

Executive Summary

The federal regulations regarding state AFDC policy of cohabitators and married couples are broad, and, despite the importance of cohabitation rules for policy regarding the AFDC-Basic and AFDC-UP programs, the individual state programs are not well documented. (AFDC-Basic generally provides benefits to single-parent households; AFDC-UP provides benefits to two-parent households.) Currently, *Characteristics of State Plans for AFDC*, published periodically by the Department of Health and Human Services, is the only federal publication that details state-by-state differences. But there are significant issues it does not cover, such as how individual states treat cash and in-kind transfers made from an unrelated cohabiting adult male to a female-headed assistance unit.

Our telephone survey of AFDC administrators in the fifty states and the District of Columbia provides details of the various programs in place throughout the country. We conducted our first survey of AFDC administrators from August to September 1993; we then conducted a follow-up survey from October to December 1993. Initially, each administrator was asked about his or her state's rules regarding cohabitation, doubling-up with parents, and marriage. In the follow-up survey, administrators responded to questions about policies we were unaware of during the initial interviews, and they were asked to comment on and correct the summary of findings.

The major highlights of our findings include the following.

- We confirmed that federal regulations stipulate the granting of income support to children under the age of 18 based on a parent's absence, or physical or mental incapacity; or on the principal earner's unemployment. The regulations define a "parent" as a natural or adoptive parent. Hence, an unrelated male cohabitor—a male unrelated to the woman or her children, and who is not the children's adoptive father—cannot be regarded as a parent, and, even if such a cohabitor is present, the woman and her children are eligible for the AFDC-Basic program. Eligibility for the AFDC-UP program is based on the relationship between the male and the children, not on marriage, meaning

that some unmarried couples are eligible for AFDC-UP. But there are exceptions. In most states, married couples are eligible for AFDC-Basic—not AFDC-UP—if the husband is not the children's natural father.

- In regard to the treatment of in-kind contributions, our survey revealed that if the cohabitor provided all food and clothing, the grant amount would be affected in only five states.

- States followed one of three general policies regarding the treatment of direct payments by an unrelated male cohabitor for shelter. These are: (1) the AFDC grant is not affected if she receives free shelter (thirty-five states); (2) the AFDC grant is reduced by the amount of the shelter allowance if she receives free shelter, although it will not be reduced if she makes a dollar contribution (thirteen states); and (3) the AFDC grant is reduced by the amount of the shelter allowance if she receives free shelter, but if she makes a contribution, the reduction is tailored to the amount of her actual contribution, up to the shelter maximum (three states).

- The effect of direct cash contributions by an unrelated cohabiting adult male depends on their intended purpose and their regularity and predictability. Our survey revealed that a predictable cash payment of \$100 for the express purpose of "meeting the needs of the woman and her children"—interpreted as meaning that the cash is for unrestricted use—is treated as discretionary income and will reduce the AFDC grant. But in twenty-seven states a cash contribution designated for "shared household expenses" can be disregarded. Although not solicited by our survey, several respondents noted that there are often difficulties in clearly identifying cohabitators from boarders (and roomers). Cash payments by boarders are treated as earned income to the AFDC unit.

- Five states follow cohabitor policies not based on initial evidence of contributions. Two prorate the Needs standard to account for the cohabitor, while three states require cohabitators to make contributions to the AFDC unit.

•The Food Stamp program includes a cohabitor in the Food Stamp unit if he eats with the AFDC unit, regardless of evidence of contributions; otherwise, he is not included. Stepfathers and natural fathers are included in the Food Stamp unit regardless of eating arrangement.