. First, the higher-than-average rates of female headship that they found for recipients of welfare may be due, at least in part, to the demographic fact that more women with dependent children are setting up independent households (as opposed to living with relatives) than formerly. Since women with children who live with parents, aunts, or uncles are not counted as female heads by either Honig or Ross-Sawhill, this demographic trend is not taken account of in their data. That is, it may simply be a case of higher AFDC payments inducing already-split families to constitute their own households rather than inducing the split itself.

Second, they take no account of the fact that average welfare benefits depend on family size. The larger the family, the less likely is the female head to remarry. Therefore, both high benefits and high female headship rates may be attributable to the same phenomenon--larger than average family size.

The same two studies have tried to assess the impact of programs that provide higher benefits to female-headed families than to two-parent families. To test this, both studies made a simple distinction between states offering AFDC-UF and those only offering AFDC. The Honig study found that, for white families, the availability of AFDC-UF was associated with the proportion of families that was female headed, although the result did not hold for blacks. The Ross-Sawhill study found no such relationship for either whites or blacks.

The general absence of identifiable differences between the AFDC and the AFDC-UF states may be due to at least two factors. First, AFDC-UF is more restrictive in its eligibility criteria than AFDC, and even states that do offer AFDC-UF give an advantage to one-parent families (see Section VI). Second, the states that do not offer AFDC-UF do provide welfare assistance through state and local General Assistance. This blurs the AFDC/AFDC-UF distinction made by both Honig and Ross-Sawhill.

Longitudinal data--that is, data that have information on the same group of families over several years--have also been used to investigate welfare's impact on family stability. We shall consider two studies--Hoffman and Holmes, and Ross and Sawhill. Longitudinal data permit researchers to look separately at what factors influence families to split and what factors influence unmarried mothers to marry or to remarry.

Hoffman-Holmes found, in a study of the 1967-74 period, that high state welfare payments apparently decreased the marital stability of

low-income families by about 12 percent. There is a problem with this study, however--California and New York (both high AFDC benefit states) experienced changes in their divorce laws during the period covered by the study which may be responsible for the observed correlations.

Ross-Sawhill, using data on the same families over the 1968-72 period, obtained different results. When they replaced the actual welfare benefits with potential welfare benefits (adjusted for number of children to measure the welfare incentive for family splitting) they, too, found a statistically significant welfare impact. They (and we) are cautious about interpreting this as an effect of welfare, however, since they believe it is more likely to reflect higher family instability among families with many children.

Ross and Sawhill report one more thing--that after controlling for "other factors" women on welfare are still less likely to remarry. But, in our view, the finding that women on welfare are less likely to remarry than other women is not enough to indicate that welfare is the cause. Even if age, race, years of schooling, and so forth are held constant, there still remain differences between women on welfare and women not on welfare. Why, otherwise, is one group on welfare and the other not? Obvious sources of difference lie in characteristics not observed in the Ross-Sawhill study--such as personal appearance, personality, or even just a taste for marriage.

In short, there is some evidence suggesting that AFDC induces marital splits and/or delays remarriage. But the evidence is weak.

Estimates of the magnitude of the effect are particularly unreliable. Moreover, we do not know the extent to which any effects which do exist are attributable to the benefit differential between intact and split families or the availability of an income guarantee for female-headed families. Thus, there are no empirical grounds for assessing whether extending aid to male-headed families will reduce splits and hasten remarriages or not.

Evidence from the income maintenance experiments. Couples participating in the New Jersey, Rural, and Seattle-Denver income maintenance experiments have shown somewhat higher rates of marital dissolution than the controls.[2] (Only the Seattle-Denver results, however, are statistically significant.) This is particularly true with the plans that provide relatively low levels of support. Couples participating in the more generous programs have generally not shown rates of dissolution substantially different from those in the control groups. In some instances, however (e.g., Chicano couples in Seattle and Denver), even those in the most generous programs have shown lower dissolution rates than those in the control group.

Certain analysts have argued that the results from the New Jersey, Rural and Seattle-Denver experiments may be due to the competing influences of the independence and income effects at different ranges

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[2]A preliminary report from the Gary experiment shows that there is no strong pattern of experimental effects on marital dissolutions. Unfortunately, because of data retrieval problems, the analysis has so far been limited to investigating whether persons married in the beginning were still married three years later, without distinguishing whether they were married to the same person. Hence, dissolution effects are confounded with remarriage effects. The Gary results are, therefore, not discussed in this report.

of support levels. They suggest that the independence effect dominates at lower levels of support while the income effect takes over at higher levels of support. Thus, a low level of support may be sufficient to encourage a woman to leave an unhappy marriage and live independently, but it may not be great enough to bring about a substantial change in the quality of interpersonal relations between husband and wife (see the discussion of theories of marital disruption in Section IV). At the higher levels of support, interpersonal strain and tensions due to financial problems may be relieved, thereby bringing about greater harmony between husband and wife. It is difficult to understand why the less generous plans have an independence effect, for actually the level of support that they provide is not substantially different from that provided by a combination of AFDC and food stamps. The Seattle-Denver analysts argue, however, that several nonpecuniary features of the experimental income maintenance plan--such as less stigma and greater information about benefits--could well account for the effect. (These nonpecuniary advantages of the experimental plans will be offset somewhat, obviously, by the temporary nature of the experiment.)

The Seattle and Denver investigators have not yet examined intervening variables and causal processes in connection with marital dissolution and hence have not been able to test their hypothesis about the differential dominance of independence and income effects at different levels of support. Evidence from the Rural experiment, in the meantime, casts a certain amount of doubt on their interpretation. For one thing, the dissolution rate is far higher for rural couples

in a medium-low plan than for those in the least generous plan. If there were an income effect in reducing marital dissolutions, furthermore, this should be evident in an improvement in relations between husbands and wives. There is little evidence from the Rural experiment of any experimental effect on marital happiness or marital adjustment, even for the most generous of the plans. The higher dissolution rate among experimentals in general is likely to be due at least in part to attrition. Experimentals are less likely to attrite than controls because for experimentals the cost of attriting includes giving up experimental payments. Families that split are also more likely to attrite, because of general instability in addition to fragmentation of the payment. Thus, even if there were no experimental effect, attrition alone would lead to a higher measured dissolution among experimentals because control splits are more likely to have attrited and therefore not be reflected in the data. (Sensitivity analysis by Seattle-Denver analysts indicates, however, that attrition alone does not account for the experimental-control differentials.)

There is also some data from Seattle-Denver on remarriage rates. No evidence appears of discernible impact on remarriage rates of white women. For black women the probability of remarriage is greater for those in the experimental group, and the impact increases monotonically with the level of support. For Chicano women the effects are in the opposite direction, with the program tending to reduce the probability of remarriage.

If control families in the income maintenance experiments had been eligible for welfare benefits only if the family were split, the income maintenance experiments could have helped us to estimate the effect of extending aid to intact families. Intact families were, however, eligible for welfare in both the New Jersey and Seattle-Denver experiments. Thus, with the possible exception of the Rural experiment, the income maintenance experiments cannot shed light on the effects of a policy of confining aid to split families versus a policy of providing aid to both split and intact families. And, given the short duration of the experiments, it is in any case doubtful that they can shed much light on the effects of permanent changes in income.

Effects of Marital Instability on Children

Numerous studies with small samples show that children from broken families do as well in school and are no more likely to become juvenile delinquents than children from intact families. One such study even showed that children from unhappy intact homes had more psychosomatic illnesses and more delinquent behavior than children from broken homes. A few studies indicate children from broken homes do less well, but two reviews[3] of these kinds of studies conclude that, on balance, the evidence does not indicate that growing up in a broken family is per se harmful.

The studies reviewed, however, are based on very small, unrepresentative samples. Data from larger, more representative samples--the 1962 and 1973 Occupational Change in a Generation studies and

Project Talent data--suggest that (even after controlling for income) children from broken homes do worse in school and worse in the job market than children from intact homes. For example, in his 1962 Occupational Change in a Generation study Otis Dudley Duncan reports that, for males, growing up in an intact family was associated with an average of .7 to 1.2 more years of schooling for whites and .4 to .8 mere years of schooling for blacks. Similarly, males from intact families scored about 4 points higher on standard SES scales.

While these studies--with large representative samples--do document a correlation between marital stability and future success of children, they do not prove that marital instability causes or contributes to the lack of success. Some third factor may very well cause both the marital instability and the lower achievement of the children. For example, the mother may be selfish, slovenly, lazy--all characteristics that are likely to lead to both an unsuccessful marriage and unsuccessful children. The father, alternatively, may be subject to uncontrollable rages and may have passed on such a tendency to his children. An endless number of additional examples are easy to concoct. But the point is already clear: despite the fact that marital instability is associated in the best studies with future lower achievement for children, at least part and perhaps most of the association is attributable to other factors causing lower achievement, which may be unrelated to marital stability per se.

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[3]Heather Ross and Isabel Sawhill, "Times of Transition"; and Jacqueline Macaulay, "Is Welfare Bad for Children?", Discussion Paper no. 302-75. (Madison: Institute for Research on Poverty, University of Wisconsin, 1975).

To ascertain whether public policies which encourage marital stability enhance the well-being of children requires a relatively long-term experiment in which one group of parents is confronted with laws which are neutral with respect to marital stability and another group is confronted with laws which encourage marital stability. One could then investigate whether children in marginal families (those whose stability is actually affected by the policy) do better in one situation than the other. To date, no such experiment has been performed.