

Marriage Penalties in Means-Tested Tax and Transfer Programs: Issues and Options

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EXECUTIVE SUMMARY

This white paper addresses questions related to marriage and marriage penalties associated with means-tested transfers and taxes in the United States.

- Is marriage linked to better outcomes for children and stronger communities?
- What are marriage penalties?
- Are some groups of people more likely now to face marriage penalties related to changes in means-tested tax and transfer programs?
- What is the nature of the marriage penalties and bonuses facing low-income families in the United States?
- Is there evidence that marriage penalties matter?
- What can the federal and state governments do to eliminate or reduce marriage penalties?

A large body of evidence indicates that children are more likely to avoid poverty, enjoy better economic outcomes over their life span, and flourish educationally and socially when they are raised by stably married parents (Amato, 2005; McLanahan & Sandefur, 1994; McLanahan & Sawhill, 2015). Likewise, communities experience less poverty, more economic mobility, and greater public safety when they have more married parents (Chetty, Hendren, Jones, & Porter, 2018; Wilcox, Lerman & Price, 2015). Given the value of marriage for children and communities, public policy should, at the very minimum, “do no harm” when it comes to children.

Nevertheless, means-tested tax and transfer programs often end up penalizing marriage among low-income families (Besharov & Gilbert, 2015; Carasso & Steuerle, 2005; Maag & Acs, 2015; Wilcox, Price, & Rachidi, 2016). That is, couples with children can lose some or all of their benefits or credits from programs such as Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), Medicaid, the Earned Income Tax Credit (EITC), Section 8 housing assistance, child care subsidies, and Temporary Assistance for Needy Families (TANF). Because a number of these programs have expanded in recent decades, a growing share of low-income families now receive one of these means-tested benefits. These changes in American social welfare policy also mean that lower-income couples with children are more likely to face marriage penalties than they once were.

Marriage penalties (and bonuses) vary by family size, the earning patterns of partners, and the kinds of means-tested tax and transfer programs that families participate in. Research suggests that such penalties can exceed 30 percent of income (Besharov & Gilbert, 2015). Couples can also experience bonuses under some conditions (Besharov & Gilbert, 2015; Maag & Acs, 2015). Tax credits are more likely to provide bonuses for couples with children where one spouse earns little or nothing, and means-tested programs are more likely to exact penalties as a couple’s total income increases.

The evidence suggests that marriage penalties may play a modest role in discouraging marriage and encouraging cohabitation among low-income families, especially families whose income falls between



100% and <250% of the federal poverty level (FPL). Most studies this report reviewed indicate that couples with children who face a marriage penalty are less likely to be married. They also suggest that marriage penalties may be more consequential for Americans without a college degree, those with children, and lower-income families.

Still, more research needs to be done on how contemporary means-tested programs and policies are perceived vis-à-vis marriage and on the impacts, if any, that they have on marriage among lower-income families.

But given that contemporary tax law has largely eliminated marriage penalties for most upper-income families, and that the research suggests that marriage penalties associated with means-tested tax and transfer programs may discourage marriage among low-income families, the federal government may want to consider strategies designed to eliminate or minimize marriage penalties facing American families. Such efforts might increase income thresholds or disregard a portion of one spouse's income, target families with children under five, or be focused on families headed by newly married couples to help them transition into married life without losing their means-tested benefits or tax credits. More generally, given the economic, educational, and social value of stable families, federal agencies may consider strategies to minimize marriage penalties facing lower-income families in America.

The Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services and its Office of Family Assistance (OFA) convened a group of experts to explore such strategies designed to eliminate or minimize marriage penalties. A synthesis of the specific strategies identified at the meeting are presented in Part Two (pp. 22-32) where the nine means-tested programs that serve a large number of persons are analyzed in detail with recommendations. OFA does not necessarily endorse these recommendations. The recommendations are grouped and summarized in Part Three (p. 33) into concise general action principles for reform: 1) Create an ongoing advisory group to inform and ensure continued discussion of marriage penalties in means-tested programs and work to assist in implementing solutions. 2) Use waivers and existing grant programs to experiment with solutions including credits, income disregards, transitional periods of adjustment through state waivers, experimental program grants, and bonus points in grant applications to foster proposals; and, 3) Communicate support from the nine highlighted means-tested programs to state, local, and governor's offices providing clarity of allowable use of program funds for overcoming financial disincentives to marriage. Legislative action proposals that Cabinet Secretaries may include as part of a departmental legislative agenda are provided in Part Three (pp. 33-34).

The primary objective of this paper is to propose administrative actions that can be implemented by the Executive branch of the Federal Government; however, it is understood by the authors that some of the strategies proposed may also require legislative action.

INTRODUCTION

In the United States, a large share of families receive some kind of means-tested benefit or refundable tax credit. Means-tested programs restrict eligibility for benefits to persons and households below a certain income level set by the program's statute or regulations. Some programs give states the discretion to set the income threshold. The total number of means-tested programs is somewhere between 89 (see listing in Appendix B taken from Rector & Menon, 2018) and 126 separate programs that "have a stated purpose of fighting poverty" (p. 1) (see House Resolution 339 in Appendix C), and include major programs such as Supplemental Nutrition Assistance Program (SNAP, also known as food stamps), Section 8 housing, Medicaid, the Earned Income Tax Credit (EITC), and Temporary Assistance for Needy Families (TANF). More than four in 10 families across America with children under age 18 are now receiving at least one means-tested transfer from the federal government (Wilcox et al., 2016), and the share of families receiving means-tested benefits is higher after factoring in tax-related credits. Unlike most higher-income families, many lower-income families are now subject to what public policy analysts call "marriage penalties," whereby they lose access to some or all of these tax and transfer benefits if they get or remain married (Besharov & Gilbert, 2015; Maag & Acs, 2015; Wilcox et al., 2016).

The Office of Family Assistance (OFA), an operating division of the U.S. Department of Health and Human Services' (HHS) Administration for Children and Families (ACF), administers several key federal programs. These include the TANF programs authorized under Title IV-A of the Social Security Act and funding for demonstration grants specifically to support healthy marriage and relationship education services. In response to Executive Order #13828, Reducing Poverty in America by Promoting Opportunity and Economic Mobility (see at Appendix A), OFA designed a two-phased approach to develop a thoughtful response to the long-discussed problem of "marriage penalties" that may inhibit economic independence and mobility, perpetuate poverty, and weaken family bonds by discouraging marriage among American parents. In the first phase, OFA convened a group of experts to discuss the issues of marriage penalties and explore actions that the federal government could take to minimize them.

This paper represents the second phase, a chance to share the information with a larger audience. The recommendations expressed are not endorsed by ACF, but rather are a synthesis of ideas that warrant further exploration and consideration. This paper will identify and explore marriage penalties related to specific means-tested programs serving a large number of people. It is particularly concerned with (a) understanding how marriage penalties may discourage stable marriage among parents; and (b) identifying possible policy reforms that would eliminate or minimize marriage penalties facing families with children.

This effort is particularly worthy of consideration because increases in the size, scope, and reach of many means-tested programs and policies over the last half century in the United States coincide with a retreat from marriage in the nation over the same period. Marriage rates have fallen by more than 50 percent over this time, and single parenthood has increased by more than 100 percent during this same period; moreover, the decline



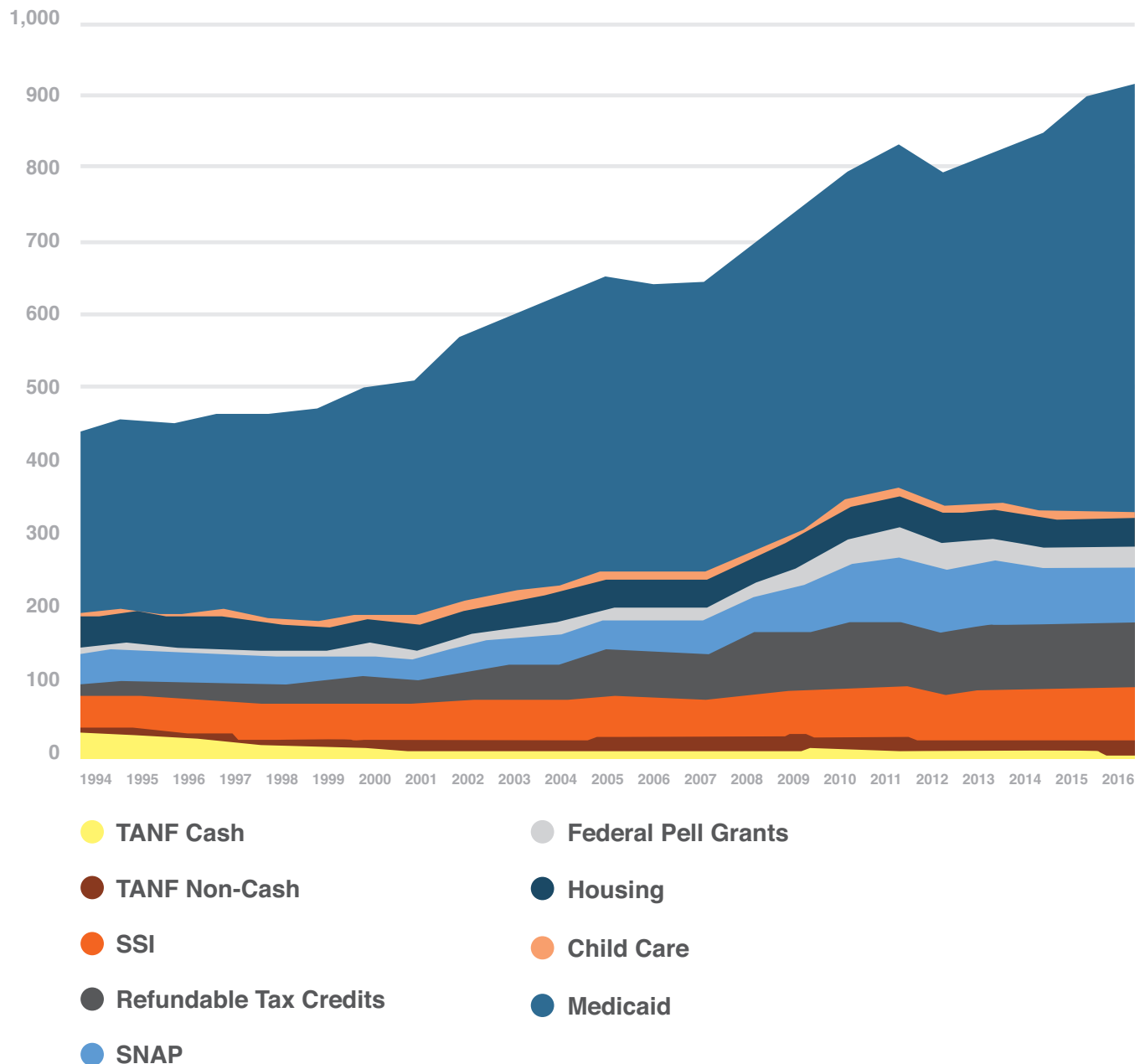
in marriage has been most pronounced among lower-income Americans (Ellwood & Jencks, 2004; Wilcox, 2010), who have been the primary beneficiaries of means-tested tax and transfer programs. It is possible that marriage penalties associated with these programs may have played some role in this retreat from marriage.

In fact, federal spending on nine of the largest means-tested transfer programs rose almost tenfold, in 2011-inflation-adjusted dollars, from \$77.6 billion in 1968 to about \$658 billion in 2011, with some of the largest growth in health care (e.g., Medicaid and Medicare Part D), nutrition, and refundable tax credits (Besharov & Gilbert, 2015). More broadly, Figure 1 depicts growth from 1994 to 2016 in federal and state spending on major means-tested tax and transfer programs in the United States. It indicates that such spending rose in 2016 inflation-adjusted dollars from approximately \$448 billion to \$918 billion. This concomitant growth in human service programs and the decline in marriage in the United States raises the possibility that one factor driving the nation's retreat from marriage is the marriage penalty associated with many of these programs (Besharov & Gilbert, 2015). In other words, the design of today's means-tested programs may have led to an unintentional reduction in marriage—especially among the poor and the working class.

Given the benefits that marriage offers to children and communities, such an unintended consequence would both be unjust and unfair: unjust because it hurts the economic, social, and psychological well-being of children in poor and working-class families across the nation, and unfair because it ends up penalizing marriage among lower-income families even as upper-income families have seen many of the marriage penalties facing them eliminated in more recent changes to tax law.



Figure 1: Federal and State Spending on Selected Means-Tested Programs and Tax Credits, 1994-2016



Note: Prior to 1997, "TANF Cash" is Aid for Families with Dependent Children (AFDC) and "TANF Non-Cash" is spending on the Job Opportunities and Basic Skills training program and the Emergency Assistance to Needy Families with Children program. Prior to 1997, "Child Care" is the Child Care & Development Block Grant (CCDBG) and after 1997 also includes the federal Child Care Entitlement to States.

Sources: Office of Management and Budget, Budget of the United States Government (Appendix), various years; Congressional Research Service (CRS); other government sources. Note: TANF = Temporary Assistance for Needy Families. Included in these totals are estimated or actual state spending.



The Executive Order (2018) directs agencies to consider how to “promote strong social networks as a way of sustainably escaping poverty (including through work and marriage)” (Federal Register, 2018).

Accordingly, this paper addresses questions related to marriage and recent changes in the nature and character of social welfare policy in the United States:

- Is marriage linked to better outcomes for children and stronger communities?
- What are marriage penalties?
- Are some groups of people more likely now to face marriage penalties related to changes in means-tested tax and transfer programs?
- What is the nature of the marriage penalties and subsidies facing low-income families in the United States?
- Is there evidence that marriage penalties matter?
- What can the federal and state governments do to eliminate or reduce marriage penalties?

For the purposes of this report, we define poor families as those whose income is below the federal poverty level (FPL), and working-class families as those whose income is between approximately 100 percent and 250 percent of the FPL. Today, using these categories, about 14 million children live in poor families, and about 16 million children live in working-class families (American Community Survey, 2018; Koball & Jiang, 2018). In other words, by this categorization, 30 million children live in lower-income families.

PART ONE

Discussion of Marriage Penalties / Subsidies

Is Marriage Associated with Better Outcomes for Children and Stronger Communities?

Public policy has many important aims—from reducing poverty to fostering health—but it should also seek, when it comes to marriage, to “do no harm.” That is because a large body of social scientific research indicates that children and communities are more likely to thrive when stable marriage grounds family life.

Children More Likely to Thrive

Marriage is the ideal context for the bearing and rearing of children. Children raised in intact, married families are more likely to flourish economically, socially, emotionally, and educationally, compared to children raised in single and cohabiting families (Amato, 2005; McLanahan & Sawhill, 2015). To be sure, children can and often do thrive in non-intact families (Hetherington & Kelly, 2002), but, on average, children are more likely to do well in intact marriages. This is one reason why means-tested transfer and tax programs that penalize marriage are cause for concern.

Economically, children in single-parent families are about four times more likely to be poor, compared to children raised in married-parent families (Child Trends, 2016; Haskins, 2015). Millennials who marry before having any children are about 60 percent less likely to be poor, compared to their peers who have their children out of wedlock, even after controlling for factors like education, race, ethnicity, and employment status (Wang & Wilcox, 2017). In turn, children raised in poverty are more likely to suffer from worse health and behavior, and lower achievement (Brooks-Gunn & Duncan, 1997).

Socially and emotionally, children are less likely to get in trouble or face difficulties when raised in intact, married families. Adolescent girls raised in non-intact families are two to three times more likely to end up pregnant, compared to children raised in intact, married families (Ellis et al., 2003; Amato, 2005; McLanahan & Sandefur, 1994). Likewise, young men are about half as likely to end up in jail or in prison before they turn 30 if they are raised in an intact, married family, compared to single-parent families and stepfamilies (Harper & McLanahan, 2004). Adolescents raised in cohabiting families are more than twice as likely to have behavior problems, be suspended or expelled from high school, or smoke marijuana, compared to adolescents living with their married, biological parents (Acs & Nelson, 2002; Cavanagh, 2008; Manning & Lamb, 2003).

Educationally, children—especially boys—are more likely to stay on track in school if they are born into and raised in a stable, married household. For instance, boys born outside of marriage are especially likely to be absent from school, be suspended, and drop out of high school, compared to their sisters (Autor, Figlio, Karbownik, Roth & Wasserman, 2017), and children in non-intact families are more likely to be held back in school, suspended, or have their parents contacted by school officials for behavioral reasons, compared to their peers in intact, married families (Zill & Wilcox, 2017). More generally, children raised in single-parent homes are approximately twice as likely to drop out of high school (Amato, 2005). And adolescents are about



60 percent less likely to graduate from high school if they came from cohabiting households compared to teens in intact, married families (Raley, Frisco, & Wildsmith, 2005).

Finally, young adults who are raised in intact families are more likely to flourish economically. They work more and earn more money (Lerman & Wilcox, 2014). And as they move into adulthood, children from stably married families are more likely to experience positive economic mobility, and less likely to experience downward mobility, compared to their peers from unstable families (DeLeire & Lopoo, 2010).

Communities More Likely to Flourish

Family structure also matters at the community level. Child poverty is markedly lower in states where a larger share of children are raised in married-parent families (Wilcox et al., 2016). Work by economist Raj Chetty and his colleagues finds that one of the top predictors of income mobility for poor children is the share of two-parent families in a community (Chetty et al., 2018). Chetty and his colleagues also have found the racial gap in economic mobility between black and white boys is smaller in communities where there are more fathers and married adults living in the community where such boys are growing up (Chetty et al., 2018). Finally, according to sociologist Robert Sampson (1995), “Family structure is one of the strongest, if not the strongest, predictors of... urban violence across cities in the United States” (p. 249).

Among the key reasons that marriage is generally better for children and communities is that marriage is more stable, more likely to facilitate the financial support of children by both parents, and more conducive to high-quality parenting, compared both to single parenthood and cohabitation. Children born outside of marriage are more likely to be exposed to family instability and, hence, to unrelated parental boyfriends and girlfriends who are more likely to pose a risk to their welfare (Cherlin, 2009; Sedlak et al., 2010; McLanahan & Sandefur, 1994). Even today, children born to cohabiting parents are twice as likely to see their parents break up, compared to children born to married parents (Musick & Michelmore, 2015). Fathers that have children out of wedlock or get divorced are less likely to remain in the same household with their children and, hence, devote less time and income to their children (Edin & Nelson, 2013; Kenney, 2004; Sorensen, 1997).

Two biological parents, compared to single parents, are less likely to be stressed by parenting and to resort to harsh parenting; they also provide more attention and oversight than do single parents (McLanahan & Sandefur, 1994).

The bottom line: on average, parents in intact, married families are more likely to offer their children stability, greater economic resources, greater oversight, and more attention than parents in other family forms.

The comparative advantages that marriage enjoys is why, in the words of poverty scholars Elaine Maag and Gregory Acs (2015), “government policies should not tilt the scales in favor of cohabitation” (p. 2) or, we would add, single parenthood. Instead, government should seek to reform policies that may disincentivize or destabilize marriage—including programs that penalize marriage.





What Are Marriage Penalties?

A marriage “penalty” or “subsidy” happens when a change in marital status generates a subsequent change, negative (penalty) or positive (bonus), in an individual’s or family’s taxes or means-tested benefits (Alm, Dickert-Conlin, & Whittington, 1999; Maag & Acs, 2015; Steuerle, 2006). Tax and transfer programs generate a marriage penalty when two individuals owe lower taxes or receive higher transfers as individuals than they would if they married. Such penalties arise when social welfare programs are means-tested and when such programs require married couples to apply for benefits with their joint income rather than based upon their individual income (Steuerle, 2006).

Financially, it may make more sense to individual men and women to remain single or cohabit due to either a reduction of public assistance benefits or an increase in taxes were they to marry.

For instance, a pregnant woman earning \$21,000 per year would be eligible for Medicaid/Children’s Health Insurance Program (CHIP) coverage for her own care and the cost of childbirth in a state like Arizona or Ohio if she were single. If this very same pregnant woman married the father of her child, who makes \$29,000 per year, and he did not have health insurance through his workplace, the couple’s combined family income of \$50,000 means that she would be ineligible for Medicaid/CHIP coverage for herself—including the cost of childbirth and associated perinatal care, which typically costs around \$12,000 (Sonfield & Kost, 2015)—in these states (Benefits.Gov, n.d.; Brooks, Tuschner, Artiga, Stephens, & Gates, 2015). Moreover, she would lose Medicaid coverage for herself should she marry him in the wake of having her baby. Depending on her potential eligibility for subsidized care through the health care exchanges associated with the Affordable Care Act, a woman in this situation would incur a substantial Medicaid/CHIP-related marriage penalty should she marry the father of her baby. Moreover, she would also see reductions in both EITC and SNAP benefits.

Figure 2: Medicaid/CHIP Support by Family Type

	Income of Both Partners	Medicaid / Children’s Health Ins. (CHIP) Support	Childbirth Costs	Total
 Single pregnant woman cohabiting with father of child	\$50,000 (\$21,000 + \$29,000)	\$12,000	0	\$62,000
 Woman marries father of child	\$50,000 (\$21,000 + \$29,000)	0	\$12,000	\$38,000



At the same time, some adults and families receive a marriage bonus when it comes to their eligibility for a tax credit or means-tested benefit. Because tax and transfer benefits vary by family composition and income, couples in some cases can receive more benefits by marrying rather than by cohabiting or remaining single (Maag & Acs, 2015). For instance, a mother of a one-year-old child, who has no income, would receive an EITC-related marriage bonus of \$2,560 (factoring in both the EITC and other taxes) if she were married to the father of the child and his income were \$30,000. She would receive no EITC payment if she continued living on her own with her child. The EITC, in particular, is associated with marriage bonuses for couples with children, where one partner earns nothing or very little and the other partner has an income less than about \$54,000 (depending upon the number of children) (Center on Budget and Policy Priorities, 2018). Of course, under this scenario, she would be penalized for marrying if she were participating in means-tested transfers such as SNAP or Section 8 housing.

Figure 3: EITC-Related Marriage Bonus

	Earned Income	EITC Bonuses	Total
 Single woman with child	\$0	\$0	\$0
 Same woman marries father of child making 30k	\$30,000	\$2,560	\$32,560

More generally, individuals and families can face a mix of marriage penalties and bonuses across different programs, depending on their family size and the income of the adults involved. Overall, however, the research suggests that lower-income parents are more likely to face marriage penalties than receive marriage bonuses when it comes to current means-tested tax and transfer programs (Lin & Tong, 2012; Rachidi, 2015; Randolph, 2017; Wilcox et al., 2016), though Acs and Maag (2005) found that low-income cohabiting couples with children were more likely to have tax-related marriage bonuses than penalties. The following section explores in more detail the origins, nature, and impact of these penalties.

The Changing Focus of Means-tested Tax and Transfer Policies and Programs

Prior to the welfare reform of 1996, cash welfare, in the form of Aid to Families with Dependent Children (AFDC), played a central role in means-tested support for the poor. But after welfare reform, spending on cash welfare through TANF fell even as government spending on other means-tested tax and transfer programs rose dramatically (see Figure 1; Hoynes & Schanzenbach, 2018; Moffitt, 2015).



Specifically, post welfare reform, the number of poor families receiving cash welfare declined, and the federal government spent less in absolute and relative terms on cash welfare than it did prior to 1996 (Hoynes & Schanzenbach, 2018; Moffitt, 2015).

While the TANF rolls dropped sharply, during this same time the size and scope of spending on other means-tested taxes and transfers—including Medicaid, CHIP, SNAP, the EITC, and child care assistance—expanded (Besharov & Gilbert, 2015; Figure 1; Moffitt, 2015). The amount of money spent on these programs, the number of families served, and the qualifying income thresholds all generally increased. The result today is that Medicaid eligibility has been raised for children and pregnant women to between 130 percent and 380 percent of the FPL (Moffitt, 2018), depending on the state. The CHIP eligibility threshold is now typically about 200 percent of the FPL, whereas SNAP eligibility has been set at 130 percent of the FPL for a while (Moffitt, 2018). And the EITC now reaches families who have annual incomes that fall below between \$40,320 and \$54,884 (depending on the number of children and the marital status of the recipients)—generally about 250 percent of the FPL (Center on Budget and Policy Priorities, 2018; Maag & Acs, 2015; Rachidi, 2015). Likewise, when it comes to child care assistance, federal guidelines indicate that family income cannot be above 85 percent of the relevant state median income, which is well above 100 percent of the FPL (Moffitt, 2018). By contrast, TANF cash assistance and HUD Section 8 programs remain focused on families whose income is generally less than 100 percent of the FPL, though Section 8 thresholds are often higher in regions with high rents (Moffitt, 2018). But the overall story is that means-tested tax and transfer programs are focused more today on working-class families than they used to be, and less on the poorest families than they once were (Moffitt, 2018).

Table 1 illustrates a number of key programs and their income thresholds for families with one child. Taken together, as Table 1 indicates, the current suite of means-tested tax and transfer policies have expanded a substantial share of government assistance that was initially aimed toward lower-income families below the poverty line to families not just below the poverty line, but also above it—primarily in the working class. As this table suggests, programs like Medicaid, WIC, and the EITC have eligibility limits that allow them to serve not just poor families but also working-class families.



Table 1: Eligibility Table For Large Means-Tested Tax/ Transfer Programs

Program	2018 FPL for 3-Person Household	Eligibility Limit for Single Parent, 1 Child	Eligibility Limit for Married Parent, 1 Child	Eligibility Limit as % of FPL
Medicaid/CHIP (children)	\$20,780	\$41,973	\$52,989	255%
Medicaid/CHIP (pregnant women)	\$20,780	\$33,743	\$42,599	205%
Medicaid (parents)	\$20,780	\$22,714	\$28,676	138%
WIC	\$20,780	\$30,044	\$37,777	185%
SNAP	\$20,780	\$21,220	\$26,556	130%
EITC	\$20,780	\$40,320	\$46,010	~250%
TANF	\$20,780	\$9,984*		
Housing (HUD)	\$20,780	\$17,325	\$19,500	~100%

Notes:

*Median maximum income for initial eligibility for single-parent, two-child household

All eligibility limits are reported for 2018, except for TANF, with a limit reported for 2016.

The Medicaid/CHIP eligibility limits for children, pregnant women, and parents are calculated using data from the Kaiser Family Foundation (KFF). The KFF data report state-by-state income eligibility limits as a percentage of the federal poverty line (FPL) for each of these groups in January 2018; we apply the median percentage to the official HHS poverty thresholds for 2018 (\$16,460 for two-person households and \$20,780 for three-person households) to estimate the median income limit in dollar terms.

The WIC and SNAP eligibility limits are expressed as gross income—that is, income before taxes and other deductions—and come from the U.S. Department of Agriculture’s (USDA) Food and Nutrition Service. The WIC and SNAP limits are effective through June 30, 2018 and September 30, 2018, respectively.

The EITC eligibility limits report the maximum amount of income that families can have; these limits come from tables prepared by the Internal Revenue Service (IRS).

The TANF limit reports the median value across states for the maximum annual income allowable for a single-parent, two-child household to be initially eligible for TANF. The data comes from The Urban Institute’s Welfare Rules Databook: State TANF Policies as of July 2016. Table L3 in this paper reports a median monthly income limit of \$832; we multiply this number by 12 to get the \$9,984 figure reported in Table 1.

The housing eligibility limits come from a data portal maintained by the U.S. Department of Housing and Urban Development (HUD). We use the fiscal year 2018 extremely low-income (ELI) limits because most recipients of Section 8 vouchers have extremely low incomes; HUD defines ELI households as those which have incomes of 30 percent or less than the area median income. The “FY 2018 Income Limits Documentation System” allows users to access each state’s ELI limits for fiscal year 2018; we found the median limits across the states and report them in Table 1. Note also that eligibility limits for HUD programs can be higher in regions with high rental rates.

Increases in income thresholds, scope, and spending of means-tested transfer and tax benefits mean that a substantial share of American families receive some kind of means-tested tax or transfer. In fact, today more than four in 10 families in the United States are beneficiaries of some kind of means-tested tax credit or benefit (Wilcox et al., 2016). The shifting character of human services provision in the United States means that not just the poorest families but also many working-class families are receiving one or more of these transfers or tax credits.



This shift is evident in current patterns of means-tested program participation in American families. Although recipients are primarily drawn from the bottom quintile—the poorest families in America—a large share of families in the second and third quintile of family income are also receiving Medicaid, EITC, SNAP, or some other kind of benefit (Wilcox, Price, & Rachidi, 2016). For couples with children, Wilcox, Price, and Rachidi found that 77 percent in the bottom quintile participate in Medicaid, 54 percent receive SNAP benefits, and 5 percent receive TANF. In the second quintile, 52 percent receive Medicaid, 23 percent participate in SNAP, and 2 percent receive TANF. Finally, in the third quintile, at least 25 percent receive either Medicaid, SNAP, or TANF. This means that more than one-quarter of two-parent families with children in the second and third quintiles are receiving one of these means-tested benefits.

Practically, this means that marriage penalties are now more likely to fall on families with incomes above the poverty line, while marriage bonuses are more likely to reach poor families. And, because the poorest Americans are less likely to marry in the first place (Edin & Kefalas, 2005), these potential bonuses may be of less consequence vis-à-vis marriage. Now, the greater consequence of marriage penalties may be for families whose income is between 100 percent and 250 percent of the FPL— that is, working-class Americans who have seen the biggest erosion in marriage in the last three decades or so (Cherlin, 2009; Wilcox, 2010).

What Is the Nature of the Marriage Penalties and Subsidies Facing Lower-Income Families in the United States?

There have been no systematic efforts to assess all of the marriage penalties and subsidies attendant to today's means-tested transfers and taxes for lower-income families across the United States, or even the penalties and subsidies attendant to the four largest programs: EITC, Medicaid, Section 8, and SNAP. Indeed, such an effort would be extraordinarily difficult, given that there are dozens of means-tested tax and transfer programs funded by the federal government and that states also take markedly different approaches to means-tested programs such as Medicaid, child care subsidies, and TANF. Nevertheless, in recent years, there have been a number of efforts to assess the specific penalties and bonuses associated with some of these programs from think tanks across the political spectrum, from the Heritage Foundation (Rector, 2014; Rector & Hall, 2016; Rector & Menon, 2018) to the R Street Institute (Besharov & Gilbert, 2015) to the Urban Institute (Maag & Acs, 2015) to the Georgia Center for Opportunity (Randolph, 2017).

In assessing whether means-tested tax and transfer programs penalize or reward marriage, researchers must decide to base their calculations on whether recipients of such programs are accurately reporting their household status. This is important because a large minority of lower-income families are headed by cohabiting couples, and different programs have different rules for whether the income earned by the biological parents or other adults living in a household besides the applicant should be factored in determining eligibility for a means-tested tax or transfer (Besharov & Gilbert, 2015). For instance, applicants for Medicaid and Section 8 vouchers are supposed to report the income of a biological parent co-residing with them; applicants for SNAP and WIC are supposed to report the income of a biological parent co-residing with them or any other adults living with them—including a cohabiting partner; and applicants for the EITC need only report the income of a partner if they are married (Besharov & Gilbert, 2015). The differences in rules across programs can be confusing to applicants and social workers. Moreover, in many cases, applicants have an incentive not to report the income of a cohabiting partner (be they the biological parent or not) or other adult in their household, so as to maximize their eligibility for a particular tax or transfer (Edin, Tach, & Halpern-Meekin,



2013; Besharov & Gilbert, 2015). We do not have any systematic knowledge of how many applicants are accurately reporting the composition of their household—especially whether or not they have a cohabiting partner living with them—in applying for or participating in such programs.

This is important because the calculation of marriage-related penalties and benefits depends a great deal upon whether or not accurate reporting of household composition is assumed. If people are reporting their household status accurately, especially when they are cohabiting, their odds of facing a marriage penalty are lower (Carasso & Steuerle, 2005). But if they are not reporting their cohabiting partner's income, their odds of facing a marriage penalty are higher (Maag & Acs, 2015; Besharov & Gilbert, 2015). This is because benefit amounts tend to be reduced when cohabiting partners are reported accurately.

Assuming that applicants generally report the status of their household income accurately, Maag & Acs of the Urban Institute built a model using their Net Income Change Calculator (NICC) to determine how hypothetical lower-income, cohabiting couples with children would fare, vis-à-vis marriage-related bonuses and penalties, with respect to the EITC and safety-net programs such as Section 8, SNAP, WIC, and TANF (Maag & Acs, 2015). They examined six scenarios involving families with children at four levels of earnings—\$10,000, \$20,000, \$40,000, and \$50,000—and they also determined how marriage penalties and bonuses would vary for states at the 10th, 50th, and 90th percentiles of the distribution in benefits (Maag & Acs, 2015; Besharov & Gilbert, 2015).

**FIGURE 4: 2012 MARRIAGE BONUSES AND PENALTIES BY FAMILY TYPE
(% FAMILY INCOME)**



^a. Annual earnings are \$10,000. One earner.

^b. Annual earnings are \$20,000. Earnings split between partners 80 percent/20 percent.

^c. Annual earnings are \$20,000. Each member earns 50 percent.

^d. Annual earnings are \$40,000. Earnings split between partners 80 percent/20 percent.

^e. Annual earnings are \$40,000. Each member earns 50 percent.

^f. Annual earnings are \$50,000. Earnings split between partners 80 percent/20 percent.

^g. Annual earnings are \$50,000. Each member earns 50 percent.

Source: Urban Institute



Thus, for the lowest-income families (with a total household income between \$10,000 and \$20,000), penalties/bonuses ranged from zero to modest (-\$108 to \$48) to substantial (\$2,184 to \$2,532). But for families with incomes between \$40,000 and \$50,000, they found penalties ranging from modest (-\$252) to large (-\$4,896) sums. When expressed as a percentage of income, the penalties/bonuses for the lowest-income families ranged from -.4 percent of their income to 10.9 percent of their income. For the families with incomes between \$40,000 and \$50,000, these penalties ranged from -.6 percent to -11.9 percent of their total income.

There are two primary limitations associated with the Maag and Acs (2015) analysis. First, they did not calculate any penalties or bonuses associated with Medicaid or the Affordable Care Act (ACA); second, their calculations assume that cohabiting parents are following the rules (Besharov & Gilbert, 2015).

But, if cohabiting households are not reporting the income of a cohabiting partner (either the biological parent or an unrelated romantic partner), in many cases, “the financial penalties of marrying are much greater” (Besharov & Gilbert, 2015, p. 10).. For instance, using the Urban Institute’s NICC, Besharov and Gilbert (2015) show that couples with children in the same family structures as Maag and Acs’ analysis but who do not report their partner’s income are much more likely to face marriage penalties, and bigger ones as well. Those penalties apply to the lowest-income couples with children (with incomes of \$10,000) all the way up to couples (with children) who have incomes of \$50,000. They find that the penalties for marrying for these couples range from about \$1,700 to about \$14,500—or from 7.1 percent of their disposable income to 31.6 percent of their disposable income. Once again, the penalties tend to be larger for couples whose income stands between \$40,000 and \$50,000, compared to couples whose income is \$20,000 or less. Given these penalties, Besharov and Gilbert (2015) argue that:

1. “Biological parents who are cohabitating have a big incentive for not making their presence known to the authorities and for not being married, and
2. Nonparent cohabiters have big incentives for not getting married and also for not contributing to the household finances, at least not in ways easily detected by authorities.”

Such penalties are also relevant to a large program not included in Maag and Acs’ (2015) and Besharov and Gilbert’s (2015) calculations: Medicaid. In a state with the median level of Medicaid coverage such as Ohio or Arizona, for instance, a married couple with a one-year-old child, with total incomes of \$45,000 or \$50,000, and where the mother earns \$20,000, would not be eligible for Medicaid or CHIP coverage of their child. But, if these same couples cohabited and only reported the income of the mother, the mother would be eligible for Medicaid coverage and the one-year-old child would be eligible for CHIP coverage. By contrast, if these couples earned \$20,000 or \$10,000, they would be eligible for Medicaid coverage for themselves and CHIP for their one-year-old child in states with the median level of coverage, such as Ohio and Arizona. This is indicative of the ways in which Medicaid coverage is more likely to penalize families whose income is above 100 percent to 250 percent of the FPL, but not families whose income is below approximately 100 percent of the FPL.

These examples raise an important question: What is the evidence that recipients of means-tested taxes and transfers are not accurately reporting their income or the status of adults in their household, including cohabiting partners? One qualitative study on this subject (Edin et al., 2013) found that a minority of adults in the Boston area did not accurately report their household structure to maximize their EITC payment. Another study by Kathryn Edin and Laura Lein (1997) found that between 32 percent and 52 percent of mothers



receiving welfare in four cities did not report all of their income from work to the government. Other research has found that 18 percent of infants, 21 percent of children, and 29 percent of women receiving WIC had household incomes that were above the income eligibility threshold (Moran Company, 2014). Another study found that under-reporting of income is “common and has increased over time” (Meyer, Mok, & Sullivan, 2009, p. 30). Audits of the EITC indicate that between about one-quarter and one-third of EITC payments are in error—largely due to income misreporting or receipt by nonparents of benefits intended for parents (Leibel, 2014; Rector & Hall, 2016). In light of this research, our best guess is that a large minority of lower-income families do not accurately report their household status, either because they have made a mistake, are advised incorrectly, see their cohabiting relationship as unstable, or wish to maximize their receipt of a means-tested tax or transfer (Besharov & Gilbert, 2015).

In general, then, the research suggests that lower-income families face both bonuses and penalties in the means-tested tax and transfer system. For instance, cohabiting parents with no children in common (e.g., a mother and her child living with the mother’s boyfriend, where the boyfriend is not the child’s father) face more substantial marriage penalties, compared to cohabiting partners with a child in common (Maag & Acs, 2015; Besharov & Gilbert, 2015). Marriage bonuses are more commonly associated with tax credits, especially where one parent earns nothing or very little, and marriage penalties are more common for transfer programs where the extra income of a spouse often reduces or eliminates the benefits received before marriage (Besharov & Gilbert, 2015; Steuerle, 2006). Marriage penalties are also more likely to occur when parents receive a greater number of benefits rather than fewer benefits (Randolph, 2017). The research also suggests that penalties are now more likely to fall upon families with incomes above the poverty level, especially working class families with incomes between 100 and 250% of the FPL, and families who do not report their total income or the composition of their household.

Is There Evidence that Marriage Penalties Matter?

There is a large body of literature on the role that cash welfare (in the older AFDC) may or may not have played in undercutting marriage among the poor from the 1960s to the 1990s (Murray, 1984; Moffitt, 1998). The literature is mixed, but studies generally suggest that cash welfare played a modest role in rising rates of single parenthood and nonmarital childbearing since the 1960s among the poor. For instance, in assessing this literature, the economist Robert Moffitt (1998) reported that a “neutral weighing of the evidence still leads to the conclusion that welfare has... effects on marriage and childbearing, but the uncertainty introduced by the disparities in the research findings weakens the strength of that conclusion” (p. 75). In general, the evidence from that research suggests that cash welfare played a minor role in fueling the retreat from marriage among the poor (Ellwood & Jencks, 2004; Garfinkel, Gaylin, Huang, & McLanahan, 2003; Lichter, McLaughlin, & Ribar, 2002).

But what about the marriage penalties associated with means-tested programs and policies since the 1990s? The classic work of Nobel Laureate Gary Becker (1981) would suggest that marriage penalties induced by means-tested tax or transfer policies would disincentivize marriage, and incentivize nonmarital childbearing, cohabitation, and divorce. But what does the research say?

Research over the last 20 years or so suggests that marriage penalties/bonuses associated with the tax and transfer system generally operate as Becker would expect. Most studies indicate that marriage penalties are associated with less marriage and more cohabitation. Furthermore, there is some evidence that penalties matter more for Americans who do not have a college education, for those in the working class, and for those with younger children.



When it comes to marriage, research indicates that marriage penalties are linked to lower rates of marriage.

Those facing a marriage penalty are less likely to be married (Alm & Whittington, 1999; Alm et al., 1999) and more likely to postpone marriage (Alm & Whittington, 1999). One study (Fisher, 2013), relying upon data from the Current Population Survey, found “a \$1,000 increase in the marriage penalty causes a 1.7 percentage point (1.9 percent) fall in the probability of marriage” (p. 440) associated with tax-related penalties—including the EITC. Another study, this one using data from the American Community Survey, found that couples with children age two and younger are about two to four percentage points less likely to be married if they face marriage penalty in Medicaid or SNAP; but it also found that TANF penalties were not associated with differences in marital status for couples with young children (Wilcox et al., 2016) .

Moreover, a number of studies suggest that marriage penalties can encourage couples to cohabit rather than marry, or postpone marriage. One study found that a \$1,000 increase in the marriage penalty is linked to a .4 percentage point reduction in the probability of marriage relative to cohabitation (Eissa & Hoynes, 2000). Other research suggests that single mothers who face a marriage penalty are “2.5 percentage points less likely to marry their partners and 2.5 percentage points more likely to cohabit compared to single mothers who expect no change or to gain earned income tax credit benefits upon marriage” (Micheltmore, 2018, p. 377). Still another study found that a marriage penalty lowered the odds that a cohabiting couple transitioned into marriage (Alm & Whittington, 2003). Further, in looking at TANF rules and incentives, Moffitt, Reville, Winkler, and Burnstein concluded that “if a male has resources, TANF provides the greatest disincentive to form and/or maintain a biological family, and the least disincentive, if not an incentive, to form an unrelated cohabiter family” (2009, p. 14).

When it comes to childbearing, one recent study indicates that the expansion of Medicaid in some states in the 1980s and 1990s was associated with increases in unmarried childbearing, but only for mothers who had already had a child (Groves, Hamersma, & Lopoo, 2017).

This same study reports that for “unmarried African American women, we find a 10%-of-FPL increase in the eligibility threshold is associated with a 1.3 and 1.9% increase in higher-order births, whereas similar white women experienced an increase of 0.8-1.4% in response to such an expansion.”

There are exceptions to this general pattern, with some research finding no effect of marriage penalties. Economists Alm et al., (2009) found that higher transfer benefits outside of marriage were linked to higher rates of separation, but this effect was not statistically significant. Using a large sample of urban parents—the Fragile Families and Child Wellbeing Study—Wilcox et al., (2016) did not find that marriage penalties associated with Medicaid, SNAP, and TANF were associated with lower odds of marriage for unmarried couples who had children in urban America. Table 2 provides a survey of studies related to marriage penalties that have been



published from 1998 onwards. Although the research on the effects of marriage penalties is mixed, Table 2 shows that most studies indicate that marriage penalties are associated with lower rates of marriage and, today, higher rates of cohabitation.

Table 2: Recent Research on Marriage Penalties and Family Behaviors*

Author(S)	Year	Title/Journal/Vol/Pages	Impact On Family Behavior
Alm, J. and Whittington, L.	1999	For love or money? The impact of income taxes on marriage. <i>Economica</i> 66(263): 297-316.	Yes
Alm, J. and Whittington, L.	2003	Shacking up or shelling out: Income taxes, marriage, and cohabitation. <i>Review of Economics of the Household</i> 1(3): 169-186.	Yes
Dickert-Conlin, S.	1999	Taxes and transfers: Their effect on the decision to end a marriage. <i>Journal of Public Economics</i> 73(2): 217-40, August 1999.	No
Dickert-Conlin, S. and Houser, S.	2002	EITC and marriage. <i>National Tax Journal</i> 55: 25–40.	No
Eissa, N. and Hoynes, H.	2000	Tax and transfer policy, and family formation: Marriage and cohabitation. (unpublished paper).	Yes
Ellwood, D.	2000	The impact of the earned income tax credit and social policy reforms on work, marriage, and living arrangements. <i>National Tax Journal</i> 54(4): 1063–1105.	No
Fisher, H.	2013	The effect of marriage tax penalties and subsidies on marital status. <i>Fiscal Studies</i> 34: 437-465.	Yes
Groves, L.H., Hamersma, S., and Lopoo, L.M.	2017	Pregnancy medicaid expansions and fertility: Differentiating between the intensive and extensive margins. <i>Population Research and Policy Review</i> : 1-24.	Yes
Herbst, C.M.	2011	The impact of the earned income tax credit on marriage and divorce: Evidence from flow data. <i>Population Research Policy Review</i> 30(1): 101–128.	Yes
Micheltmore, K.	2018	The earned income tax credit and union formation: The impact of expected spouse earnings. <i>Review of Economics of the Household</i> 16: 377-406.	Yes
Wilcox, W.B., Price, J. and Rachidi, A.	2016	Marriage, penalized: Does social welfare policy affect family formation? American Enterprise Institute, Institute for Family Studies.	Mixed

*See Appendix D for Full Table

Effects tend to be modest, with marriage penalties being less significant than other factors, such as education, race, and income (e.g., Alm & Whittington, 2003; Fisher, 2013). Penalties also may matter more for Americans without college degrees and less for those with college degrees (Fisher, 2013), and for families in the second or third quintile, rather than the bottom quintile (Wilcox et al., 2016).



However, there is also survey evidence that suggests that marriage penalties may matter. A joint American Enterprise Institute/Los Angeles Times survey (Doar, Bowman, & O'Neil, 2016) asked men and women in poverty the following question: "How often do you think unmarried adults choose not to get married to avoid losing welfare benefits?" In response to this question, 24 percent of participants answered "almost always," and an additional 23 percent answered "often." Additionally, the 2015 American Family Survey interviewed more than 3,000 Americans aged 18 to 60 on a range of family-related issues, and asked respondents, "Do you personally know of anyone who has chosen not to get married for fear of losing welfare benefits, Medicaid, food stamps, or other government benefits?" In this survey, 31 percent of Americans indicated they know someone who did not marry for welfare-related reasons (Wilcox et al., 2016)

Taken all together, these findings raise the possibility that, in the words of economist C. Eugene Steuerle (2006), "Cohabiting or not getting married has become the tax shelter of the poor" (p. 8). Indeed, one reason why a majority of nonmarital births are to cohabiting couples today (Child Trends, 2015) may be that lower-income couples are worried about the marriage penalties associated with many means-tested tax and transfer programs. Moreover, given shifts in social welfare policy and programs, the push away from marriage may now be most consequential for working-class and lower-middle-class families. More research is needed, especially with ethnographic and survey data, to determine if calculations related to marriage penalties and bonuses are affecting the marriage and family decisions of poor, working-class, and lower-middle-class Americans. Nevertheless, the research to date suggests that marriage penalties associated with means-tested tax and transfer programs may be one reason that stable marriage is less likely to anchor family life for poor, working-class, and lower-middle-class Americans.

PART TWO

Public Assistance Programs Impacting Marriage Through Marriage Penalties

Federal Means-Tested Programs

There are “89 federal means-tested programs and three independent state spending categories” (Rector & Menon, 2018, p. 6) and that listing is reproduced in Appendix B. Additionally, House Resolution 339, dated June 17, 2017, states, “the Federal Government funds 126 separate programs that have a stated purpose of fighting poverty” (p. 1) and that three-page resolution is provided in Appendix C. Many of these programs have existing marriage penalties that may disincentivize or discourage marriage.

This section identifies marriage penalties related to nine means-tested programs serving a large number of people. Specific recommendations to each program are listed here as part of this discussion. Each of these specific recommendations come under one of the three major overarching recommendations found in Part Three.

Discussion of Federal Programs

The means-tested welfare system contains six different categories of assistance to poor and low-income persons. The following lists those six categories, and within these categories the primary nine programs affecting marriage with a synopsis of each program, how it affects marriage, and recommendations for possible remediation of the marriage penalty.

Cash Assistance (3): TANF, EITC, and Supplemental Security Income (SSI)

1. Temporary Assistance for Needy Families (TANF)

A. Overview and Program Eligibility: Under TANF, the federal government provides a block grant to the states to operate their own cash and non-cash assistance programs for low-income families with children. States are required to supplement the federal funds with some of their own dollars. States can design TANF programs to meet any of the four purposes set out in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, 42 U.S.C. 601[a]):

- 1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- 2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

Note: The primary objective of this paper is to propose actions that can be implemented by the Executive branch of the Federal Government; however, it is understood by the authors that some of the strategies proposed in this section may also require legislative action.



- 3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- 4) encourage the formation and maintenance of two-parent families.

States must submit a plan to HHS/ACF/OFA describing their TANF program that incorporates the federal requirements. TANF has many non-financial requirements, including work and time limits for families receiving cash assistance. States have substantial flexibility and are free to define the eligible family unit, what constitutes “needy families,” and to set benefit levels. TANF funds are used for basic assistance; work, education, and training; child care; refundable state tax credits; child welfare services; pre-kindergarten and Head Start programs; as well as other benefits and services to help and strengthen families. The basic TANF block grant has been set at \$16.5 billion each year since 1996 and has not been adjusted for inflation (TANF 12th Report to Congress, 2018). In FY 2018, states, territories, and Washington, DC used federal TANF funds and their maintenance-of-effort funds to provide cash assistance to 1.2 million families in an average month, or 3.2 million people (TANF Caseload Data 2018).

- B. Marriage and TANF:** States choose whether to apply asset limits to eligibility for TANF cash assistance. The program’s asset limits can cause marriage penalties, as a single parent who receives benefits could lose them if she or he marries someone who has assets in excess of the asset limit. In addition to a penalty related to assets, benefits can be lost when a potential partner has earnings high enough to disqualify them for assistance. Additionally, for states that serve two-parent families within their TANF program, TANF work requirements for two-parent families are 35 hours per week which is slightly higher than for all families at 30 hours per week. (This higher hourly work standard actually applies if both adults are the parents of the child regardless of whether they are married).

Moffitt et al. (2009) found that the focus of TANF eligibility requirements is usually on the male’s relationship with the children rather than on the couple’s marital status. Findings are summarized as follows:

Biological Families: Two-parent, biological families are treated the same under TANF rules regardless of marital status since both parents are included in the assistance unit. Eighteen states have more favorable treatment for unmarried two-parent blended families, where each parent brings their biological children to the family unit. In these states, if the couple is unmarried, the male can be excluded from the assistance unit if his income disqualifies the entire family. If the couple is married, however, the male is either automatically included in the unit or a portion of his income is considered in calculating the family’s eligibility. In the other states, the male is automatically included or his income is counted regardless of marital status (Moffitt et al., 2009).

Unrelated Cohabiter Families: Generally, an unrelated cohabiter’s income is not considered in calculating a family’s eligibility (Moffitt et al., 2009).

States may enact policies to encourage or stabilize two-parent families. These may include marriage strengthening services or program rules that provide incentives for two-parent families. Moffitt et al.,(2009) reported that eight states (Alabama, Idaho, Mississippi, North Dakota, Oklahoma,



Tennessee, Texas, and Wyoming) had adopted policies providing for some type of benefit if the recipient is married. Oklahoma had an earned income disregard for stepfathers. Mississippi, North Dakota, Oklahoma, Tennessee, and Texas provided an earned income disregard of a new spouse for a period of time. Idaho provided that only 50 percent of an excluded stepfather's income is deemed to the assistance unit. Alabama made it easier for new spouses to get earned income disregards. Wyoming provided a higher earned income disregard for married couples and allowed them to have two cars instead of only one (Moffitt et al., 2009). In addition to these states, West Virginia gave a \$100 monthly cash bonus to married TANF recipients but discontinued it in 2004. However, none of these state efforts have been rigorously evaluated. (See Part Three for a separate discussion on each state.)

C. Recommendations for Reform:

- 1) Support evaluations of state and local experiments with credits or disregards for custodial couples receiving TANF who marry that would cover a portion or all of the penalties associated with being married.
- 2) Communicate to state or local TANF offices and all governor's offices that TANF funds are allowed to be used for overcoming financial disincentives to marriage including the payment of a credit. A marriage calculator such as the NICC can be used to estimate how much the marriage penalty would be in TANF for a couple with children considering marriage. Once the couple was advised of the calculation, a state or local TANF agency could then offer to provide a percentage of any calculated marriage penalty related to TANF, SNAP, EITC and child care as a monthly credit (from TANF funds), should they marry. The credit could be up to 100 percent of the calculated penalty or any fraction of that penalty.

Note: Dr. Wade Horn, then Assistant Secretary for the Administration for Children and Families, testified at the Senate Appropriations Sub-Committee Hearing on May 3, 2006 that a marriage calculator takes information provided by the user about a family's income and assets; the number, sex, age, and parentage of the children; and their decisions to participate, if eligible, in a variety of public assistance programs. It then computes the net income of the family in four situations:

If the man and the woman are 1) living apart; 2) cohabiting, but not reporting their cohabitation; 3) cohabiting and reporting their cohabitation to government benefit programs; or, 4) married. The calculator displays the net income of the family after taxes and including benefits and subsidies under each living arrangement and in each state (U.S. Senate, 2006).

2. Earned Income Tax Credit (EITC)

- A. Overview and Program Eligibility:** Enacted in 1975, the EITC provides a tax credit to low-income working persons and families. Based on a formula, the IRS provides a credit that first offsets taxes owed; any residual can be received as a refund. The amount of the credit is determined by the taxpayer's earned income and adjusted gross income, filing status, and number of qualifying children. Benefits from the EITC are concentrated among the lowest earners. Taxpayers who are married and filing jointly, single, head of household, or surviving spouse may be eligible for the EITC. Married taxpayers filing separately do not qualify, nor do taxpayers with investment income above a specified amount of \$3,500 for 2018 (Center on Budget and Policy Priorities, 2018).



Workers receive a credit based on a percentage of their earnings up to a maximum credit. Both the credit rate and maximum credit increase with family size. The amount of the credit starts to decline when it reaches the phase-out point. Due to a lower income phase-out and other restrictions that apply to childless workers, 97 percent of benefits from the EITC have gone to families with children. In 2018, the maximum credit for families with one child was \$3,461 compared to a maximum credit of only \$519 for childless filers. For 2017, eligible workers and families received approximately \$65 billion in EITC refunds. The average amount was \$2,445 (IRS, 2018; Tax Policy Center, 2016).

- B. Marriage and the EITC:** Working households qualify for an EITC based on earnings. Beginning with the first dollar of earnings, as a low-income household earns more, its EITC increases (“phasing in”). As the EITC phases in, it is calculated at a set percentage of earnings called the “phase-in rate.” For example, parents with two children have an EITC phase-in rate of 40 percent, so, for each dollar this family earns up to a certain level, its EITC increases by 40 cents. The phase-in ends when the EITC reaches its maximum amount. For households whose income falls between the point where the phase-in ends and a second, higher threshold, the EITC stays constant at the maximum amount. For households whose income is above the second threshold, the point where the EITC phase-out begins, a household’s EITC amount decreases by a set percentage of income (the “phase-out rate”) until the EITC is reduced to zero, where the phase-out ends. The credit begins to phase out at a higher income level for married couples than single parents, a design intended to reduce some of the marriage penalty that has been associated with the EITC (Center on Budget and Policy Priorities, 2018).

The Tax Policy Center (TPC) released an updated calculator for 2018 that concludes that “in 2018 a couple with one child where both partners make \$25,000 would pay \$3,117 less in taxes if they did not marry” as their combined income disqualifies them for the EITC (Berger, 2018).

This marriage penalty occurs even though the phase-out for married filers begins and ends at higher levels than for single filers. However, combining two salaries may push married couples out of the benefit range. For example, the phase-out for a single filer with two children begins at \$18,660 and ends at \$45,802, while for a married filer with two children, the phase-out begins at \$24,350 and ends at \$51,492.

C. Recommendations for Reform

- 1) The IRS could explore demonstration programs to experiment with credits designed to overcome financial disincentives to marriage built in to the EITC. A demonstration program could guarantee that a specific cohort of recipients would not lose any EITC tax credits for a period of one or two years after marrying. This cohort (for example, 1,000-5,000 EITC recipients in a large city or county) would be followed for a set number of years under the grant program and compared in a rigorous evaluation to an identical cohort of EITC recipients who did not receive this benefit.
- 2) Further increase the phase-out beginning and end points for married couples so as to provide a larger window for these couples to receive the EITC and minimize marriage penalties in the EITC. This could be tried as a demonstration project in a state or county.



- 3) Replace the EITC with a working parent's wage supplement with a monthly payout that would not penalize marriage. This could be tried as a demonstration project in a state or county.

3. Supplemental Security Income (SSI)

- A. Overview and Program Eligibility:** The SSI program, administered by the Social Security Administration (SSA), makes payments to people with low income and limited resources who are 65 or older, blind and disabled adults, or blind and disabled children. It is an entitlement federal program with uniform standards, but states may supplement the payment amount for eligible persons. The financial resources of the recipients and their spouses, and parents when the recipient is a dependent child, are considered in determining eligibility and benefit amount. The resource limit (last updated in 1989) is \$2,000 for an individual and \$3,000 for a married couple. The monthly maximum federal benefit amounts for 2018 are \$750 for an eligible individual and \$1,125 for an eligible individual with an eligible spouse. The amount payable to a married couple is divided equally between the two spouses (Balkus & Wilschke, 2003; SSA, n.d.; see also 42 U.S.C 1381, et. seq.).
- B. Marriage and SSI:** Marital status can be an important factor in determining eligibility and calculating the SSI benefit amount. Benefits for a married couple, both of whom receive SSI and have no other income, amount to 25 percent less than the total the couple would receive if they were living together but not married (Balkus & Wilschke, 2003). The rationale for paying couples less than the amount that two individual adults would receive is that a couple can live more economically than two individuals living independently.

Also, if an individual who otherwise would be eligible for SSI has a spouse who earns a salary above the maximum or who has assets that exceed \$3,000, the individual would not be eligible for any benefits. This means that the otherwise eligible individual would be treated as if he or she had independent income, and, even if the spouse's income did not disqualify the individual, that income would reduce the SSI payment.

C. Recommendation for Reform

- 1) Consider changes to asset and income requirements to mitigate or eliminate the marriage penalty.

Food Assistance (1): SNAP

4. Supplemental Nutrition Assistance Program (SNAP)

- A. Overview and Program Eligibility:** SNAP, administered by the U.S. Department of Agriculture (USDA) and formerly known as the Food Stamp program, assists low-income families with the purchase of food. Benefits are determined by income, assets, and SNAP household size, with benefits decreasing as income rises and benefits increasing with family size. In 2017, more than 42 million (42,204,742) people living in almost 21 million (20,889,913) households received SNAP benefits. In addition to financial eligibility criteria, there are many non-financial eligibility rules including work requirements affecting childless, able-bodied adults (Schanzenbach, Bauer, & Nantz, 2016; USDA/FNS/SNAP, 2018).



States are permitted to request waivers from the USDA to operate their programs with simplified or different requirements. Most of these waivers have supported simplified applications, extended recertification periods, increased asset limitations, categorical eligibility determinations, or acceptance of online applications (USDA/FNS/SNAP, 2018; Moffitt, 2018, Schanzenbach et al., 2016).

Individuals who live together and purchase and prepare meals together most of the time are considered one SNAP household. The members of the SNAP household do not need to be related or have any legal obligations to support any other household member. However, biological parents who live with their children under age 22 must be in the same SNAP household as their children. An extended family or other large group that lives together would constitute one SNAP household if they share food expenses. If they do not share food expenses, then they can apply for SNAP benefits separately.

B. Marriage and SNAP: SNAP benefits are based on the income of all household members sharing food expenses. However, married couples living together are treated as a food preparation household by statute, while an unmarried, cohabiting couple who do not share children and do not prepare food together may constitute separate households. A spouse's assets may affect eligibility (Rand, 2015).

C. Recommendation for Reform

- 1) Encourage states to apply for applicable waivers that would eliminate or minimize marriage penalties in SNAP by expanding income disregards for spouses and increasing asset limits for married families. An evaluation should also be required.

Health Programs (1): Medicaid

5. Medicaid

A. Overview and Program Eligibility: Medicaid is a joint federal and state program that, together with CHIP, provides health coverage to more than 72.5 million Americans. In 2010, the ACA expanded Medicaid to nonelderly adults with income up to 138 percent of the FPL (\$16,753 for an individual in 2018). Prior to the ACA, income eligibility for coverage for parents was well below the FPL in most states, and adults without dependent children were categorically not eligible. However, a 2012 Supreme Court ruling made the ACA Medicaid expansion optional for states (Cornell Law School, 2012).

In the 19 states that have not expanded Medicaid, the median eligibility limit for parents is 43 percent of the FPL (\$8,935 per year for a family of three in 2018) and other adults remain ineligible, except in Wisconsin. Eligibility in these states varies from state to state and may take into account income, household size, family status, disability, age, and other factors (Centers for Medicare & Medicaid Services (CMMS), n.d.; CMMS, 2013).

In those states that have expanded Medicaid, the Modified Adjusted Gross Income (MAGI) is used to determine financial eligibility. This methodology considers taxable income and tax filing status and does not include an asset or resource test. Each applicant's household is determined separately. Generally, for tax filers claiming their own exemption, the household includes the tax filer, the spouse (if any) filing jointly, and anyone claimed as a tax dependent. For tax dependents, the household size



is the same as the tax filer claiming the individual as a tax dependent (with some exceptions based on family relationships). For example, a child younger than age 19, living with unmarried parents, and claimed as a tax dependent by one of the parents would have a household size consisting of himself, both parents, and any siblings living with the child. Persons eligible for SSI are generally categorically eligible for Medicaid, and the MAGI rules do not apply to them (CBPP, 2016; CMMS, 2016).

Under the ACA, states administer Medicaid programs and have flexibility to determine covered populations, covered services, health care delivery models, and methods for paying physicians and hospitals. Section 1115 of the Social Security Act gives the HHS Secretary authority to approve “experimental, pilot, or demonstration projects” that are likely to promote the objectives of the Medicaid program (42 U.S.C. 1315 [a]; CMMS, n.d.).

States have obtained “comprehensive” Section 1115 waivers that make broad changes in Medicaid eligibility, benefits and cost sharing, and provider payments. There also are narrower Section 1115 waivers that focus on specific services, or specific populations like people with human immunodeficiency virus (HIV). HHS has invited states to propose reforms that would: 1) improve access to high-quality, person-centered services that produce positive health outcomes for individuals; 2) promote efficiencies that ensure Medicaid’s sustainability for beneficiaries over the long term; 3) support coordinated strategies to address certain health determinants that promote upward mobility, greater independence, and improved quality of life among individuals; and, 4) strengthen beneficiary engagement in their personal healthcare plan, including incentive structures that promote responsible decision-making (CMMS, n.d.).

B. Marriage and Medicaid: Since Medicaid eligibility is based on MAGI, marriage and any resulting change in income and filing status may affect eligibility. A slight increase in income could push the applicant over the limit and result in a complete disqualification from Medicaid benefits. Married couples who live together are always counted in each other’s Medicaid household, regardless of whether they file a joint tax return or separate tax returns. However, married couples who do not live together and who file taxes separately are considered separate households.

Non-married couples living together without children are considered separate households for Medicaid, unless one is considered a dependent of the other. The household for non-married parents living together is determined by each parent’s filing status. This means their household includes themselves and anyone claimed as a dependent on their tax return. The parent who does not claim the children as dependents would be considered a household of one, and the parent who claims the children would be a household of herself or himself, plus each child. Each child would be a household of three (both parents and the child). Note that there are many variations of household composition and filing status. (CBPP, 2016; Maryland Dept of Health, n.d.)

C. Recommendation for Reform

- 1) Through memoranda and discussion, encourage states to apply for applicable waivers to develop programs that eliminate or minimize the marriage penalty including implementation of a time-limited income disregard for a portion of a spouse’s income.



Housing Assistance (1): HUD Rental Assistance

6. HUD Rental Assistance Programs

A. Overview and Program Eligibility: The U.S. Department of Housing and Urban Development (HUD) administers five main rental assistance programs that subsidize rents for low-income families: the Public Housing program, the Section 8 Housing Choice Voucher program, the Section 8 Project-Based Rental Assistance program, the Section 202 Supportive Housing for the Elderly program, and the Section 811 Supportive Housing for Persons with Disabilities program. Together, these programs serve more than four million families. Rules concerning family composition, family size, and income guidelines are similar for all of these programs. Generally, low-income households are eligible for HUD assistance if their incomes are below certain income standards set by HUD and tied to local area median income. With some exceptions, income from all sources earned by all members of the household is included in the calculation (EveryCRSReport.com, 2017).

In general, HUD rent assistance recipients contribute 30 percent of their adjusted household income (or at least \$50 for public housing) for rent and utilities. Changes in family size can affect unit size, and, most importantly, the amount of the family's rent contribution. The household's rent contribution increases with increases in income. The U.S. Department of Housing and Urban Development requires a re-examination of household income at least once per year to determine continued eligibility and rental contribution (HUD, n.d; Section 8 Facts, 2018).

B. Marriage and HUD Programs: Marriage, cohabitation, or any change in family composition that brings in higher income increases the household's rental contribution. If the income increase brings the household income above the income limits, the household could lose a Section 8 voucher. For example, receipt of SSI for a child would increase the rent contribution, as would the inclusion in the household of a spouse with SSI income (HUD, n.d; Section 8 Facts, 2018).

C. Recommendations for Reform

- 1) Extend the recertification period for subsidized housing from one to two or three years to incentivize cohabiting couples to provide accurate household status, and to provide a period of adjustment for a new marriage.
- 2) Implement an income disregard for a spouse's income up to a threshold based on total household income. This would help eliminate or minimize penalties facing married couples with children.

Social Services Assistance (2): Child Support Enforcement and Social Services Block Grant (SSBG)

7. Child Support Enforcement (CSE)

A. Overview and Program Participation: The federal Office of Child Support Enforcement (OCSE) helps child support agencies in the states and tribes operate their programs to locate parents, establish paternity, set support obligations, disburse child support payments to the custodial



parent, and provide enforcement services, such as federal tax refund offsets and passport denials. Congress began the child support program in 1975, primarily to recover the costs of benefits paid by the government's welfare programs. Legislation in 1996 established time limits on the receipt of certain public benefits, beginning the trend of an increase in support payments being disbursed to families. Of the 32.3 billion dollars collected in 2018, 96 percent went to the families.

Every state is required to establish one set of guidelines for setting and modifying the amount of child support based on the noncustodial parent's earnings, income, and other evidence of ability to pay (45 CFR 302.56). According to the Census Bureau, child support payments lift about a million people out of poverty each year and provide approximately 40 percent of household resources for low-income custodial families who receive child support, exceeding financial support from TANF or SSI. The child support enforcement program served 14.7 million children in 2018 (USDHHS/ACF/CSE, 2018).

B. Marriage and Child Support Enforcement: Studies have found that child support requirements have reduced divorce rates and out-of-marriage births. Nixon (1997) found that, while the cost of divorce to the custodial parent was generally lowered by raising the financial obligation of the absent parent, child support orders also raised the cost of divorce to the non-custodial parent. His study concluded that stronger child support enforcement reduces marital breakup, especially for low-income parents (Nixon, 1997). Another study found that states with stronger CSE programs have lower non-marital birth rates and lower divorce rates than states where child support is not as effective (Center for Law and Social Policy, 2018).

C. Recommendations for Reform

- 1) HHS/ACF/OCSE has the authority to waive specific program requirements or funding restrictions for child support agencies to conduct limited-time activities that are designed to improve the financial well-being of children, and that are closely measured to determine results. ACF has supported this waiver option previously, and should continue to use this vehicle to allow states to test solutions to marriage penalties that promote the objectives of the child support program and improve the outcomes for children.
- 2) Provide an Information Memorandum to states indicating that child support orders may be terminated when the parents have reconciled, and both parents are living together and responsible for the support of the children (USDHHS/ACF, 2013).

8. Social Services Block Grant (SSBG)

A. Overview & Program Eligibility: The SSBG is a noncompetitive, formula grant mandated by the U.S. Congress. Eligible entities must submit an annual application to demonstrate statutory and regulatory compliance in order to receive the formula-based funding. This flexible funding source allows states and territories to tailor social service programming to their population's needs. Through the SSBG, states provide essential social services that help achieve a myriad of goals to reduce dependency and promote self-sufficiency; protect children and adults from neglect, abuse, and exploitation; and help individuals who are unable to take care of themselves to stay in their homes or to find the best institutional arrangements (USDHHS/ACF/Office of Community Services, 2016).

Note: The Report notes that in most jurisdictions, the parents' marriage will terminate a child support order, and recommends that Child Support Offices include language in orders stating that the child support obligation will terminate if the parents marry or reconcile and live together. (p. 29). This principle has been codified, for example in the California Family Code, Section 3602.



B. Marriage and SSBG: In the Office of Community Services' SSBG Uniform Definition of Services, service number 4 is Counseling Services: "Counseling services are those services or activities that apply therapeutic processes to personal, family, situational, or occupational problems in order to bring about a positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or drug abuse" (USDHHS/ACF/Office of Community Services, 2016). This guidance allows grantees to use SSBG funding for marriage and family counseling services, among others.

C. Recommendations for Reform

- 1) Promote flexibility within the SSBG Uniform Definition of Services for grantees to administer programs related to a broad array of counseling services, including those that strengthen marriage.
- 2) Encourage states and territories to examine whether the design of their SSBG-funded programs contribute to the issue of financial disincentives to marriage.

Child Care (1): Child Care and Development Fund (CCDF)

9. Child Care and Development Fund (CCDF)

A. Overview and Program Eligibility: The CCDF is a federal block grant program that provides funding to states to help low-income families pay for child care so they can work or attend a job training or educational program. On March 23, 2018, Congress passed the FY 2018 Omnibus Appropriations Bill which included a \$2.4 billion increase, bringing total CCDF funding to over \$8 billion.

Subsidized child care services are available to eligible families through certificates (vouchers), or grants and contracts with providers. The program provides parents with the choice of a range of provider settings and types—including centers, family child care homes, relatives, and faith-based providers. Parents may select a participating child care provider that satisfies applicable state and local requirements. Approximately 1.3 million children receive a child care subsidy from the program each month.

States must establish eligibility policies, including a period of at least 12 months before eligibility is re-determined, that promote continuity of care for children and families. The law defines health and safety requirements for child care providers, outlines family-friendly eligibility policies, expands quality improvement efforts, and ensures that parents and the public have transparent information about the child care choices available to them.

B. Marriage and Child Care: Eligibility is based on total income and family size. However, single parents who are not cohabiting could experience a marriage penalty in this area if they marry a spouse with earnings.

States determine who is included in the family unit for purposes of determining CCDF eligibility. All states include biological or adoptive parents if they live in the same home (regardless of marital



status), but many states only include non-parent partners who are married. Six states (Florida, Kansas, Louisiana, Nevada, Oklahoma, and Virginia) always include a parent's cohabiting partner (not married and with no children in common) in the family size used to determine CCDF eligibility. An additional five states (California, Colorado, Connecticut, Montana, and New Jersey) include partners in some situations, such as if the partner is financially contributing to the welfare of the children.

Under the law, states continue to have flexibility within federal guidelines over key policy levers—including subsidy payment rates, co-payment amounts contributed by the family, income thresholds for determining eligibility, and quality improvement investments. States coordinate this funding with Head Start, pre-K, and other early childhood programs. States can transfer or spend TANF funding directly on child care.

Lead agencies are required to establish a sliding fee scale based on income and the size of the family for receiving child care services. It may be based on other factors as appropriate, but may not be based on the cost of care or amount of subsidy payment. Families are required to make affordable co-payments (Cornell Law School, n.d.).

C. Recommendations for Reform

- 1) Implement an income disregard for married couples that would apply to a spouse's income up to a threshold based on total household income.
- 2) Allow parents who have been relying on a child care subsidy to keep drawing that subsidy after marrying for two years—up to a threshold based on total household income.

PART THREE

What Can Federal and State Governments Do to Eliminate or Reduce Marriage Penalties?

The recommendations for each program in Part Two can be grouped under more general action principles for reform. This is reflected in the following:

Proposed Solutions & Recommendations

A. Administrative actions that can be prioritized for enactment

1. Create ongoing advisory group to inform and ensure future action.

The ACF Assistant Secretary could appoint an advisory committee to continue the discussion of marriage penalties in means-tested programs, and assist in implementing solutions.

2. Use waivers and existing grant programs to experiment with solutions.

Create credits, income disregards, and transitional periods of adjustment through state waivers, experimental program grants, and bonus points in grant applications that propose variations of these solutions to mitigate disincentives to marriage. One example is that present Healthy Marriage and Responsible Fatherhood grant program guidance provides for “programs to reduce the disincentives to marriage in means-tested aid programs” and application review points could be added for proposals that propose to pursue this option.

3. Communicate support from the nine highlighted means-tested programs.

Send communication memoranda to state and local offices of the relevant programs, and to all governor’s offices, providing clarity and support of allowable use of program funds for overcoming financial disincentives to marriage. The Presidential Executive Order should be a part of this communication. One example is that the SSBG Uniform Definition of Services allows for flexibility to design experimental programs to attempt to overcome financial disincentives to marriage, thus an informational memorandum could be disseminated that defines and clarifies a range of possible activities related to this goal.

B. Legislative action proposals that Cabinet Secretaries may propose to include in the President’s budget request.

1. Extend income disregards or increase income thresholds

Propose to extend time-limited income disregards or increase income thresholds for married families participating in means-tested tax and transfer programs to minimize any marriage penalties.

Note: The primary objective of this paper is to propose actions that can be implemented by the Executive branch of the Federal Government; however, it is understood by the authors that some of the strategies proposed in this section may also require legislative action.



2. Replace the EITC and ACTC (Additional Child Care Tax Credit)

Propose to replace the EITC and ACTC with a revenue-neutral working parent's hourly wage supplement limited to parents (married or single) or guardians with formal legal custody of and residence with the child (Rector, 2018).

Catalogue of Promising Approaches (Past/Present) to Marriage Penalties

1. What approaches have been tried?

- a) **West Virginia:** Beginning in 1996, the state TANF program provided \$100 each month to a TANF recipient couple if they were married, living in the same household, and both named on the monthly assistance check. The bonus was eliminated in 2004 (U.S. Senate, 2006), and no data was found on the effect of the bonus.
- b) **Oklahoma:** As of 2006, the state TANF program considers a portion of an unrelated male cohabiter's income when determining a family's eligibility, and gives a stepfather half of an earned income disregard (i.e., half of the stepfather's income is excluded from the benefits calculation), arguably giving a recipient an incentive to marry a cohabiter. In addition, the income of a new spouse could be disregarded (or excluded) for three months (Moffitt, et al., 2009).

The state also initiated the Oklahoma Marriage Initiative (OMI) in 1999 and focused on building statewide capacity to deliver training on healthy marriage and relationships (USDHHS/ASPE, 2006). A later evaluation showed it as the only marriage program in the nation that showed impact in its evaluation. It was discontinued in 2016 due to a budget shortfall. The state spent more than \$70 million in federal discretionary TANF funds on the OMI in its 16-year existence.

- c) **Alabama:** As of 2006, the state TANF program provides an earned income disregard for three months for a new or reconciling spouse (Moffitt, et al., 2009).
- d) **Mississippi:** A new spouse's income is disregarded for six months after marriage. As a result, when a TANF recipient marries while receiving assistance, the liquid resources of the new spouse are excluded for six months after the marriage. This was still in effect in 2014 (USDHHS/ACF/OPRE, 2015). This allows the single parent who marries an employed person the opportunity to continue to receive TANF cash assistance and engage in work preparation activities without immediately losing benefits due to the spouse's income (Mississippi DHS, n.d.).
- e) **Minnesota:** The Income Tax Marriage Credit was enacted into law in 1999 and updated in 2000. It addresses penalties in the TANF program imposed on married couples in which both spouses have earned income by providing a credit equal to the penalty faced due to the progressive tax rate structure and combined filing requirement (Manzi & Michael, 2017).

Legislation enacted in 2017 and effective in late 2018 created a 12-month window after marriage in which a new spouse's income would not count when determining TANF eligibility up to a cap set at 275 percent of FPL (Adkins & Krisnik, 2018).



- f) North Dakota:** The income of the stepparent whose needs were not previously included in the TANF household is disregarded in determining the TANF benefit for six months after the marriage in order to encourage marriage among single-parent households. Beginning in the seventh month, there is a stepparent income disregard of 27 percent or \$180, whichever is greater. If the stepparent is eligible for TANF, he or she is included in the assistance unit and income is treated the same as other members of the TANF household. (See Section 400-19-105-40-55, Budgeting of Stepparent Income.) (USDHHS/ACF/OPRE, 2015)
 - g) Tennessee:** A new spouse's income is disregarded in the TANF program for a three-month period after marriage. If a parent marries while receiving assistance, the new spouse may be excluded from the unit for three months. At the end of the three-month period, the new spouse becomes a mandatory member of the assistance unit, and his or her income is counted in benefit computation calculations (USDHHS/ACF/OPRE, 2015).
 - h) Texas:** Effective October 1, 2016, a new spouse's income is excluded in the TANF program during the first six months following the date of the marriage if the combined income of the couple does not exceed 200 percent of FPL for their family size (USDHHS/ACF/OPRE, 2015).
 - i) Wyoming:** The earned income disregard was increased in the TANF program to \$200 per working household member and \$400 for a married couple even if only one spouse works.
- 2. What approaches are currently being proposed by researchers, policymakers, and thought leaders?**
- a) EITC:** The EITC begins to phase out for married couples at higher income levels than for single parents. This offsets some of the potential marriage penalty, but it does not eliminate it. Two individuals with moderate incomes can still qualify for an EITC pre-marriage but have income too high to qualify for an EITC post-marriage. Proposals have been provided to Congress to further increase the phase-out beginning and end points that would provide a larger window for married couples to receive the EITC (Rector, 2014; Rector & Hall, 2016; Ellwood & Sawhill, 2000).
 - b) EITC:** Allowing married couples to file separately would make tax liability solely dependent on the individual filer's income and earnings. While eliminating the marriage penalty, this solution could lead to sizeable EITC benefits going to couples with one high-wage earner and one low-wage earner (Ellwood & Sawhill, 2000) and it would come with a high budget cost.
 - c) EITC:** The Working Parent's Wage Supplement (Rector, 2018) is proposed to replace the EITC and ACTC with an hourly wage supplement limited to parents or guardians with formal legal custody of and residence with the child. The maximum value of the supplement for single parents would be \$4.50 per hour with one child and \$5.50 per hour with two or more children; and for married couples filing jointly \$5.50 per hour with one child and \$6.50 per hour with two or more children. The annual value of the wage supplement would be reduced \$1.00 for each dollar of non-refundable child care tax credits claimed and would be phased out for families with gross incomes above \$60,000 per year. It is a revenue-neutral proposal relative to discontinuance of EITC and ACTC.



CONCLUSION

In recent years, Congress has worked to minimize marriage penalties for upper-income families in the income tax. But there has been no major effort to address the marriage penalties in means-tested tax and transfer programs facing lower-and increasingly moderate-income families over the same time.

With a growing share of American families—more than 40 percent—participating in one or more of these programs or tax credits, such as Medicaid, SNAP, the EITC, or the child care subsidy, a large minority of American families end up facing a financial penalty from the government for marrying.

Insofar as the institution of marriage advances the economic, educational, and social welfare of children, parents, and communities (Amato, 2005; McLanahan & Sawhill, 2015; Wilcox et al., 2015), government should aim to “do no harm” with respect to marriage. In particular, this report suggests that current public policies often end up penalizing marriage not only among some poor families but even more so among many working-class and lower-middle-class families with children. The evidence suggests that these penalties, in turn, play a modest role in discouraging marriage and encouraging cohabitation or single parenthood among families participating in our nation’s tax and transfer programs. Indeed, these penalties—along with shifts in the labor market—may have had some hand in the dramatic retreat from marriage that has taken place in the working class and the lower middle class since the 1980s.

Accordingly, federal agencies can explore ways to eliminate or minimize the marriage penalties facing lower and moderate-income families in America. They can experiment with efforts to eliminate marriage penalties by raising income thresholds for married couples with children participating in programs like Medicaid and SNAP, by targeting efforts to address this problem on families with children under five, by allowing newly married couples to keep their benefits for a grace period, by incorporating income disregards for married couples, or by other approaches. The federal government may also consider designing strategies to encourage states and localities to experiment with demonstration projects designed to eliminate the marriage penalty for families in targeted counties across the United States. These demonstration projects should be for a minimum of one to two years to test innovative policy ideas for addressing the marriage penalty. Efforts like these can help address marriage penalties associated with human service programs that may be discouraging marriage among American families, especially lower-and moderate-income families that have witnessed the biggest retreat from marriage in the last few decades.

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APPENDICES

- A.** Presidential Executive Order
- B.** Listing of 89 Federal Means-Tested Programs
- C.** House Resolution 399 (June, 2017) on Removal of Marriage Penalties
- D.** Environmental Scan of Known Studies on Marriage Penalties

APPENDIX A: Presidential Executive Order

Executive Order Reducing Poverty in America by Promoting Opportunity and Economic Mobility

Social Programs • Issued on April 10, 2018

By the authority vested in me as President by the Constitution and the laws of the United States of America, and to promote economic mobility, strong social networks, and accountability to American taxpayers, it is hereby ordered as follows:

Section 1. Purpose. The United States and its Constitution were founded on the principles of freedom and equal opportunity for all. To ensure that all Americans would be able to realize the benefits of those principles, especially during hard times, the Government established programs to help families with basic unmet needs. Unfortunately, many of the programs designed to help families have instead delayed economic independence, perpetuated poverty, and weakened family bonds. While bipartisan welfare reform enacted in 1996 was a step toward eliminating the economic stagnation and social harm that can result from long-term Government dependence, the welfare system still traps many recipients, especially children, in poverty and is in need of further reform and modernization in order to increase self-sufficiency, well-being, and economic mobility.

Sec. 2. Policy. (a) In 2017, the Federal Government spent more than \$700 billion on low-income assistance. Since its inception, the welfare system has grown into a large bureaucracy that might be susceptible to measuring success by how many people are enrolled in a program rather than by how many have moved from poverty into financial independence. This is not the type of system that was envisioned when welfare programs were instituted in this country. The Federal Government's role is to clear paths to self-sufficiency, reserving public assistance programs for those who are truly in need. The Federal Government should do everything within its authority to empower individuals by providing opportunities for work, including by investing in Federal programs that are effective at moving people into the workforce and out



of poverty. It must examine Federal policies and programs to ensure that they are consistent with principles that are central to the American spirit —work, free enterprise, and safeguarding human and economic resources. For those policies or programs that are not succeeding in those respects, it is our duty to either improve or eliminate them.

(b) It shall be the policy of the Federal Government to reform the welfare system of the United States so that it empowers people in a manner that is consistent with applicable law and the following principles, which shall be known as the Principles of Economic Mobility:

(i) Improve employment outcomes and economic independence (including by strengthening existing work requirements for work-capable people and introducing new work requirements when legally permissible);

(ii) Promote strong social networks as a way of sustainably escaping poverty (including through work and marriage);

(iii) Address the challenges of populations that may particularly struggle to find and maintain employment (including single parents, formerly incarcerated individuals, the homeless, substance abusers, individuals with disabilities, and disconnected youth);

(iv) Balance flexibility and accountability both to ensure that State, local, and tribal governments, and other institutions, may tailor their public assistance programs to the unique needs of their communities and to ensure that welfare services and administering agencies can be held accountable for achieving outcomes (including by designing and tracking measures that assess whether programs help people escape poverty);

(v) Reduce the size of bureaucracy and streamline services to promote the effective use of resources;

(vi) Reserve benefits for people with low incomes and limited assets;

(vii) Reduce wasteful spending by consolidating or eliminating Federal programs that are duplicative or ineffective;

(viii) Create a system by which the Federal Government remains updated on State, local, and tribal successes and failures, and facilitates access to that information so that other States and localities can benefit from it; and

(ix) Empower the private sector, as well as local communities, to develop and apply locally based solutions to poverty.

(c) As part of our pledge to increase opportunities for those in need, the Federal Government must first enforce work requirements that are required by law. It must also strengthen



requirements that promote obtaining and maintaining employment in order to move people to independence. To support this focus on employment, the Federal Government should:

(i) review current federally funded workforce development programs. If more than one executive department or agency (agency) administers programs that are similar in scope or population served, they should be consolidated, to the extent permitted by law, into the agency that is best equipped to fulfill the expectations of the programs, while ineffective programs should be eliminated; and

(ii) invest in effective workforce development programs and encourage, to the greatest extent possible, entities that have demonstrated success in equipping participants with skills necessary to obtain employment that enables them to financially support themselves and their families in today's economy.

(d) It is imperative to empower State, local, and tribal governments and private-sector entities to effectively administer and manage public assistance programs. Federal policies should allow local entities to develop and implement programs and strategies that are best for their respective communities. Specifically, policies should allow the private sector, including community and faith-based organizations, to create solutions that alleviate the need for welfare assistance, promote personal responsibility, and reduce reliance on government intervention and resources.

(i) To promote the proper scope and functioning of government, the Federal Government must afford State, local, and tribal governments the freedom to design and implement programs that better allocate limited resources to meet different community needs.

(ii) States and localities can use such flexibility to devise and evaluate innovative programs that serve diverse populations and families. States and localities can also model their own initiatives on the successful programs of others. To achieve the right balance, Federal leaders must continue to discuss opportunities to improve public assistance programs with State and local leaders, including our Nation's governors.

(e) The Federal Government owes it to Americans to use taxpayer dollars for their intended purposes. Relevant agencies should establish clear metrics that measure outcomes so that agencies administering public assistance programs can be held accountable. These metrics should include assessments of whether programs help individuals and families find employment, increase earnings, escape poverty, and avoid long-term dependence. Whenever possible, agencies should harmonize their metrics to facilitate easier cross-programmatic comparisons and to encourage further integration of service delivery at the local level. Agencies should also adopt policies to ensure that only eligible persons receive benefits and enforce all relevant laws providing that aliens who are not otherwise qualified and eligible may not receive benefits.



(i) All entities that receive funds should be required to guarantee the integrity of the programs they administer. Technology and innovation should drive initiatives that increase program integrity and reduce fraud, waste, and abuse in the current system.

(ii) The Federal Government must support State, local, and tribal partners by investing in tools to combat payment errors and verify eligibility for program participants. It must also work alongside public and private partners to assist recipients of welfare assistance to maximize access to services and benefits that support paths to self-sufficiency.

Sec. 3. Review of Regulations and Guidance Documents. (a) The Secretaries of the Treasury, Agriculture, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation, and Education (Secretaries) shall:

(i) review all regulations and guidance documents of their respective agencies relating to waivers, exemptions, or exceptions for public assistance program eligibility requirements to determine whether such documents are, to the extent permitted by law, consistent with the principles outlined in this order;

(ii) review any public assistance programs of their respective agencies that do not currently require work for receipt of benefits or services, and determine whether enforcement of a work requirement would be consistent with Federal law and the principles outlined in this order;

(iii) review any public assistance programs of their respective agencies that do currently require work for receipt of benefits or services, and determine whether the enforcement of such work requirements is consistent with Federal law and the principles outlined in this order;

(iv) within 90 days of the date of this order, and based on the reviews required by this section, submit to the Director of the Office of Management and Budget and the Assistant to the President for Domestic Policy a list of recommended regulatory and policy changes and other actions to accomplish the principles outlined in this order; and

(v) not later than 90 days after submission of the recommendations required by section 3(a)(iv) of this order, and in consultation with the Director of the Office of Management and Budget and the Assistant to the President for Domestic Policy, take steps to implement the recommended administrative actions.

(b) Within 90 days of the date of this order, the Secretaries shall each submit a report to the President, through the Director of the Office of Management and Budget and the Assistant to the President for Domestic Policy, that:

(i) states how their respective agencies are complying with 8 U.S.C. 1611(a), which provides that an alien who is not a “qualified alien” as defined by 8 U.S.C. 1641 is, subject to certain statutorily defined exceptions, not eligible for any Federal public benefit as defined by 8 U.S.C. 1611(c);



(ii) provides a list of Federal benefit programs that their respective agencies administer that are restricted pursuant to 8 U.S.C. 1611; and

(iii) provides a list of Federal benefit programs that their respective agencies administer that are not restricted pursuant to 8 U.S.C. 1611.

Sec. 4. Definitions. For the purposes of this order:

(a) the terms “individuals,” “families,” and “persons” mean any United States citizen, lawful permanent resident, or other lawfully present alien who is qualified to or otherwise may receive public benefits;

(b) the terms “work” and “workforce” include unsubsidized employment, subsidized employment, job training, apprenticeships, career and technical education training, job searches, basic education, education directly related to current or future employment, and workfare; and (c) the terms “welfare” and “public assistance” include any program that provides means-tested assistance, or other assistance that provides benefits to people, households, or families that have low incomes (i.e., those making less than twice the Federal poverty level), the unemployed, or those out of the labor force.

Sec. 5. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

THE WHITE HOUSE,

April 10, 2018.

APPENDIX B: Listing of 89 Federal Means-Tested Programs

Cash

- Adoption Assistance Title IV-E
- TANF
- Assets for Independence
- Child Credit (refundable portion)
- Earned Income Tax Credit (refundable portion)
- State Refundable Earned Income Tax Credit
- Foster Care Title IV-E
- General Assistance Cash
- General Assistance to Indians
- Refugee Assistance (cash)
- SSI/Old-Age Assistance

Child Care and Child Development

- Child Care and Development Block Grant
- Childcare Entitlement to the States
- Head Start
- TANF Block Grant Child Care

Community Development

- Appalachian Regional Development
- Choice Neighborhoods
- Community Development Block Grant and Related Development Funds
- Economic Development Administration (Commerce)
- Promise Neighborhoods

Energy and Utilities

- LIHEAP—Low Income Home Energy Assistance Program
- Universal Service Fund—Subsidized Phone Service for Low-Income Persons
- Weatherization



Education

- 21st Century Learning Centers
- Adult Basic Education Grants
- Aid for Graduate and Professional Study for Disadvantaged and Minorities
- American Opportunity Tax Credit
- Education for Homeless Children and Youth
- Gear-Up
- Pell Grants
- Special Programs for Disadvantaged (TRIO)
- Supplemental Education Opportunity Grants
- Title I Grants to Local Education Authorities

Food

- Child and Adult Care Food Program
- Commodity Supplemental Food Program
- Farmers' Market Nutrition Program
- Supplemental Nutrition Assistance Program
- Needy Families
- Nutrition Program for the Elderly, Nutrition Service Incentives
- School Breakfast
- School Lunch
- Senior Farmers' Market Nutrition Program
- Special Milk Program
- Summer EBT Demonstration
- Summer Program
- TEFAP—The Emergency Food Assistance Program
- WIC—Women, Infant, and Children Food Program

Housing

- Home Investment Partnership Program (HUD)
- Homeless Assistance Grants (HUD)
- Housing for Persons with Disabilities (HUD)
- Housing for the Elderly (HUD)
- Low Income Housing Tax Credit (LIHTC) for Developers
- Native American Housing Block Grants (HUD)
- Other Assisted Housing Programs (HUD)
- Public Housing (HUD)
- Rural Housing Insurance Fund (Agriculture)
- Rural Housing Service (Agriculture)
- Section 8 Housing (HUD)
- State Housing Expenditures



Medical

- Consolidated Health Centers/Community Health Centers
- Healthy Start
- Indian Health Services
- Maternal and Child Health Medicaid
- Medical Assistance to Refugees
- Medical General Assistance
- Refundable Premium Assistance and Cost Sharing Tax Credit
- SCHIP State Supplemental Health Insurance Program
- State and Local Hospital and Medical Care for Low Income Persons

Services

- AmeriCorps/Volunteers in Service to America
- Community Service Block Grant
- Emergency Food and Shelter Program
- Family Planning
- Family Self-Sufficiency (HUD)
- Healthy Marriage and Responsible Fatherhood Grants
- Independent Living (Chafee Foster Care Independence Program)
- Independent Living Training Vouchers
- Legal Services Block Grant
- Maternal, Infants and Early Childhood Home Visitation Safe and Stable Families
- Social Services for Refugees, Asylees and Humanitarian Cases
- TANF Block Grant Services
- Title III Aging Americans Act
- Title XX Social Services Block Grant

Training

- Food Stamp Employment and Training Program
- Foster Grandparents
- Job Corps
- Migrant Training
- Native American Training
- Senior Community Service Employment
- Senior Companions
- TANF Work Activities and Training
- WIA Adult Employment and Training (formerly JTPA IIA Training for Disadvantaged Adults and Youth)
- WIA Youth Opportunity Grants (formerly Summer Youth Employment)

APPENDIX C: House Resolution 399 (June, 2017) on Removal of Marriage Penalties

115TH CONGRESS

1ST SESSION

H. RES. 399

IN THE HOUSE OF REPRESENTATIVES

June 21, 2017

Mr. Grothman (for himself, Mr. Duncan of South Carolina, Mr. LaMalfa, Mr. Rouzer, Mr. Harris, Mr. Gohmert, Mr. Stivers, Mr. King of Iowa, Mr. Babin, Mr. Gosar, and Mr. Johnson of Louisiana) submitted the following resolution; which was referred to the Committee on Ways and Means

RESOLUTION

Expressing the sense of the House of Representatives that welfare programs discourage marriage and hurt the institution of the family in the United States.

Whereas the Federal Government funds 126 separate programs that have a stated purpose of fighting poverty, 72 of which provide either cash or in-kind benefits to recipients, 17 of which are food-aid programs, and over 20 of which are housing programs;

Whereas means-tested programs such as child-care vouchers, section 8 housing choice vouchers, Medicaid, and Temporary Assistance for Needy Families determine eligibility and allotment of benefits by counting individuals related by blood, marriage, or adoption as members of the family unit, thereby excluding non-parent cohabiters' income from consideration and discouraging cohabiters from marrying for fear of a loss of benefits;

Whereas means-tested programs such as the Supplemental Nutrition Assistance Program, the Special Supplemental Nutrition Program for Women, Infants, and Children, school meals, and the Low Income Home Energy Assistance Program determine eligibility and allocation of benefits by counting all members living within a household, which discourages single parents from raising children in a two-parent home;

Whereas tax credits such as the Earned Income Tax Credit also penalize marriage, as one member of an unmarried couple can receive the full benefit when claiming the couple's child, but a married couple with the same income may be pushed out of the eligibility range for the full benefit;



Whereas Pell Grant and Federal student loan eligibility and allocation is determined through the information reported on the Free Application for Federal Student Aid (FAFSA), including the individual's expected family contribution, which discourages marriage for fear that the combined income of a married couple would result in a smaller financial aid award;

Whereas the combined penalty associated with all these programs, should a single parent of two choose to get married, can result in a decrease of approximately \$30,000 a year;

Whereas the War on Poverty has promoted this decline in marriage by penalizing low-income parents who choose to marry by reducing their means-tested benefits;

Whereas before the start of the failed War on Poverty program in 1964, only seven percent of children in the United States were born out of wedlock, a number that now stands at over 40 percent; and

Whereas removing one parent, usually the male, from his or her child can have a harmful effect on the child's life: Now, therefore, be it

That the House of Representatives—

- (1) recognizes that welfare programs discourage marriage and hurt the institution of the family in the United States;
- (2) believes that the Federal Government should treat everyone equally and that it is wrong to discriminate against parents who choose to get married before having children;
- (3) supports action to review any Government program, tax credit, or policy that puts financial penalties on married couples as opposed to their unmarried peers; and
- (4) supports action to change benefits or end programs in order to eliminate these penalties.

Appendix D: Recent Research on Marriage Penalties and Family Behaviors*

Author(S)	Year	Title/Journal/Vol/Pages	Impact On Family Behavior	Key Findings	Sample/Methodology
Alm, J. and Whittington, L.	1999	For love or money? The impact of income taxes on marriage. <i>Economica</i> 66(263): 297-316.	Yes	The marriage penalty exerts a statistically significant decrease in the probability of a first marriage for women; however, the magnitude of this decrease is small.	Analysis of 1,605 never-married adults in the Panel Survey of Income Dynamics (PSID) from 1968 to 1992.
				No significant effect of the marriage penalty on the probability of a first marriage for white and Latino men, although the probability for black men rises (albeit marginally) with the marriage penalty.	The marriage penalty is calculated using a multi-step process in which individual and spousal income are estimated and used to predict individual and married tax liability; the penalty is defined as an increase in tax liability that an individual faces if he or she marries.
				Some evidence that the change in the marginal tax rate generated by marriage has a significant and negative impact on the probability of marriage (314)	
Alm, J. and Whittington, L.	2003	Shacking up or shelling out: Income taxes, marriage, and cohabitation. <i>Review of Economics of the Household</i> 1(3): 169-186.	Yes	*Marriage penalties in the tax system more significantly affect the decision to transition from cohabitation to marriage than the initial decision to marry vs. cohabit, which is only marginally affected: a 10 percent reduction in both the income tax liability and marginal tax rate would increase the probability of marriage in the initial decision by 0.3 percent, while increasing that probability in the transition decision by 0.7 percent	In assessing the determinants of the initial decision to marry vs. cohabit, analysis of 1,007 adults in coresidential romantic relationships in the Panel Study of Income Dynamics (PSID) from 1983 to 1997
				*Statistically significant and negative effect of marriage penalty from tax liability on the decision to transition from cohabitation to marriage, but small magnitude: a 10 percent increase in the taxes paid at marriage reduces the probability of marriage by less than 0.1 percent. Similar results (significant and negative effect but small magnitude) for marriage penalty from marginal tax rate on both the initial and transitional decisions. No significant effect of marriage penalty from tax liability on the initial decision to marry vs. cohabit	In assessing the determinants of the transition from cohabiting to marriage, analysis of 1,693 cohabiting couples in the 1983-1997 PSID
				Other factors, such as age and race, seem to be more important determinants for both the initial and transitional decisions.	Calculate couples' tax liability if they file as a legally married family and if they file as single taxpayers; the difference is the marriage tax/subsidy
Dickert-Conlin, S.	1999	Taxes and transfers: Their effect on the decision to end a marriage. <i>Journal of Public Economics</i> 73(2): 217-40, August 1999.	No	Average transfer penalty for those who do not separate is lower (\$1,460) than for those who do (\$1,830) and higher transfer penalties correlated with decision to separate conditional on marriage tax penalties; however, these findings are not statistically significant.	Analysis of 3,494 married couples with women aged 18-44 in the 1990 Survey of Income and Program Participation (SIPP)
				Average couple faces a marriage tax subsidy, which is higher for those who do not separate (\$490) than for those who do (\$140), and higher tax penalties correlated with decision to separate conditional on marriage transfer penalties; these findings are statistically significant at least at the 6 percent level.	Calculate each family's 1990 eligible transfer benefits and federal and state income tax liability; model simulates separation and accordingly calculates potential transfer benefits and tax liabilities if couples were separated throughout 1990
				To a large extent, the tax system has been able to offset large transfer penalties associated with marriage. Making the tax system marriage-neutral (i.e. reducing the average tax subsidy to zero) would increase the probability of separation by 3.3 percent.	Marriage penalties in tax and transfer systems calculated as changes in after-tax and after-transfer income, respectively, resulting from a change in marital status; analysis considers the interaction between taxes and transfers
Dickert-Conlin, S. and Houser, S.	2002	EITC and marriage. <i>National Tax Journal</i> 55: 25–40.	No	Overall, the EITC expansions in the early-to mid-1990s had little to no effect on marriage decisions.	Analysis of 35,097 mothers (21,520 married, 13,577 unmarried) aged 18-50 in the 1990-1993 panels of the SIPP
				Statistically significant and positive effect of the EITC on the probability of married women with children to remain married, but the magnitude of this effect is small: a \$100 increase in the EITC increases this probability by 0.8 percentage points.	Instrument for the EITC with the EITC the individuals would get if only the law, and not their personal characteristics (income, demographics) changed over time
				No statistically significant effect of the EITC on the probability of marriage for unmarried women with children.	
Eissa, N. and Hoynes, H.	2000	Tax and transfer policy, and family formation: Marriage and cohabitation. (unpublished paper).	Yes	Modest marriage penalty effect: reducing the marriage income tax penalty by \$1,000 would raise the probability of marriage by about 0.4 percentage points	Analysis of 292,043 18-47 year-olds in coresidential relationships in the March Current Population Survey covering tax years 1984 to 1997.
				Effect of marriage tax penalty strongest for young and childless couples; for the latter, raising the tax cost of marriage by \$1,000 reduces the likelihood of being married by 1.3 percentage points	The tax cost of marriage is defined as the difference between the tax liability of the family if legally married and the sum of their individual tax liabilities if unmarried.

Ellwood, D.	2000	The impact of the earned income tax credit and social policy reforms on work, marriage, and living arrangements. <i>National Tax Journal</i> 54(4): 1063–1105.	No	Although EITC/welfare reform sharply reduced marriage penalties, there has been no significant increase in marriage or decrease in cohabitation among the lowest-skilled single mothers.	Analysis of 1,671 marriages for women in the PSID between 1983 and 1991
				Some possible indication that older women may be experiencing somewhat greater marriage rates after EITC policy changes, but overall no real evidence that EITC marriage penalties (or rewards) reduced (or increased) marriage.	Determined marriage penalty by calculating couples' combined EITCs prior to marriage and comparing that with their joint EITC after it
Fisher, H.	2013	The effect of marriage tax penalties and subsidies on marital status. <i>Fiscal Studies</i> 34: 437-465.	Yes	A \$1,000 increase in marriage penalty is associated with 1.7 percentage point fall in the probability of marriage.	Analysis of 570,751 18-50 year-olds in coresidential relationships in the Current Population Survey from 1984 to 2008.
				For those without a college degree, decline is 2.7 percentage points.	The marriage penalty is calculated by using the NBER's TAXSIM program, which estimates the difference between tax liabilities when married versus cohabiting.
				For couples with young children, decline is 1.7 percentage points; for couples with older children, decline is 1.1 percentage points.	
Groves, L.H., Hamersma, S., and Lopoo, L.M.	2017	Pregnancy medicaid expansions and fertility: Differentiating between the intensive and extensive margins. <i>Population Research and Policy Review</i> : 1-24.	Yes	A 10%-of-FPL increase in the Medicaid eligibility threshold is associated with a 1.3-1.9% increase in higher-order births for unmarried African-American women and a 0.8-1.4% increase in such births for unmarried white women.	Analysis of roughly 13,000 each of African-American and white women aged 20-44 using 1987-1997 Vital Statistics data and data from the 1980, 1990, and 2000 Public Use Microsamples
				Generally, significant effects for unmarried women on the intensive margin (the decision to have additional children) while no significant effects on the extensive margin (the decision to become a mother).	Includes an interaction term in the regression equation that allows the authors to determine whether the Medicaid threshold affects higher-order births differently than first births
Herbst, C.M.	2011	The impact of the earned income tax credit on marriage and divorce: Evidence from flow data. <i>Population Research Policy Review</i> 30(1): 101–128.	Yes	A \$1,000 increase in the EITC is associated with a statistically significant, 4.9% decrease in the new marriage rate (estimates range from 3.5 to 9.2%).	Analysis of 1,372 marriage and 1,204 divorce state-year combinations using Vital Statistics from 1977 to 2004
				No statistically significant relationship between maximum EITC benefit and transitions into divorce.	*G1:G35 Uses flow measures of marriage and divorce, or recent entires and exits from marriage; expressed as a rate by dividing by the population of women who could plausibly transition to marriage or divorce
Micheltmore, K.	2018	The earned income tax credit and union formation: The impact of expected spouse earnings. <i>Review of Economics of the Household</i> 16: 377-406.	Yes	Those facing a marriage penalty are 2.5 percentage points more likely to cohabit and 2.7 percentage points less likely to marry compared to those facing no penalty or a marriage bonus.	Analysis of 4,783 EITC-eligible single mothers in the 2001, 2004, and 2008 Survey of Income and Program Participation (SIPP)
				Results are the strongest among the least-educated, never-married, and Hispanic subgroups. White women are also less likely to marry and black women are slightly more likely to cohabit when they face a marriage penalty.	The marriage penalty is calculated by using the NBER's TAXSIM program. Respondents are characterized into two groups: those who expect to lose benefits upon marriage and those who expect no change or to gain benefits upon marriage.
				The average EITC-eligible single mother can expect to lose about \$1,300 in EITC benefits upon marriage; among those who expect to lose benefits, this figure doubles to \$2,600, or a 75 percent decline in pre-marriage EITC benefits. Nearly two-thirds of this sample of single mothers would lose benefits upon marriage.	Uses a simulated marriage market to estimate spousal income
Wilcox, W.B., Price, J. and Rachidi, A.	2016	Marriage, penalized: Does social welfare policy affect family formation? American Enterprise Institute, Institute for Family Studies.	Mixed	Facing a marriage penalty in Medicaid or food stamp eligibility reduces the likelihood of marriage by 2 to 4 percentage points for couples with children aged two and under in which each partner's individual income is near the cutoff for means-tested benefits. Most of these couples have incomes between \$24,000 and \$79,000, or in the second and third income quartiles. (ACS results)	Analysis of 121,008 adults who are partnered with at least one child two and under in the American Community Survey (ACS) from 2010 to 2014.
				No significant effect for TANF marriage penalty or for couples with children aged two and under in which the partners' joint income is close to a level where they would still qualify for means-tested. Most in the latter group have incomes below \$48,000, or in the bottom two income quartiles. (ACS results)	Analysis of 1,722 couples who were either cohabiting or in a non-coresidential romantic relationship at the time of the birth of a child in the Fragile Families and Child Wellbeing Study from 1998 to 2000.
				Marriage penalties in TANF, SNAP, and Medicaid have no significant effect on the likelihood of marriage for unmarried, lower-income couples in urban America who have just had a baby. (Fragile Families results)	ACS analysis compares couples in which the mother's or father's individual income comes close to the program eligibility threshold (upper cutoff) and couples whose joint income comes close to the program eligibility threshold (lower cutoff).

* We have included all reports and peer-reviewed journal articles on the association between marriage penalties and family behaviors published since 1998 that we could find in Google Scholar and other academic sources.

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