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The financial feasibility of marriage for women receiving TANF: An analysis of six states

Sally Margaret Brocksen
Virginia Commonwealth University

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School of Social Work

Virginia Commonwealth University

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Chairperson – Ann Nichols-Casebolt, Ph.D., School of Social Work

Patrick Dattalo, Ph.D., School of Social Work

Janet Hutchinson, Ph.D., School of Government and Public Affairs

Robert Schneider, Ph.D. School of Social Work

Kia J. Bentley, Ph.D., Director Ph.D. Program, School of Social Work

Frank R. Baskind, Ph.D., Dean, School of Social Work

F. Douglas Boudinot, Ph.D., Dean, Graduate Studies

Date

The financial feasibility of marriage for women receiving TANF:
An analysis of six states

A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy at Virginia Commonwealth University

by

Sally Margaret Brocksen
M.S.W. California State University, Sacramento, 2000
B.A. Mary Washington College, 1993

Director: Ann Nichols-Casebolt, Ph.D.
Professor, School of Social Work

Virginia Commonwealth University
Richmond, Virginia
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ABSTRACT

THE FINANCIAL FEASBILITY OF MARRIAGE FOR WOMEN RECEIVING TANF: AN ANALYSIS OF SIX STATES

By Sally M. Brocksen, Ph.D.

A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy at Virginia Commonwealth University.

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Major Director: Ann Nichols-Casebolt, Ph.D., Professor, School of Social Work

This project employed a descriptive case study methodology guided by rational choice theory to examine the financial feasibility of marriage for low income women. By modeling the income and expenses of eight different low income family types in six states (Arizona, California, New York, Oklahoma, Virginia, and Wisconsin) this study illustrates the financial situation of various low income families. The family types under investigation include: a single parent family, a family receiving TANF, cohabiting couple with two wage earners, cohabiting couple with one wage earner, a married family with two wage earners, a married couple with one wage earner, a unmarried couple with an infant (unmarried fragile family), and a married couple with an infant (married fragile family). The income of each family type was calculated at two different wage levels (minimum and low wage for each state under investigation). Income included the welfare benefits and subsidies each of the family's is likely to receive (including child care subsidies and tax credits). The expenses of each family were calculated based on the size of the family and the cost of expenses such as housing and food expenditures. This

study found that of the models presented here married families are not always financially better off when compared to single parent and cohabiting families. These findings demonstrate that if policy makers wish to support marriage among low income families they should first make marriage financially feasible for unmarried couples (particularly cohabiting couples) and create greater economic stability for couples that are already married. By providing consistent work supports (e.g. child care and health insurance), expanding programs that help low income families (such as the Earned Income Tax Credit), creating poverty measures that accurately reflect the real situation of low income families, and increasing the wages of low income workers, policy makers will create an environment where it is financially feasible for low income couples to marry and remain married.

Chapter One
Problem Statement

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) welfare reform of 1996 represented a major departure from previous welfare polices. PRWORA is considered to be one of the most comprehensive reform measures in recent American public policy (Rodgers, 2000, Bryner, 1998). With the creation of Temporary Assistance for Needy Families (TANF) the American philosophy of welfare changed from being primarily a cash assistance program to a program to help recipients become more viable members of the workforce (Rodgers, Bryner). In addition, the administration of welfare was turned over to the states, which were given more discretion in the creation and implementation of welfare policies designed to help recipients meet the goals of welfare reform.

PRWORA also restructured the way TANF was funded, making it dramatically different from all previous welfare programs. Under PRWORA states are awarded a block grant, there is no longer open ended funding for the provision of welfare benefits. The move to block grants was deliberate, allowing states more flexibility in the implementation and administration of their welfare programs (Weil & Feingold, 2002). PRWORA gives states the ability to choose who will be eligible for benefits, impose and create requirements for families receiving benefits, and to determine eligibility for access to other in-kind benefits (i.e., Medicaid, food stamps) for TANF families (Weil & Feingold). While the diversity among states allows for flexibility in the administration of TANF, it also creates disparity among recipients from state to state (Weil & Feingold).

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 expanded the work goals of previous welfare legislation by including a focus on parental responsibility and a commitment to the reduction of out-of-wedlock births. These goals are explicitly stated in the introduction to the 1996 welfare reform act. The first three findings of PRWORA (PL104-193, 1996) state:

1. Marriage is the foundation of a successful society.
2. Marriage is an essential institution of a successful society which promotes the interests of children.
3. Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.

The welfare reform act of 1996 was not the first welfare legislation to focus on family formation. Beginning with the creation of the New Deal assistance programs and continuing to our current welfare programs, family formation has been integral to the administration of welfare benefits. As the demographics of the United States have shifted due to an increase in out-of-wedlock births we have changed our policies to match today's realities. Since non-marital fertility is predominant in populations that are also likely to receive welfare benefits, legislators have focused resources and attention on these groups to stem the tide of childbearing and childrearing outside of marriage[1]. To repress the rise of non-marital childbearing legislators have focused on "fixing" welfare making the promotion of marriage an integral component of social service provision (Ooms, 2001).

This study examines how current welfare policies might affect economic well-being and thereby influence marital decision making for low income women. Using a

[1] Throughout this study out-of wedlock childbirth and single parent families are used to describe the phenomena of children being raised in family with only one parent (usually a mother) where the child was not born inside the confines of matrimony. The focus of this research, as with many of the welfare policies, will be on women who are having children outside of marriage whether they are divorced or never married.

case study methodology this research will determine whether it is financially more beneficial for a low income woman to marry. A brief history of welfare in the United States is included in order to provide a context for the phenomena of out-of-wedlock childbirth and the decrease in rate of marriage among low income women. This history will emphasize the role of government in promoting marriage through its welfare policies and how this trend continues with the current debate surrounding the reauthorization of welfare reform legislation. A goal of this study is to contribute to our understanding of why low income women choose to marry or not marry, and how our current welfare policies can be improved to ensure that families do not slip into poverty – regardless of their marital decisions.

Development of Welfare in the United States

“The basic tenets and programs of any social welfare system reflect the values of the society in which the system functions (Trattner, 1999, p.1).”

To understand our current welfare programs and the debate surrounding the purpose of welfare it is important to examine the historical antecedents to our current system. In Colonial America care for the poor, elderly, and disabled was left to the local community (towns and parishes) (Trattner, 1999). After the American Revolution the poor were cared for by institutional care known as “indoor relief” (Trattner). Alms or poorhouses were created to care for the disabled and persons who could not work to provide for themselves or their families. The able bodied poor (those who were deemed capable of work) were placed in workhouses where they were taught the virtue of labor and prepared for self sufficiency (Katz, 1996).

In the 18th century, the care for the poor was largely left in the hands of local communities and private organization such as the Charity Organization Societies (C.O.S) that proliferated in large cities (Trattner, 1999). In 1909 welfare and the care for children became a federal issue with the commencement of the White House Conference on Child Problems and Needs. This conference resulted in the passage of legislation creating the Children's Bureau, this legislation combined with the rampant poverty that resulted from the Great Depression set the stage for the landmark Social Security Act of 1935. The historical antecedent of the Children's Bureau provided the basis for the focus of welfare on the needs of children. This focus on welfare policies as a means of keeping children out of poverty remains a hallmark of our current welfare system.

The Social Security Act of 1935 (SSA) was part of the New Deal response to the problems of destitution and unemployment that were pervasive during the Great Depression. The SSA created, among other things, the Aid to Dependent Children (ADC) program. This program provided cash payments to mothers who had no financial support from their husbands (primarily widows) in caring for their children (Trattner, 1999). ADC assisted states (with federal matching funds) in the expansion and broadening of aid programs (Bryner, 1998). Since few women worked for wages outside of the home, work was not a major focus of this program; instead ADC was intended to help widows with children remain at home (Katz, 1996)

In addition to benefits provided by this act, the SSA allowed states to determine who received assistance and the amount of aid received. The focus of the SSA on widowed mothers set the tone of welfare as being for those women deemed worthy of support (women having children inside of marriage), as compared to unmarried mothers with children who were not included in the SSA. The variations in state benefits, the means tested nature of the program, and the creation of benefits for women deserving of aid are pervasive throughout the administration of ADC and later incarnations of the programs (including AFDC and TANF) (Rodgers, 2000).

ADC was renamed Aid to Families with Dependent Children (AFDC) in 1962, when welfare was expanded to an entitlement program with increased cash benefits and job training funding for recipients (Bryner, 1998). Additionally, AFDC allowed states to impose work requirements on unemployed adults as a condition of benefits (Bryner). The states paid about 50 percent of the administrative costs of AFDC and approximately 45 percent of actual cash benefits, with the federal government supplementing the remaining program costs (Bryner, 1998).[2]

AFDC was amended throughout the next three decades with the passage of legislation that focused on the value of work for welfare recipients. In 1967 Congress created the Work Incentive program (WIN) requiring every state to offer work training programs to AFDC recipients. The WIN program was amended in 1971 to require all "able-bodied" AFDC participants to register for job training programs. WIN was amended with the passage of the Family Support Act of 1988 requiring each state to develop a Job Opportunities and Basic Skills (JOBS) program. In addition, each state had to ensure that all able-bodied welfare recipients participated in a JOBS program (Byrner, 1998). As welfare evolved from ADC to AFDC to TANF, welfare programs focused on work as a way for single parent families to become financially responsible, women were considered worthy of support if that support was provided under the guise of work promotion.

[2] Although the federal share varied by the per capita income of each state.

A major focus of evolving welfare policies throughout this period was on requiring absent parents (primarily fathers) to take financial responsibility for their children by providing for child support. The first major federal child support legislation was passed in 1970 (Garfinkel, Mayer, & McLanahan, 1998). This act created the federal Office of Child Support Enforcement (OCSE) and required all states to establish a comparable office. This bill was introduced to ensure that public benefits were not going to families who could be supported by non-resident fathers (Garfinkel, Mayer, & McLanahan). Since the enactment of the 1970 legislation, Congress has passed several bills that increase enforcement efforts and penalties for non-payment of child support. PRWORA, in its focus on parental responsibility, established a national directory of child support orders to facilitate the collection of support and increased penalties by revoking drivers and professional licenses for fathers who were not paying child support (Garfinkel, Mayer, & McLanahan).

The number of families receiving AFDC benefits remained relatively constant during the 1970s and 1980s. However, between 1989 and 1991 the welfare rolls increased by 24 percent (Bryner, 1998). This increase in the number of families receiving welfare created concern with the public and legislators, putting welfare reform on the public policy agenda. For the decade prior to the passage of the 1996 welfare reform act many states received waivers for welfare reform experiments. These waivers included the expansion of earnings disregards, stronger work requirements, time limits, and family caps limiting additional benefits to families who have additional children while on welfare (Weil & Feingold, 2002). These waivers set the stage for the fundamental restructuring of welfare that resulted in the passage of the 1996 welfare reform bill.

Marriage and government

In the United States there is a long history of the federal government being involved in the promotion of marriage (Ooms, 2001). Historically the government has treated married couples more favorably, from pensions for widows of Civil War soldiers to the aid programs created under the New Deal (Cott, 2000). The concern for children born into single parent families was first brought to the national policy agenda by the publication of the Moynihan report in 1965 (Lerman, 2002a). This study alerted Congress to the rise in female-headed households among African American families. Although controversial when published, the Moynihan report was insightful in its prediction of an increase in single parent families. The percentage of children living with a never married parent increased from 0.3 percent in 1960 to 10 percent in 1999 (Lerman, 2002a). To counteract the perceived influence of AFDC in creating single parent families it was mandated that states provide assistance to eligible two parent families (Ooms). However, the increased income from a husband often lowered welfare benefits, offsetting the benefit of added income (Lerman, 2002a).

The focus of PRWORA on marriage emphasizes the belief among legislators that children are best protected from poverty when they are born to a married couple. It is believed that the key to improving child wellbeing in low income families is through the promotion of marriage (Johnson & Gais, 2001). This emphasis on child wellbeing is reflected in the fact that in 2001, 16.3 percent of all American children lived in poverty

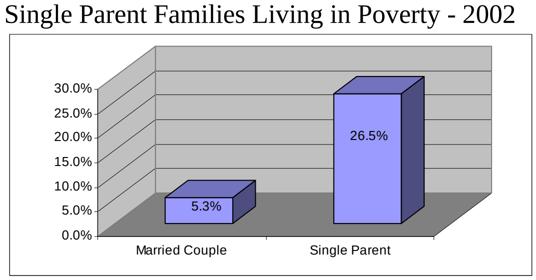
(National Poverty Center) and that children were over represented among the poor in America, making up 35.7 percent of the population of poor Americans although children account for 25.6 percent of the total population (National Poverty Center, 2003).

Out-of-wedlock childbearing

The rate of nonmarital fertility has been increasing steadily since the statistics were first reported in 1940 (Bachrach, 1998). It is estimated that children raised in single parent families are four times more likely to be poor than those living with both biological parents (Sorensen & Zibman, 2000). In 2002 5.3 percent of married-couple families were living in poverty compared to a 26.5 percent poverty rate for single parent families (United States Census Bureau, 2002).

There are four primary reasons cited for the increase in childbearing outside of marriage: (1) the increased percentage of unmarried women; (2) the overall decline of the birthrate among married couples; (3) the proportion of unmarried women; (4) and an increase in older women having children (Bacharch, 1998). In addition to the statistics citing the reasons for the growth of out-of-wedlock childbearing, there are several hypotheses to explain why childbearing behaviors have changed in the last four decades. One hypothesis is the shortage of available men, particularly among the African American community where there is a high rate of joblessness, incarceration, and mortality (Bramlett, et al., 2001, Wilson & Neckerman, 1986). Another hypothesis suggests a woman's desire for the

Figure 1: Percentages of Married Couple and Single Parent Families Living in Poverty - 2002



unconditional love of a child and the respect that comes from being a mother (Acs, 1994). A third premise notes the lessened stigma associated with childbearing outside of wedlock, resulting from the acceptance of single parent families or the pressure against abortion (Duncan, 1995, Lichter, 1995). However, the reason most often cited is that welfare made childbearing out-of-wedlock economically feasible. While AFDC has been accused of influencing a women's decision to have children outside of marriage there has been little evidence that welfare does in fact impact marital decisions (Moffitt, 1998).

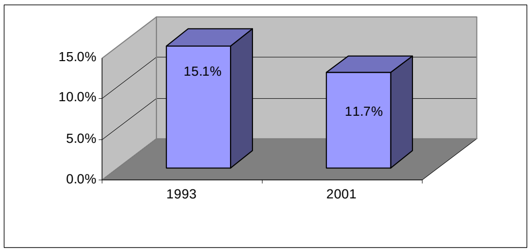
Welfare and out-of-wedlock childbearing

Policymakers have long blamed welfare for the increase in single parent families even though research has shown that AFDC did not play a significant role in the increase of out-of wedlock births (Fein, London, & Mauldon, 2002, Moffitt, 1998). Although research demonstrated that welfare was not to blame for the growing number of single parent families, it was commonly believed that welfare sent the wrong message about work and single parenting and since welfare made childrearing outside of marriage an economic possibility it needed to be restructured (Fein, London, & Mauldon).

Since welfare reform the primary focus of most states has been on a work first approach but with the enactment of PRWORA several states have enacted policies to strengthen and promote marriage. As an example, five states (Arizona, Louisiana, Michigan, Oklahoma, and Utah) are using a portion of their TANF funds for this type of activity (Parke, 2002). In addition, states have enacted policies such as reducing financial barriers to two parent TANF families, reducing barriers to Medicaid for two parent families, and forgiving child support arrears if a father marries the biological mother of his child (Parke, 2002).

The work-first approach of welfare reform has been heralded among some authors as a success in reducing the poverty rate among low income families (Horn, 2002). In 2001, approximately 11.7 percent of the population was considered to be living in poverty; this is down significantly from 1993 when 15.1 percent of Americans lived in poverty (National Poverty Center, 2003).[3] To complement the success of the work-first approach as a tool for reducing poverty a renewed focus was placed on the importance of marriage in continuing the reduction of poverty rates among TANF families (Parke, 2002).

Figure 2: Percentage of Population Living in Poverty, 1993 vs. 2001



PRWORA came up for reauthorization in 2002 and is still awaiting passage of renewal legislation. The House of Representatives introduced a bill (H.R. 4737), which contains specific criteria related to family formation policies. Included in this bill is the requirement that states establish and meet specific goals for the promotion of healthy marriages (Levin-Epstein, et al, 2002). This bill also authorizes $1.6 billion over five years for activities related to the promotion of marriage (Levin-Epstein, 2002).[4] The objectives of this bill include:

- Promoting responsible, caring, and effective parenting
- Enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families
- Encouraging and supporting healthy marriages and married fatherhood (H.R. 4737, 2002)

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[3] This is based on the Department of Health and Human Services definition of poverty wherein a family of four is considered to be living in poverty below $18,400/year.

[4] H.R. 4, the Personal Responsibility, Work, and Family Protection Act of 2003 is similar to H.R. 4737 although it allows for $1.9 billion over six years for marriage promotion activities. The goals and objectives of both bills are comparable (Parke, 2003).

The monies allocated through this measure would be spent primarily on marriage education (including premarital counseling), mentoring, and media advertising informing the public on the long term benefits of marriage (Lerman, 2002b).

While the reauthorization debate focuses on the policies that strengthen and promote marriage, it does not address whether marriage will create a real economic benefit for low income couples. Despite changes in the administration of welfare since welfare reform, economic disincentives to marriage remain. The cash benefits of welfare decrease as the income into the household increases, therefore added income from a husband can lower welfare benefits, reducing the financial gain of marriage (Lerner, 2002a). In addition to the cash benefits provided by TANF, most other in-kind benefits are based on income. This suggests that the increased income gained through marriage may reduce the chances of a low income family receiving such benefits as Food Stamps, Medicaid, and child care and housing assistance (Lerner). For example, an Oklahoma study demonstrated that marriage often leads to decreased benefits among families receiving welfare (Hepner & Reed, 2000). The reduction in income was shown to be particularly dramatic when a cohabiting couple decides to marry, in which case the couples' income could be reduced by half (Hepner & Reed). These findings imply that TANF regulations as written may be creating a disincentive for marriage.

Questions under investigation

The primary research question guiding this study is: how does marriage impact the financial wellbeing of women receiving TANF benefits? The propositions to be examined under this larger research questions include:

- Is it financially beneficial for a low-income woman who is receiving TANF and other in kind benefits to enter into marriage?

- Do the rules and regulations of means-tested benefit programs create a disincentive to marry?
- What are the financial benefits of cohabiting versus marriage for low income women?
- How can public policies better support marriage among low income families?

Current study

Using a selection of six states, representing different parts of the country, data was collected to determine the expenses, income, benefits, and eligibility of families of different sizes and structure. Data was obtained from federal agencies and state TANF plans (submitted annually to the federal DHHS) as well as from private non-profit agencies (e.g., the Self Sufficiency Standard, Children's Defense Fund). The data from these sources will provide insight into the financial situations facing different types of low income families. To analyze the research questions presented above a case study methodology combined with a content analysis approach will be used. Case studies are particularly useful in studying current events and in dealing with several different sources of evidence (Yin, 2003). Yin describes this methodology as being distinctive in handling situations where there are more variables of interest than actual data points. Majchrzak (1984) describes the case study as being valuable in the creation of recommendations for the implementation of future policies.

The first step in deciding if or how to proceed with the marriage promotion agenda is to determine if within welfare benefit administration there exists a disincentive to marry. This study will examine whether women are more likely to lose benefits and gross income by deciding to marry and will explore the implications of these findings on our current welfare policies. The next chapter will review the literature dealing with welfare and marriage and describe the theoretical basis of the current study.

Chapter Two

Review of the Literature

The review of the literature outlines previous research on welfare and marriage. In addition, this chapter adds to the context of the current study by describing the theoretical perspective, rational choice theory, which informs this research. The literature providing the basis for this study is primarily related to: the historical relationship between government and marriage; demographic changes in marriage, including the increase in cohabiting couples; the views of women about marriage; and, the relationship between marriage and poverty. The literature and theories that underlie this study inform the methodology used to explore the phenomenon of marriage of low income women and give context to the results discovered by the current study.

Welfare ideology

The ideology of current social welfare polices in the United States can be divided into two paradigms (Moroney & Krysik, 1998). The first paradigm, which emerged in the 1930s, believed that specific populations needed some form of relief and that public action was needed to provide that relief. It also believed that family caregiving duties could be overwhelming and that help should be provided to caregivers. Additionally, this first paradigm included the belief that public and private social welfare agencies were effective in meeting the needs of populations at risk and that social welfare professionals were a necessary part of providing relief. This paradigm shifted dramatically in the past four decades to a paradigm that reflects the direction of our current welfare policies.

The paradigm that is the ideological basis for recent welfare reforms emerged in the 1970s, it is significantly different from the paradigm of the 1930s. Under our current ideological paradigm it is believed that government intervention to provide relief to at-need populations is harmful rather than helpful and that welfare professionals and organizations have created a system that breeds welfare dependency. In addition, this paradigm assumes families should be responsible for the care of their own family members rather than depending on government programs and services. Finally, service delivery should be decentralized and left to local communities. This shift in ideology came to forefront in the mid 1980s with the publication of several books and articles that portrayed the detrimental nature of welfare provision.

This new ideology was expressed in the work of Charles Murray, in *Losing Ground* (1984). Murray argued that instead of helping people the welfare system had created a permanent "underclass." Welfare created a disincentive for self sufficiency and an environment where societal ills such as having children out-of-wedlock were encouraged, thus increasing the problem of poverty rather than alleviating it. This new ideology permeated welfare politics throughout the 1980s and was reinforced in the 1996 welfare reform legislation.

History of Marriage and government

Marriage has been a part of governmental policies dating back to the establishment of this country. Government involvement in marriage includes determining who can get married, the obligations and rights of marriage, and when a marriage is ended (Cott, 2000). The institution of marriage has become embedded into our laws and public policies, creating great benefits for married couples. For example, a 1996 report from the General Accounting Office (GAO) found that there are over 1,000 places in federal law where a right or benefit is given to married persons (Cott, 2000).

The connection between government and marriage has been codified in public law dating back to the establishment of our country as a separate republic.

In Colonial America marriage was viewed as a contract, albeit a unique one since the parties involved did not set the terms (Cott, 2000). Once a couple was married the public authorities set the terms of the marriage. The breaking of the marriage contract was very rare as it was considered damaging to the larger community. Once married women were legally joined to their husbands, they could no longer own property or control assets. Married women enjoyed no economic freedom; a woman's labor (primarily within the home) and earnings belonged solely to her husband. The husband had complete responsibility for his wife. This responsibility even extended to the legal realm, which held that a husband had to answer for any criminal or civil charges against his wife (Cott, 2000).

As marriage evolved in American social life public policies responded to these changes. As a result of the secularization of marriage, divorce was allowed in most states by the early 19th century (Cott, 2000). However, the breaking of the marriage contract was granted only under very specific circumstances, principally adultery, sexual incapacity, and abandonment (Cott). Divorce decrees during this era still affirmed the obligations of the husband to care for the family by mandating that the husband was financially responsible for the family left behind. During the Civil War era marriage was affirmed through the provision of benefits to soldier's widows. These women were able to claim the back pay and property that once belonged to their husbands (Cott).

By 1921 most states provided public relief (the antecedent to welfare) for widowed mothers; these women were considered to be part of the "deserving" poor as their family was established within the confines of marriage. The provision of relief was not extended to unmarried women, as they were not considered “deserving” of assistance, support was considered to be for those women who are poor through no fault of their own, e.g. widowhood (Trattner, 1999). Public relief was limited during this time period. The reasoning behind the limited relief was reflected in the thinking of social work pioneer, Mary Richmond, who declared that the state should not provide relief to women who were unmarried or living apart from their husbands saying that “it was absurd” to believe that “you have not interfered between man and wife” (Cott). It was also believed that if relief was provided to women deserted by their husbands it would make it easier for men to abandon their families (Trattner, 1999). Men’s desertion of their families (leaving the family by moving to another locality or by moving into another relationship) became an issue in the 1920s and 1930s. Charitable organizations that proliferated during this time emphasized the need for financial support from absent husbands so that women and children would not fall into poverty (Cott, 2000).

Relief provided to women considered part of the “deserving” poor was codified in the programs developed under the New Deal. Widows’ pensions, prevalent in the preceding era, became the foundation for one the most important programs of the New Deal, Aid to Dependent Children (ADC) (Trattner, 1999). This program, established through the Social Security Act of 1935, provided cash payments to women with children who met certain economic criteria. While the creation of means-tested programs such as ADC was a breakthrough, these programs were inferior in benefits and reputation to the social insurance programs (e.g. Social Security) that were enacted at the same time (Cott, 2000). The discrepancy in benefits and stature between the means-tested and social insurance programs emphasized the categorization of the deserving versus undeserving poor. Married women were entitled to their husbands' Social Security benefits, which were much larger than benefits from means-tested welfare programs.

Mimi Abramowitz in her book *Regulating the Lives of Women* (1996) describes the "paradoxical character of the welfare state" (p. 10) as one where women are forced to juggle the conflicting demands of paid work outside the home and unpaid labor inside the home. Abramowitz reinforces the notion that the welfare state has, through its policies, divided poor women into the two categories of the deserving poor and the undeserving poor by introducing the concept of the "family ethic." The family ethic as described by Abramowitz is the extent to which women follow societal rules, primarily the idea that women should marry and be supported by and subordinate to the male income earner. When women do not adhere to the family ethic ideal (i.e., having children outside of marriage) then they are no longer considered to part of the deserving poor.

Dramatic changes in family structure (largely resulting from the increase in the divorce rate and the societal acceptance of sex outside of marriage) began in the 1960s and marked an increase in nonmarital childbearing. Due to this demographic shift the prevalence of single parent families, usually mothers raising their children, began to increase. In addition to the shifts in marriage rates, women started entering the workforce in record numbers. The convergence of these two phenomena created a change in the prevailing view of means-tested welfare. Whereas in the beginning of the 20th century welfare was designed so that women, primarily widows, could stay home to raise their children, the focus in the late 20th century, had changed to mothers working outside of the home to provide for their children. Inherent in this shift is the notion that the undeserving poor (women who have children outside of marriage)[5] should have to earn income to provide for their children instead of relying on welfare benefits.

Welfare and the increase in out-of-wedlock child bearing

Over the past fifty years the rate of out-of-wedlock births has increased dramatically in the United States, with the greatest acceleration occurring in the last twenty years (Bachrach, 1998). During the past two decades means-tested welfare programs have been blamed for this increase in nonmarital childbearing. However, there is no consensus on the actual effects welfare may have on marriage rates (Moffitt, 1998). It has been argued that on an intuitive level it makes sense that welfare would decrease marriage by making it possible for women to support themselves and their children without the presence of the father (Moffitt). Unfortunately, it is difficult to trace the exact nature of welfare benefits on marital decision making since there are too many factors to control for in an empirical analysis. Primarily, it is unclear whether individuals who marry have characteristics that make them more likely to marry. For example, men who are married have better employment rates and are less likely to miss work. However, it is not clear whether the characteristics that make them more likely to marry also make them better employees (e.g., more stable) (Ahtituv, & Lerman, 2003). This possible selection bias accounts for some of the uncertainty in empirically measuring changes in marital decisions.

Whether or not welfare has been responsible for the increase in nonmarital childbearing is unclear, however, this has not prevented policymakers from focusing on welfare as the primary reason women are having children outside of wedlock. The

[5] While there was an increase in the divorce rate during this period, divorced women were still largely considered to be part of the deserving poor since they followed the social norm of having children inside of marriage (Abramowitz, 1996).

expansion of welfare programs that occurred in the late 1960s and 1970s is often blamed for the decrease in marriage rates among low income women (Ooms, 2002). Conservative policymakers have taken the position that government has become a substitute for a male wage earner undermining a father's responsibility to provide for the family (Ooms, Cott, 2000). The passage of the 1996 welfare reform legislation, with its emphasis on the importance of marriage and the reduction of nonmarital childbirth, was a response to the changes in demographics over the last fifty years.

Marriage and TANF

Since the enactment of PRWORA there has been a significant decrease in the rate of children living in single parent families. Between 1997 and 2002 the number of children under the age of five living with a single mother declined by 3.8 percent (Acs & Nelson, 2003). This may be due in part to the 1.2 percent increase in children who are living with cohabiting parents (Acs & Nelson, 2003). Changes in living arrangements were most significant for children with the highest poverty rates. The percentage of these children living with a single mother decreased by 6.7 percentage points (from 48.5 percent to 41.7 percent) between 1997 and 2002 (Acs & Nelson). While the rate of children living in single family homes may have decreased, it is not clear that these changes are the result of welfare reform.

A synthesis of six studies examining TANF programs conducted by Gennetian & Knox (2003) found that welfare reform programs did not affect marriage or cohabitation rates among women participating in welfare-to-work programs, this finding extended to different subgroups of families and populations. Of the women who participated in welfare to work programs in the states under investigation about 80 percent were neither married nor cohabiting four years later. In addition, this meta analysis found that a higher earning disregard and expanded eligibility requirement for two parent families did not have a significant impact on marriage or cohabitation rates among this group. This finding suggests that financial incentives for marriage may not have had a large impact on overall marriage rates.

Marriage and poverty

Demographic changes related to decreased entry into marriage and increased non-martial childbearing in the last forty years are associated with a negative influence on economic well being. Nonmarital childbearing increased by 28.2 percent between 1940 and 1996 (3.8 percent to 32 percent) (Horvarth-Rose & Peters, 2001). The percentage of children living with both parents was 68 percent in 1998 (Lang & Zagorsky, 2000). These changes are the result of several factors, including an increase in non-marital childbearing and cohabitation (rather than marriage), higher ages for entry into marriage, and greater divorce rates (Lerman, 2002c). It is estimated that approximately 50 percent of all children will spend some part of their youth in a single parent family (Lerman).

The U.S. Census Bureau (2000) estimates that 39.7 percent of children who are living in single parent families are poor compared to 8.1 percent in two parent families. Women who have their first child before marriage are more likely to be poor (30 percent) than women who have their first child after marriage (8.4 percent) and women who are childless (4.6 percent)

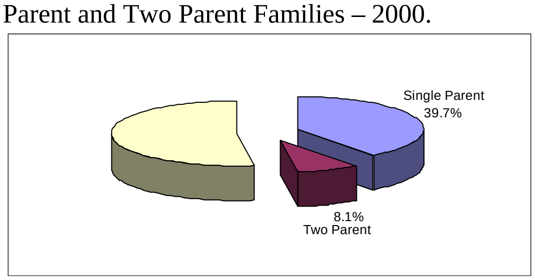

Figure 3: Percentages of Poor Children Living in Single Parent and Two Parent Families – 2000.

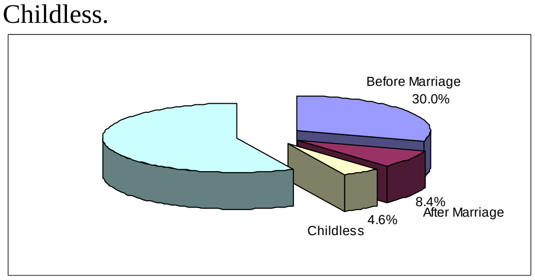

Figure 4: Percentage of Poor Women based on First Child Born Before or After Marriage or Remaining Childless.

(Lichter, Graefe, & Brown, 2003). In addition, women who have their first child outside of marriage are more likely to receive welfare benefits (Lichter, Graefe, & Brown, 2003).

The rate of children living in single parent families has been connected to an increased poverty rate among children. Thomas and Sawhill (2001) found that if marriage rates continued at 1970s level, poverty rates for children would be 3.5 percent lower than they are today. However the belief that the economic benefits of marriage would extend to low income women is somewhat controversial (as low income women are likely to marry low income men). Edin (2000) believes that low income men are too poor and too limited in the job market to make a significant contribution to low income households. However, while an additional member to the household who does not bring in any income into the family may be financially detrimental, Lerman (2002a) found that a second earner only has to contribute $2,000-3,700 to make a significant difference to a low income household.

Divorce and separation also have an impact on financial well being. It was found that women who have a child outside of marriage and subsequently marry are better off than women with children who never marry, but they do not do as well as women who did not have a nonmarital birth (Lichter, Graefe, & Brown, 2003). Women who do not marry within a short period of time after their first child is born decrease their chances of a long-term marriage (Fein, et al., 2003). Additionally, women who have children before they are married are more likely to be divorced than women who have children after marriage (Lichter, Graefe, & Brown). Graefe & Lichter (2002) found that only 30 percent of mothers who had children as teenagers and later married were still married at age 40. Poverty and the receipt of welfare are higher for women who were married after having a child out-of-wedlock and subsequently divorced (Lichter, Graefe, & Brown, 2003). While marriage does decrease poverty for women who have a child out-of-wedlock and stayed married, the women who married and were later divorced faced greater economic hardships than those who never married (Lichter, Graefe, & Brown, 2003).

While studies indicate that marriage is significant in the reduction of poverty for low income women, these findings should be examined closely. Inherent in these results may be a selection bias. Data from the Fragile Families and Child Wellbeing Study has found that there are many important differences between married and unmarried couples. Primarily this study found that unmarried mothers and fathers were younger, had less education, lower median wages, and a higher incidence of drug or alcohol problems (Sigle-Rushton & McLanahan, 2003). Waite & Gallagher (2000) found that men and women who were more educated and had greater earnings potential were more likely to be married. While these studies demonstrate that marriage may increase economic well being, there is no way to determine if marriage is responsible for the higher earnings or if men and women with more economic potential are more likely to marry.

Cohabitation

There is a growing concern among policymakers that marriage is being replaced by cohabitation which is considered to be less stable and not as beneficial to families. It is true that as the rate of cohabitation has increased as the rate of marriage has decreased (Fein, et al., 2003). In 1999, six percent of all children lived with cohabiting parents, an increase of 2.5 percent within the last decade (Acs & Nelson, 2001). Cohabiting couples are more susceptible to disruptions in families than married couples. These relationships are shorter in duration when compared to marriage; approximately 17 percent of cohabiting couples break up within three years and more than half end within five years (Bumpass & Lu, 2000, Smock, 2000).

A study by Bauman (1999) examined how poverty rates would change if cohabiting couples were counted as a whole family unit in the census. The study found that there would be 1.1 percent reduction (from 13.3 percent to 12.2 percent) in the poverty rate for single parent families if the income of cohabiting partners was included in the census. However, this study assumes income sharing among cohabiting couples. Winkler (1997) discovered that cohabiting couples are less likely to share income than their married counterparts although the combining of resources was more common in couples that cohabitated for a longer period of time.

Women's views of marriage

There is a view among policymakers that women heading single parent families have little respect for marriage and government needs to promote the benefits of marriage to low income couples to help them make more responsible family decisions (Ooms, 2001). However, new qualitative research (Gibson, Edin, & McLanahan, 2003, Sams-Abiodum & Sanchez, 2003) examining the reasons behind women not marrying seems to dispel the theory that marriage is not important to low income women. Rather than not valuing marriage, several studies have shown that low income unmarried parents place a high importance on marriage and foresee getting married in the future (Gibson, Edin, & McLanahan, 2003, Mauldon, et. al., 2002, Edin, 2000). It is estimated that more than two thirds of unmarried women receiving welfare expect to marry (Mauldon, et al., 2002). Sixty-one percent of women who have received welfare in the past year said that they believe that people who want children ought to get married (Wertheimer, et al., 2001). Although women who have received welfare are more likely then other women to believe that marriage is not essential to raise children (Wertheimer).

Respect for marriage is one of the primary reasons low income couples delay marrying. Using data from the Fragile Families and Child Wellbeing Study and the Time, Love, Cash, Care, and Children study, it was found that among couples interviewed, having a child was not a good enough reason to marry and that a decision to marry should be made based on the health of the couples' relationship (Gibson, Edin, & McLanahan, 2003). While 69 percent of the mothers and 76 percent of the fathers believed that their chances of marrying their partner were "good" or "certain" only 11 percent of the couples interviewed were married a year after their child was born. The primary reason cited for not marrying (32 percent of mothers and 28 percent of fathers) was financial difficulties, overwhelmingly couples wanted to be financially stable before they married (Gibson, Edin, & McLanahan, 2003).

An earlier study (Edin, 2000) conducted interviews with over 130 low income women to investigate their views on marriage. Four reasons for the reluctance to marry were cited: affordability, respectability, trust, and control. As stated previously income played a major role in determining marriage. Women were reluctant to marry if their potential spouse could not provide a good income or if his presence in the home reduced the level of welfare benefits the family currently received. Many of the women interviewed for the study saw marriage as a means of improving their social standing within the community. The women interviewed believed that the men they associated with would not be able to provide greater respectability and could potentially damage their standing in the community. Lack of trust has been cited in different studies as a barrier to marriage for low income marriage (Sams-Abiodum & Sanchez, 2003, Scott, et al., 2001). Many women experienced physical abuse and/or infidelity from men in their lives and were hesitant to enter into marriage if they believed that the man might cheat or become abusive. Finally, women were not willing to risk that once married they would no longer have control over household finances and decisions related to child rearing (Scott, et al., 2001). Generally, low income women believed that it was unlikely they would find a good husband and were not willing to risk marriage if it brought greater hardships for them and their children.

Most studies suggest that while economics is not the only basis for marital decision making, it is an important component in deciding whether a woman chooses to marry. According to Lichter, et al. (2003) only 1 in 10 low income women will marry men who will have the education and earnings potential to raise their economic status. Even if many low income women do marry and continue working they would still be poor or near poor (based on federal poverty measures) (Sigle-Rushton & McLanahan, 2003). In addition, marriage may only be a short term solution for reduction of the welfare rolls. A 1996 study (Harris, cited by Lerman, 2002c) found that over 50 percent of all women who left welfare due to marriage or cohabitation returned to welfare within 5 or 6 years. As most women on welfare already report a desire to marry it seems that policies which emphasis marriage may be redundant and would not have much of an impact on this particular population.

This study seeks to expand on the current literature that explores the financial implications of marriage for different low income families. This research will explore the economic impact of marriage by simulating the economic situations of eight different family types to illustrate how family income would change as a result of marriage. This study will be guided by Rational Choice Theory, a largely economic based theory that has gained recognition in the social sciences and been applied to many subjects. Rational Choice Theory will be used within this study as a basis for examining why financial disincentives may prevent low income women from entering into marriage and how these disincentives may have an affect on marriage rates.

Rational Choice Theory

The roots of Rational Choice Theory can be traced back to the work of Max Weber (1947) who built social theories based on the assumption that there are different types of action that are rational. Weber's discussion on the rationality of action was expanded upon by Talcott Parsons (1937) and continued to evolve over the next several decades. However it wasn't until 1961 with the work of George Homans that RCT was brought to mainstream sociological thought. Homans' work creating the framework for exchange theory became the basis for the work of modern RCT theorists such as James Coleman.

Coleman (1989), a main proponent of Rational Choice Theory, believed that RCT could use a micro level base to explain macro level social phenomenon. His theory explains how macro level actions limit the individual on the micro level and the connection of relationships, particularly how the actions of one individual impact the actions of another. The basic tenet of Coleman's theory is that "persons act purposively toward a goal, with the goal (and thus the actions) shaped by values or preferences (1990, p. 13)." There are two major elements in Rational Choice Theory: actors and resources.

Resources are the things that actors have some control over and in which they have an interest. Actors and resources interacting is the basis of social structures (Coleman, 1990). Although, Rational Choice uses an economic model to explain behavior, this theory has been generalized and used throughout various social science disciplines.

Boudon (2003) describes Rational Choice Theory as consisting of six major assumptions:[6] individualism, understanding, rationality, consequentalism, egoism, and maximization. Understanding is the assumption that social phenomenon is the result of individual actions. Second, all actions can be understood, even if all actions are not explicitly understood as being rational. Rationality assumes that all actions are rational from the perspective of the individual. Rational Choice Theory assumes an actor considers the consequences of his/her actions and his/her reasons derive from this consideration, this is consequentalism. Egoism is the view that actors are concerned primarily with the consequences that affect them personally. Finally, maximization is the assumption that actors are able to determine the costs and benefits of every action and then choose the action that has the most personal benefits.

Rational Choice Theory has been useful in determining when government policy should be used in addressing a particular social phenomenon and as a tool for evaluating public policy (Neiman & Stambough, 1998). For proponents of this theory Rational Choice has become the preeminent method of answering questions such as: when should government start to interfere with matters that were previously outside of the public realm; how does government accomplish these policies; and how are the outcomes of a policy decision assessed (Neiman & Stambough). Under this theory policies are

[6] Boudon refers to these assumptions as postulates.

evaluated based on maximization of their benefits (creating the greatest public good) when compared with potential costs.

While RCT has been used to explain individual decision-making, there has been some heated criticism of Rational Choice Theory (see Tilly 1997, Heckathon 1997). The two primary criticisms of Rational Choice are that the theory is reductionistic in determining individual motives and that this approach makes assumptions that are not fully realized. Critics argue that the egoism that guides actors under this model does not account for any altruistic motives, that Rational Choice treats all actors the same regardless of personal history. In addition, the assumption that individuals have perfect information before making decisions has been highly criticized; detractors argue that there is no such thing as perfect information and that under this model the collection of information would lead to 'information overload' preventing any actor from making a rational decision. While the Rational Choice Model, like all theoretical models, has some weaknesses; this theory is useful in the discussion of marriage decision making and how the individual and social structures interact to influence marriage choices and underscore the rational nature of marriage decision making.

Becker (1981) applies Rational Choice Theory to marital decision making and concludes that rational choice is at the heart of all marriage decisions. Becker believes that a person will marry only if she believes that her position will be greatly improved by marriage when compared to staying single.[7] People use rational thought to weigh the consequences of marital choice based on the maximization of marriage versus not marrying. According to Becker, this theory can also be applied to a woman's decision on

[7] Rational choice theory applies equally to men and women when applied to marriage. For the purposes of this paper the feminine will be used.

who she will marry. If confronted with two choices a woman will weigh the respective benefits of each spouse and will choose her spouse based on the optimization of benefits.

Peggs & Lampard (2000) expand on the applicability of the Rational Choice Model to marriage decisions among individuals. Using qualitative data obtained from 81 men and women who were married or cohabiting, researchers aimed to show the utility of using Rational Choice Theory in explaining marital decision making. Peggs & Lampard expand upon the traditional economic model of rational choice to develop a multi-dimensional rational theory that incorporates factors such as culture and emotion. To address the concept of maximization into marital decision making the authors describe “satisfice” as a more appropriate means to describing optimization. Satisfice is when an individual chooses the first satisfactory alternative rather than exploring all options before determining which alternative maximizes the benefits. This concept is useful in examining how an individual chooses a partner, since it is impossible for a woman to meet all of her potential partners before making a decision. Using this explanation marriage decisions are based on the benefits of choosing a partner based on the costs of staying single or waiting for a potentially better partner. A recent study by Gould and Paserman (2003) reinforced the importance of economics to marital decision making. These authors found that in major cities there was a positive relationship between male wage inequality and the likelihood of a woman never marrying. One of the reasons cited by the authors for this relationship is that as poor men get poorer they become less attractive as potential partners and estimated that 30 percent of the decline in female marital rates can be attributed to male wage inequality.

Rational Choice Theory has also been applied to the use of services among welfare recipients in Milwaukee, Wisconsin (Gibson & Weisner, 2002). This study found that participants in the welfare-to-work program used benefits based on their own personal cost benefit analysis. Authors found that participants only took welfare services if those benefits reflected the cultural norms and personal goals and values of participants. Bane and Ellwood (1994) use Rational Choice Theory to explain the increase in out-of-wedlock childbirth by relating it to prevalence of public assistance. The authors suggest that it is “rational” for a woman to have a child outside of marriage if welfare benefits are available to support the child. In addition, Bane and Ellwood argue that a rational female would avoid marriage if the man was not able to financially support his family.

Peggs & Lampard (2000) describe how cultural considerations become part of our rational actions. Since individuals internalize the norms and values of the culture these values are imbedded into our decision making. Therefore any decision that embraces the culture of a particular actor would be considered rational from the point of view of the actor. For instance, a woman may decide that since marriage is socially valued she will get married. Emotions can also be part of our rational decision making according to the multidimensional model of rational choice. Individuals can feel passionately about the rational choices they make, in fact emotions are the basis for us to make decisions. Using this multi-dimensional perspective Peggs & Lampard determined that social-psychological, cultural, and political considerations as well as economic considerations can be applied to Rational Choice Theory when analyzing marriage decisions.

As part of this study Rational Choice Theory provides an explanation for why this study will be an important contribution to our current literature. If, as Rational Choice Theorists suggest, a woman will not marry if it is not in her best interest financially then welfare polices should be written to reflect this perspective. Marriage promotion programs, as they are currently conducted, focus on the interpersonal reasons a woman chooses not to marry (e.g. lack of trust with her partner, poor communication). According to RCT these programs need to be envisioned to incorporate the financial disincentives to marriage that may exist for low income women.

This study seeks to investigate whether such a financial disincentive to marriage does exist in the welfare policies of six states and how such a disincentive could affect a low income woman’s decision to marry. This literature review underscores the historic complexity of marriage and welfare policies in the United States and outlines many reasons for the increase in nonmarital childbearing. Reasons presented in this review include: the social acceptance of child bearing outside of marriage and the increase in cohabitation rates. In addition, low income women cited financial considerations, histories of domestic abuse, and lack of control over how their households are run as reasons for not marrying. While many different reasons for the reluctance to marry have been cited, this study will focus on the financial implications of marriage for women receiving public welfare benefits. By using a case study methodology, informed by the literature and theoretical perspective presented here, this research seeks to describe why marriage may not be financially beneficial for families receiving welfare and how public policies may be creating a disincentive to marriage for low income women.

Chapter Three
Methodology

Marriage and government have a long intertwined history. Government has long been actively involved in maintaining marriage as the social norm in this country. Dating back to the formalization of welfare policies (the Social Security Act of 1935) women receiving welfare were separated into two groups: the deserving poor and the undeserving poor. The deserving poor were women who had children within marriage while the undeserving poor were women who had children outside of marriage. Our dedication to marriage as the social norm continues into today's welfare policies. To understand how welfare policies affect marriage rates, this research hopes to illuminate one aspect of marital decision making, specifically, whether it is in the best financial interest for low income women to marry.

Current study

This study will investigate the procedures and policies in the administration of welfare benefits of six states to determine how marriage changes the financial circumstances of women who marry, live as single parents, or cohabitate. The case study methodology used for this study is considered a particularly useful method when the investigator is looking at current social phenomena and gathering data from multiple sources. For this study each of the six states is considered a case under investigation; the unit of analysis is each of the eight different family structures being analyzed.

The study is guided by Rational Choice Theory (RCT). RCT is a theory that is widely used within the social sciences and is considered to be useful on both the micro and macro level (Coleman, 1989). The central proposition of RCT is that individuals or actors make decisions based on the maximization of their resources. When applied to marriage, this theory maintains that women will marry only if it is in their best economic interest to do so. While not directly testing the likelihood of marriage among poor women, this study will demonstrate whether marriage may put women at a financial disadvantage, thereby creating a barrier for low-income women to marry. Using a case study methodology guided by Rational Choice Theory (RCT) this study will investigate the feasibility of marriage for low-income women.

Research questions

The purpose of this study is to determine if marriage is financially beneficial for low-income women and to describe how public policies may be creating a disincentive to marry. The primary research questions to be answered are:

- Is it financially beneficial for a low-income woman who is receiving TANF and other in kind benefits to enter into marriage?
- How does the imposition of time limits affect different low income families?
- How does net income change for low income families as wages change?
- Will marriage reduce poverty for a single parent family?
- Do our current poverty measures accurately reflect the situation of different low income families?
- What are the economic benefits of marriage versus cohabitation?
- Is it financially beneficial for a fragile family to marry?
- Overall, which family type fares best financially in each of the states under investigation?
- How can public policies better support marriage among low income families?

Case Study

A case study methodology is used to answer the questions that guide this research. Case studies are used in many situations to increase our knowledge of "individual, group, organizational, social, political, and related phenomena (Yin, 2003, p. 1)." This methodology is particularly useful in examining complex social phenomena, particularly contemporary events (Yin, 200, Gillham, 2000). Yin (2003) describes case study as an "empirical design that investigates a contemporary phenomenon within its real-life context (p. 13)." A benefit to the use of case study methodology is the ability to use multiple cases to answer your research question (Gillham, 2000). The cases under investigation can range from an individual to a large scale community.

Case study is a main method that seeks a range of different kinds of evidence (Gillham, 2000, Yin, 2003). Yin (1994) describes case study as a useful method when "the number of variables of interest far outstrips the number of data points (p. 13)." For this study information is retrieved from a variety of sources including public reports and regulations, literature reviews, and governmental agencies. The multiple sources of information will allow for the collection of data that best answers the research questions. The use of multiple sources of information is a hallmark of case study research (Gillham, 2000).

Yin (1993) describes three general approaches to designing case studies. These are exploratory, explanatory, and descriptive case studies. This study uses the descriptive case method. This type of case study is used when the researcher seeks to explain cause-effect relationships (Yin, 1993). In the current study the descriptive case study method is used to illustrate how public welfare policies may affect a low income woman's decision to marry. Pychea (1998) suggests in his examination of special education programs that each investigator should begin this type of case study with a descriptive theory. Building on Rational Choice Theory this study will describe how the policies of public welfare programs may affect martial decision-making for low income women by creating a financial disincentive to marry.

Within the case study main methodology a content analysis is used to determine the benefits and eligibility requirements for women receiving public benefits. This analysis was conducted on various state and federal policies. According to Bailey (1978) the goal of content analysis within policy analysis is “to take a verbal, non-qualitative document and transform it into quantitative data (p. 276).” Weber (1985) describes content analysis as “a set of procedures used to make valid inferences from text (p. 9).” Using content analysis methods, the regulations guiding public benefits are translated into the actual income a family is expected to receive and determine how income changes as family structure changes.

The case study methodology was selected for this study as the best way to describe the situation of low-income women receiving TANF in the United States. By treating the six individual states as different cases this design allows for a thorough investigation into the financial situation facing low-income workers and their children and illustrates how benefit regulations impact these families.

Cases

A feature of the case study method is the ability to select different cases that the investigator hypothesizes will best illustrate the phenomena under investigation. For the current study, cases are included that belong to various geographical/regional areas, have diverse populations, are already using TANF funds for marriage initiatives, or have a history of progressive welfare measures. These characteristics will highlight how different states implement and create marriage promotion legislation and the affects of this legislation on low income women. Using a multiple case study method (as described above) six states are included in the analyses, New York, California, Arizona, Oklahoma, Wisconsin, and Virginia (Table 1).

Table 1: Cases included in the analysis.

	Removed 100 hour rule	Removed work history requirements	Changes in two parent TANF eligibility	Marriage initiatives using TANF funds
Arizona	Yes	No	No changes	Established the Marriage and Communication Skills Program
California	No	Yes	Established separate state program for two parent families.	Small grants for couple and marriage education for adults.
New York	Yes	No	Eligibility based solely on financial basis	Small grants for couple and marriage education for adults.
Oklahoma	Yes	No	Disregards income of a new spouse for first three months of marriage in determining eligibility.	Has set aside $10 million in funds in commitment to reduce the rates of out-of-wedlock births and divorce.
Virginia	Yes	Yes	Eligibility based solely on financial circumstances.	$1 million to fund initiative to reduce out-of-wedlock births.
Wisconsin	Yes	Yes	Eligibility based solely on financial circumstances.	None

New York and California were selected due to the state's respective population size, ethnic and racial diversity, and geographic region. The population of New York is approximately 19 million people, 48% is considered to be non-White (United States Census Bureau, 2004b). 14.6% of the population of New York is considered to be living below the federal poverty level, this is 2.2 percent points greater than the entire population of the United States (United States Census Bureau, 2004b). Since 1996 New

York has eliminated its 100-hour rule[8]and has changed requirements so that TANF eligibility is determined solely on a financial basis (Ooms, Bouchet, & Parke, 2004).

California has a population of approximately 35 million with more than 50 percent of the population considered to be a member of a minority group (United States Census Bureau, 2004a). In 1999, it was estimated that 14.2% of the population live below the poverty level in California, this is 1.8% greater than the poverty rate for the entire nation (United States Census Bureau, 2004a). California has not eliminated the 100-hour rule requirement for two parent family eligibility but has removed work history requirements[9] (Ooms, Bouchet, & Parke).

Arizona and Oklahoma were selected as states that have directly used TANF funds for marriage promotion purposes. Arizona authorized the Legislative Marriage Initiative in 2000 that established the Marriage and Communication Skills Program using $1.15 million in TANF funds (Ooms, Bouchet, & Parke, 2004). The Marriage and Communication Skills Program provides marriage support and education activities, primarily workshops to couples on marriage education, communication skills, and domestic violence. Workshop fees are waived for families whose income is 150 percent of the federal poverty level (Ooms, Bouchet, & Parke).

Oklahoma has set aside $10 million in TANF funds to support a commitment by Governor Frank Keating to reduce the rate of out-of-wedlock childbirth and divorce rates by one-third by 2010 (Ooms, Bouchet, & Parke, 2004).[10] The state eliminated the 100-

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[8] This rule established that a family was eligible for welfare benefits if the parents were considered unemployed, meaning they were working less than 100 hours per month and if the parents met certain work history requirements (Ooms, Bouchet, & Parke, 2004).

[9] Work history requirements specify that a two parent family may be eligible for benefits if the “principal wage earner” had six or more quarters of work within the last 13 calendar quarters or was qualified to receive unemployment within the last year.

[10] Oklahoma has the highest divorce rate of any state in the union (Kahan, 2002).

hour rule but has retained the work history requirements for two-parent eligibility, although a pilot program is now being conducted to determine the effectiveness of eliminating the work history requirements. As a marriage promotion tool, Oklahoma also disregards all income of a new spouse for three months (Ooms, Bouchet, & Parke).

Wisconsin was selected for its geographical region (Midwestern United States) and its progress in promoting welfare reform measures prior to 1996 through the use of "super waivers." This state has a history of more progressive welfare reform initiatives (particularly related to policies such as child support). Wisconsin has changed TANF requirements so that eligibility is based exclusively on financial circumstances. Both the 100-hour rule and work history requirements have been eliminated (Ooms, Bouchet, & Parke, 2004).

Virginia is included in the analysis to represent the southeast geographic region of the country. In addition, this state provides approximately $1 million per year of TANF funds to a Department of Health initiative to reduce the number of out-of-wedlock births among adults aged 20-29 (Ooms, Bouchet, & Parke, 2004). Virginia has eliminated both the 100-hour rule and work history requirements, eligibility is based solely on financial circumstances (Ooms, Bouchet, & Parke).

Each of these states/cases has been selected to illustrate the financial situations that low-income women face in different regions of the country. This selection is not meant to be all inclusive, simply to provide as broad a picture as possible of the various TANF regulations in the country and how these regulations translate into the lives of low income women.

Family structures to be investigated

For this study different family structures are the unit of analysis. Eight different family formations are simulated and the expenditures and income of each family is estimated. These different family structures include:

- A single woman with two children who is a low wage worker and TANF recipient (Family Type 1).
- A single mother with two children receiving TANF benefits (Family Type 2).
- A cohabiting couple both of whom are low wage workers with two children (Family Type 3).
- A cohabiting couple with only one wage earner with two children (Family Type 4).
- A married couple both of whom are wage earners with two children (Family Type 5).
- A married couple with one wage earner and two children (Family Type 6).
- An unmarried cohabiting couple of with an infant (the unmarried fragile family) (Family Type 7).
- An married couple of with an infant (married fragile family) (Family Type 8).

The income of each of the families types is computed at both the low wage rate for the area the family lives in and at the minimum wage rate for that state. Each of these families has been included in the analysis to demonstrate a diversity of living situations. These various family types will provide a basis for comparing the impact of marriage on the financial picture of these different family structures.

Family Type 1 - The first structure is an unmarried single woman with two children. Approximately 80 percent of the mothers who head single parent families work either full time (47 %) or part time (32 %) (Roberts, 2001). Despite the work effort put forth by these mothers over 32 percent of single parent families are poor or near poor[11] (Roberts, 2001). The income of the family is calculated based on wages from one worker with all the benefits the family is eligible for and recalculated assuming that the family has reached the time limit for benefits in that state. This will include an examination of

[11] Defined as incomes below 200% of the Federal Poverty Level.

the differences in income for families when they reach their TANF time limit and how the time limits will affect the family's income (including likely child support payments).

Family Type 2 - This structure is a single mother with two children who is receiving TANF benefits. The United States Census Bureau (2000) reports that nearly 12 million mothers are raising children in single parent families. About 38 percent of single parent families participate in at least one public assistance program such as TANF, Medicaid, Food Stamps, public housing, or general assistance (U.S. Census Bureau, 2000). It is assumed that this family is exempt from TANF time limits and is eligible for all TANF related benefits (e.g. Medicaid). There is no income from wages or tax credits under this structure; the only income is through the subsidies the family is eligible for in each state.

Family Types 3 and 4 – The third and fourth type of family structures are that of cohabiting couples living with two children inside the home.[12] Approximately 50 percent of children that are born outside of wedlock are born to cohabiting couples (Anderson Moore & Jekielek, 2002). Two different structures of cohabiting couples are examined. The first assumes that there are two low-income wageworkers, however, TANF and other benefits are calculated based on one wageworker and a family size of three (Family Type 3). The second assumes that there is only one wage worker and benefits are calculated based on a family size of two (Family Type 4). Under this situation it is assumed that the mother is applying for benefits on behalf of her and the children and is not including the income of the live in partner. For the family with one wage worker it is assumed that the worker will apply for tax credits based on his own wage and is not declaring the children

[12] It is assumed that the children are the biological children of the cohabiting couple.

to receive a larger tax credit.[13] In the cohabiting couple with two wage workers the tax credits are based on the income of the mother who is claiming her two children as dependents for tax purposes, making her eligible for a much larger credit. The economic situation of the cohabiting couples is compared with the married couples to illustrate the difference marriage makes in reducing poverty. An additional analysis of how benefits change once the family has reached the time limit for benefits is included.

Family Types 6 and 7 - The sixth and seventh family structures analyzed is a married couple with two children. Income of married couples is calculated two different ways – as both single and dual wage earner families. It is assumed that the family are receiving the maximum TANF benefits for which they are eligible. The comparison of a cohabiting couple and a married couple will demonstrate the change in income for couples choosing not to marry compared to married couples.

Family Types 7 and 8 - Recent literature (Gibson, Edin, McLanahan, 2003, McLanahan, 2003, Sigle-Ruston& McLanahan, 2003) has described the phenomenon of "fragile families." Fragile families are low-income unmarried couples with small children who are cohabiting (Parke, 2004). These families are at greater risk of poverty and dissolution than their married counterparts (Parke). To further examine the economic status of fragile families a simulation of the income of a married fragile family (single low-income wage earner who is married and has a small child) are analyzed and compared with the financial situation of an unmarried fragile family. An unmarried fragile family has a cohabiting partner who is a low wage earner and the mother is receiving benefits based on a family size of two (for her and her infant). In this situation

[13] Since the mother is not declaring the income of the live in spouse when applying for benefits it is assumed that the live in worker will not declare the children as dependents for tax purposes.

benefits are calculated for both family types when the family is eligible for full benefits and after the family has reached the TANF time limit in each state.

These family structures were selected to demonstrate how policies affect different family structures. When investigating the benefits and expenditures of each family type, it is hoped that the selection of these varied family structures will illustrate how marriage may or may not be financially beneficial for families.

Model

For each family structure the expenditures and possible income sources are calculated to determine the financial circumstances of families receiving TANF and other in-kind benefits. Expenditures include: housing, food, taxes, medical expenses, transportation costs, child care (where applicable), and miscellaneous expenses (calculated as 10 percent of all other expenses). Sources of income include: wages (at both a low wage and minimum wage rate), TANF benefits, healthcare subsidies (e.g., Medicaid), child care subsidies, transportation subsidies, food stamps, housing subsidies, child support (where applicable), and income from tax credits. Income is calculated with likely benefits and then recalculated to determine the income when the family reaches its time limit and is no longer eligible for public benefits. The different models of likely income will illustrate how net income changes for families once they are no longer eligible for benefits.

Variables under investigation

To examine the economic situation of different family structures income and expenditure variables are created and analyzed. These variables are based on the expenses families incur on a monthly basis (e.g., rent, transportation, health care) and the most likely sources of income or benefits for each family structure (e.g., TANF benefits, wages, subsidies). The discussion that follows outlines each of the income and expense variables used in the analysis and how this information is obtained (for a list of the data sources see Appendix A).

Benefits and wages

Temporary Assistance for Needy Families (TANF)

According to Section 402, Title IV-A of the Social Security Act each state is required to submit to the federal government a plan that outlines how the state will administer their TANF program. This plan describes how the state will provide assistance to needy families with children and provide parents job training, preparation, and work supports. In addition, the plan outlines how each state will determine eligibility, deliver benefits, and work requirements necessary for the receipt of benefits. The plan also assures the federal government that the state is undertaking activities that ensure child support enforcement, foster care assistance, and fraud prevention standards. The plan for each state is submitted to the Secretary of the federal Department of Health and Human Services and is made available to the public through the state's website. The TANF benefits for each state can be calculated based on the annual plan each state submits to the federal Department of Health and Human Services. Calculations are based on wage, family size, and other applicable income deductions.

Self-Sufficiency Standard

The self-sufficiency standard was created as a tool to determine how much income is necessary for a family to pay all of their expenses in different regional areas of the country. Rather then using the federal poverty measure as an objective gauge of what it means to be ‘poor’ this standard seeks to determine the real situation of families by including the cost of items the federal poverty measure does not account for – particularly the costs of necessities such as housing and child care (Pearce & Brooks, 2002). The standard examines the point at which families are able to reach economic independence, without private or public assistance (Pearce & Brooks). This study used the self-sufficiency standard calculations when determining the transportation and miscellaneous expenses of each family.

Earned Income

Two wage levels are calculated for each family type using Department of Labor statistics of wages for states and localities – low wage and minimum wage. Low-income workers are considered to have a wage that is the 20th percentile for that particular state or locality. The federal minimum wage is $5.15/hour; however a few states have created their own minimum wage. Wage statistics are provided annually through the federal Department of Labor and state labor departments. The two different wage levels are used to better gauge the situation for different types of low income families. It is assumed that younger and more inexperienced workers likely have earnings close to the minimum wage while workers with more experience have a wage that is above the minimum but stills fall into the range of ‘low wages.’

Hourly workers

The earned income calculations are based on a 35-hour work week. This estimate is based on data provided by the National Survey of America’s Families (NSAF). According to a recent study it was found that the majority of former welfare recipients worked at least 35 hours per week (69.4%). It also found that 61.5% of mothers with an income of less than 150% of the federal poverty level and 64.2 % of mothers whose income is less than 200% of the poverty level worked at least 35 hours per week (Loprest, 1999).

Food stamps

Eligibility and benefit amount of food stamps is calculated based on the federal eligibility standard provided by the Department of Agriculture. Total monthly benefits are based on family size and income (excluding TANF and SSI benefits). The maximum benefit for a family of three is $393 and $499 for a family of four.[14]

Health care coverage

Eligibility for state health care programs such as Medicaid are based on the state plan for each program. Links to the state plans for Medicaid are available through the federal DHHS website. Public health benefits are calculated as the cost of participation in an employer sponsored health care system (i.e. the premiums a low wage worker will have to pay to have health benefits for the entire family).

Child care assistance

The Child Care and Development Fund (CCDF) is a federally funded program that provides assistance for low-income families in obtaining child care (Child Care Bureau, 2004); families receiving TANF benefits, and families transitioning from TANF into workfare. States can put a portion of their TANF funds into the CCDF or use TANF monies directly to subsidize childcare costs. A detailed plan must be submitted to the federal department of Health and Human Services every two years. The availability and eligibility of childcare assistance is determined using state plans submitted to the federal

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[14] It is assumed that in cohabiting families the unmarried partner will not be applying for food stamps as a single individual since his is likely ineligible based on his income.

department of Health and Human Services. Each state must report a plan for Child Care Development Fund (CCDF) monies used. This plan contains eligibility criteria and the amount of assistance provided to families within the state.

Transportation assistance

Transportation assistance (if available) is determined by examining the TANF plan each state provides to the DHHS. The amount of assistance available is subtracted from the costs of transportation (calculated using the self-sufficiency standard) to determine transportation benefits.

Housing assistance

The amount of subsidy received by each family is based on data provided by the state and municipality housing development board. Each county and locality has a local development board that receives some funding from DHHS. The assistance provided by each housing authority is estimated based on the eligibility requirements of the local housing authority.

Child support

State TANF laws differ on the amount of child support given to a family receiving welfare. Child support is counted with each state's policy regarding the applicable amount of pass through (child support collected by the state that is given directly to the family) each family is expected to receive.[15] The pass through amount each family is likely to receive is reported in the state TANF plans, estimates of child support is calculated based on information provided in the state plan.

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[15] For the cohabiting unmarried couples child support is not calculated as a separate income/expense since the benefit to the mother and expense to the father results in the same net income for the family.

Earned Income Tax Credit[16]

The income from the Earned Income Tax Credit (EITC) is calculated and considered to be part of the each family's monthly income each family. The EITC is a refundable tax credit (meaning that individuals may receive the tax credit even if they do not owe any money in federal income taxes) for low-income workers with children. This tax credit provides up to $2,547 for a family with one child, up to $4,204 for a family with two or more children and up to $330 for a family with no children.

Expenditures

Housing

Housing costs are based on the Fair Market Rents (FMRs) published by the federal Department of Housing and Urban Development (HUD). The housing rate is the cost of shelter plus the cost of all utilities (excluding telephone). The FMR is set at the 40th percentile for the rent distribution of rental housing units and is adjusted annually for inflation based on the Consumer Price Index (CPI).

Food costs

Food costs are based on the Thrifty Food Plan provided by the federal Department of Agriculture. This plan is the basis for Food Stamp expenditures and is used in calculating the federal poverty level. As devised, this plan is based on minimal

[16] In addition to the EITC two new tax credits are newly available for families, the Child Tax Credit (CTC) and the Child Care Tax Credit (CCTC). The CTC provides up to $1,000 per year from federal income taxes that are owed for families whose annual income is between $27,000 and $110,000. The CCTC allows parents to deduct a portion of their child care costs from the federal taxes owed. The CCTC is not a refundable tax credit; therefore it is not as beneficial to parents who owe little in federal income tax. These tax credits are not included as income for this study. There is no literature available on utility of the tax credits for low income families, however, it assumed that this credits are primarily a benefit to middle income families.

nutritional standards and may underestimate the costs of actual consumption patterns (e.g. the amount a family spends dining out).

Transportation

Transportation costs are gathered using data provided by the self-sufficiency measure. The expenditures for transportation are based on the costs of owning and operating an eight year old car, including insurance, taxes, registration, licensing costs, as well as, gasoline, oil, and maintenance costs. For this study it is assumed that if two adults are living in a home they will each have their own car, thereby doubling transportation costs.

Taxes

Federal taxes are calculated as $1,000 for income between $10,000 and $37,500 plus 15% of income in excess of $10,000. The applicable state taxes are based on data gathered from the Self-sufficiency Measure for that community.[17]

Health care

Health care costs not covered by federal and state program are based on information published by the Kaiser Family Foundation (Kaiser Family Foundation, 2002). Costs are the likely portion an employee will have to contribute to employer provided heath care within the state. Health care coverage is assumed to cover all of the children living in the home and the employee who is receiving health care as part of her employment package.[18]

[17] Recent literature (Acs & Maag, 2005) has demonstrated that there may be a tax incentive to remaining unmarried. Marriage penalties embedded in the tax code make it likely that if a cohabiting couple chooses to marry that will have a higher tax burden.

[18] The provision of health care coverage for the live in partner is not calculated as part of this study.

Miscellaneous

Miscellaneous expenses are derived from the Self-sufficiency Measure and are calculated as 10 percent of all other expenditures attributed to each family. Items covered under the miscellaneous category include clothing, personal hygiene products, nonprescription drugs, cleaning products, and telephone service. This figure varies based on family size and anticipated expenditures in each state.

Poverty measurements

Eligibility for federal and state programs is based primarily on the federal determination of poverty. The poverty threshold is determined each year by the Census Bureau, the updated figures account for inflation based on the Consumer Price Index (CPI). Income to be included when determining poverty status includes: wage earnings, Social Security benefits, Supplemental Security Insurance, public assistance, child support, alimony, unemployment compensation, and other miscellaneous sources (U.S. Census Bureau, 2004). Income does not include non-cash benefits such as food stamps and housing subsidies. Income is calculated before taxes are deducted. When a person lives with a family member the income of all family is included, however the income of non-relatives is not counted in determining the poverty threshold. The 2004 poverty threshold for a family of three is $15,670/year ($1,306/month) and $18,850 ($1,571/month) for a family of four. While the federal poverty level is widely used in determining benefits and eligibility, this standard has been criticized for not accurately portraying the real situation of low income families (Pearce & Brooks, 2002). The Census Bureau has described the poverty measure as a statistical tool, not a description of what families need to make ends meet (Dalaker, 2001).

Table 2: Net income calculation

Monthly gross income	TANF benefits + wages + child support + tax credits + food stamps + healthcare benefits + housing subsidy + child care subsidy + transportation subsides
Monthly expenses	food costs + medical insurance + child care + housing costs + transportation + miscellaneous expenses + taxes owed
Net monthly income	monthly gross income – monthly expenses

Data Analysis Plan

To understand the financial picture of low income families the earnings and expenditures of each family are determined. The difference between the earnings and expenditures is the net income of the family. The first step in the analysis is the calculation of income from all possible sources, including wages and benefits.[19] Then each family's monthly expenditures are assessed. The difference between the monthly income and the monthly expenditures is the net monthly income of each family for that case (see Table 2). The net income is the basis for comparing the fiscal picture of different family structures. This comparison will help determine which family structure is better off financially and examine the financial implications of marriage for cohabiting and single parent families.

Conclusion

Using the descriptive case study methodology guided by Rational Choice Theory this study seeks to illustrate the financial impact of marriage on low-income couples. It is hoped that the results of this study can be used to inform public policy and demonstrate how current regulations may impact marital decision making among low-income couples. Chapter four presents the findings produced through these research efforts.

[19] For benefits calculations the contribution each family is expected to provide is counted in the expenses while the share provided by the benefit is included in the family's income.

Chapter Four
Findings

In this chapter the financial circumstances of eight different family types (see Table 1 for a description of the family types) across six states (Arizona, California, New York, Oklahoma, Virginia, and Wisconsin) are examined to determine when – and if – it is financially beneficial for low income families to marry. Specifically, the net income of two single parent family types (employed single parent with two children and TANF-only single parent with two children) is compared to the net income of a similar married two-child family (single earner and dual earner). Comparisons are also made between these same single parent and married couple family types, and cohabiting families to examine the effect on net income when there is an earning "partner" in the household but no marriage. A final set of family type comparisons is done between cohabiting fragile families (one earner, one child) and married fragile families. For all these family types two different wage levels (minimum wage and low-wage) are used in the net income calculations, and net income is examined both prior to and after time limits on welfare benefits.

For this analysis family income was calculated as the total of: earned wages, TANF benefits, food stamps, health insurance, childcare, housing, and transportation subsidies, and tax credits. Maximum expected public benefits are used in each income calculation. Total expenses are housing, food costs, child care, health insurance, transportation, miscellaneous expenses, and taxes (see detailed description of expenditures in Chapter 3). The expenses were subtracted from the income to produce the net income. Net income was then recalculated after time limits on welfare benefits take effect.

The chapter begins with a background discussion the calculation of family income sources, including information on wage rates and policies that determine eligibility and income levels for various public benefits across states. Next, comparisons in net income for single, cohabiting, and married families are presented, demonstrating the differences in income at both a low wage and a minimum wage for these different family types. An analysis of the differences between TANF-only families and married and cohabiting families with one earner plus the differences between married and unmarried fragile families are then described. Also included is the impact of marriage on poverty for the different families and the importance of time limits to the long term net income of the families under investigation. The findings described here will inform the discussion presented in Chapter 5.

Table 3: The number of wage earners, adults living in the home, children living in the home, and family size used in benefit calculation for the eight family types under investigation.

	NUMBER OF WAGE EARNERS	NUMBER OF ADULTS LIVING IN THE HOME	NUMBER OF CHILDREN LIVING IN THE HOME	FAMILY SIZE USED TO CALCULATE BENEFITS
SINGLE PARENT FAMILY	1	1	2	3
COHABITING COUPLE	2	2	2	3
MARREID FAMILY	2	2	2	4
TANF ONLY FAMILY	0	1	2	3
COHABITING COUPLE WITH ONE EARNER	1	2	2	3
MARRIED FAMILY WITH ONE EARNER	1	2	2	4
UNMARRIED FRAGILE FAMILY	1	2	1	2
MARRIED FRAGILE FAMILY	2	2	1	3

Table 4: Monthly wage rates and percent of poverty for low and minimum wage workers in the six states under investigation.

	Arizona					
	Low wage			**Minimum wage**		
	Hourly	Monthly	%FPL	Hourly	Monthly	%FPL
One earner	$9.05	$1,267.00	97%	$5.15	$721.00	55.2%
Two earners	$9.05	$2,534.00	161.3%	$5.15	$1,442.00	91.8%
	California					
	Low wage			**Minimum wage**		
	Hourly	Monthly	%FPL	Hourly	Monthly	%FPL
One earner	$10.61	$1,485.40	113.7%	$6.75	$945.00	72.4%
Two earners	$10.61	$2,970.80	189.10%	$6.75	$1,890.00	120.3%
	New York					
	Low wage			**Minimum wage**		
	Hourly	Monthly	%FPL	Hourly	Monthly	%FPL
One earner	$11.03	$1,544.20	118.2%	$6.00	$840.00	64.3%
Two earners	$11.03	$3,088.00	197.0%	$6.00	$1,680.00	106.9%
	Oklahoma					
	Low wage			**Minimum wage**		
	Hourly	Monthly	%FPL	Hourly	Monthly	%FPL
One earner	$8.09	$1,132.60	86.7%	$5.15	$721.00	55.2%
Two earners	$8.09	$2,265.20	144.2%	$5.15	$1,442.00	91.8%
	Virginia					
	Low wage			**Minimum wage**		
	Hourly	Monthly	%FPL	Hourly	Monthly	%FPL
One earner	$9.77	$1,367.80	104.7%	$5.15	$721.00	55.2%
Two earners	$9.77	$2,735.60	174.1%	$5.15	$1,442.00	91.8%
	Wisconsin					
	Low wage			**Minimum wage**		
	Hourly	Monthly	%FPL	Hourly	Monthly	%FPL
One earner	$9.46	$1,324.40	101.4%	$5.15	$721.00	55.2%
Two earners	$9.46	$2,648.80	168.6%	$5.15	$1,442.00	91.8%

Wage rates

In each of the six states under investigation the net income of the different family types was calculated using two wage rates (wage rates are presented in Table 4). The first rate is that of a low wage worker. This is calculated as the 20th percentile of the median wage for that county or metropolitan area. The second wage rate is the minimum wage for each state. Two of the states have a minimum wage greater than that of the federal minimum wage of $5.15/hour - California's minimum wage is $6.75/hour and New York's is $6.00/hour. Table 4 shows the expected hourly and monthly income of the different family types depending on whether they have one or two wage earners.

The percent of the federal poverty level shown for each family type (Table 4) demonstrates that each of these families, whether having one or two wage earners, is living within 200% of the federal poverty level (FPL). Families that fall in this category are generally considered to be near poor. Poverty calculations are based on the 2004 Federal Poverty Guidelines. Under these guidelines the FPL for a family of three is $15,670 gross annual income ($1,306 in monthly income) and is $18,850 gross annual income for a family of four ($1,571 in monthly income).

In the four states which have their minimum wage as the federal standard of $5.15/hour all of the families live under the poverty level, including those with two wage workers. For the two states that have minimum wages above the federal minimum standard, California and New York, families with one wage worker still live below the poverty level and those with two wage workers are only 20% above the federal poverty standard. The picture is not much brighter for low wage workers. A single income low wage earner in Arizona or Oklahoma is living below the poverty level. In the other states a single income worker may be above the poverty line, however, they are not far above poverty (each falls below 120% of FPL). Only in New York and California can a family making a low wage approach 200% of the poverty, but that is only for families with two wage workers.

Temporary Assistance for Needy Families

When calculating the TANF benefits for each of the family types the computation of countable income is integral in determining the amount of benefits each family will receive. Countable income is gross income minus certain deductions; these deductions vary from state to state. For example, in California the ‘100 hour’ rule prevented any of the working families from receiving TANF benefits. In this state if one member of the household works more than 100 hours a month that family will not be eligible for benefits. Virginia has the most complex calculations for determining benefits with a gradual increase in the countable income over time, which decreases the amount of benefits that family will receive. If the countable income is greater than the poverty level then the family is not eligible for benefits. Wisconsin has a simple formula; the benefit amount is calculated by subtracting all wages from the maximum benefit level ($673). If the family earns more than $673 a month in wages, the family is not eligible for TANF benefits.

In addition to the variables in determining TANF eligibility there is also a range in the maximum benefit a family may receive (Table 5). In Wisconsin the maximum benefit ($673/month) is $381 greater than the benefit in Oklahoma ($361/month) for a family of three. However, none of the working families were eligible for benefits in Wisconsin, whereas in Oklahoma the single parent family received benefits.

Table 5: Maximum TANF benefits for each state

FAMILY SIZE	MAXIMUM BENEFIT					
	ARIZONA	CALIFORNIA	NEW YORK	OKLAHOMA	VIRGINIA	WISCONSIN
3	$347	$737	$577	$292	$291	$673

4	$418	$875	$687	$361	$347	$673

After the passage of welfare reform states were given the flexibility to change how two parent families were treated in determining eligibility for welfare benefits. Three of the states under investigation (New York, Virginia, and Wisconsin) treat two parent families using the same eligibility criteria as single parent families. In California, two parent families are eligible to receive assistance only if one parent is incapacitated or meets the “unemployed” parent requirements. This regulation requires that neither parent can be working more than 100 hours per month. Arizona restricts benefits for two parent families to six consecutive months in a twelve month period. Two parent families are eligible for assistance in Oklahoma only if one parent is incapacitated or meets the work history requirement.

When calculating TANF regulations the applicant is required to report all sources of income for the family.[20] Any additional income (e.g. that from a live in partner or roommate) contributing to the household is supposed to be including as part of the family’s income. However, for applicants receiving income from individuals outside of the families it is easier for an applicant not to declare this income, particularly if there is nothing to link an extra individual to the family (e.g. a lease showing more than one family living in a home, marriage license). For this study, it is assumed that cohabiting couples will not declare the wages of the live in spouse when applying for welfare benefits. Therefore, the cohabiting families, both single and dual earners, will have the benefits of extra wages and a lower economic threshold when determining public benefits.

[20] Some states have exceptions for Social Security and Supplemental Security Insurance received by members of the family living in the house.

Tax expenditures and income

For the current study tax expenditures are based on the wages earned by all members contributing to the household income. The state sales tax was based on the sales tax rate in 2004 – this tax rate was applied to the miscellaneous expenses of the family. Federal taxes are calculated as $1,000 plus 15% of all income over $10,000. Payroll taxes were computed as 7.65% of the gross wages. From the results presented here tax expenditures consist of a significant portion of income for working families. However, for some families the tax expenditures are mitigated by the additional income provided to families by the Earned Income Tax Credit (EITC).

To qualify for the ETIC a full time worker with two children is likely to be making less than $15 an hour (Berube & Tiffany, 2004). The EITC begins to phase out as income reaches and starts to exceed the federal poverty level (FPL). After income exceeds the poverty level the credit is reduced for every dollar over the FPL. In addition to the federal EITC, states can elect to have their own tax credits for low income working families. Under the current study two states (New York and Wisconsin) provided a state EITC in addition to the federal credit. In New York the state EITC is calculated as 30 percent of the federal EITC with a maximum benefit of $764/year for families with one child and $1,261/year for families with 2 or more children (National Center for Children in Poverty, 2005a). The maximum credit in Wisconsin is $102 for a family with one child and $589/year for a family with two or more children (National Center for Children in Poverty, 2005b).

The results of this study demonstrate how important the EITC is to low income families. For each of the families types under investigation the EITC provided additional monthly income. For the single parent and cohabiting families the EITC provided over $300 in additional income. For married fragile families the EITC increased monthly income by approximately $200 a month. Married families with one wage earner received the full EITC credit in each of the states – adding an additional $350/month in income. While still an important source of income for married families with two wage earners the EITC was lower when compared to other family types as a result of their increased wage income. However, the relief provided by the EITC for two married low wage earners ranged from $39.17/month (New York) to $161.19/month (Wisconsin). For this study it is assumed that cohabiting (unmarried) couples will not receive income from the EITC; since the women applying for welfare benefits are not declaring the income of a live-in partner, it is assumed that the partner will not declare the children living in the home to receive tax credits.

Child Support

Welfare reform legislation gave states greater flexibility in determining whether and how much child support collected will be given directly to the family or if payment will be retained by the state to compensate for welfare payments. In Arizona and Oklahoma, all of the child support payments are retained by the state with no amount passed through to the family. In both these states if the child support payment exceeds the maximum welfare benefit the family is ineligible. California, New York, and Virginia retain all of the child support except for $50 a month that is passed through to the family. Wisconsin has the most progressive policy for child support. All of the child support collected by the state is passed through to the family and is disregarded when calculating eligibility – this creates an additional $331 a month in income for the TANF only and single parent families in Wisconsin.

Federal benefits

The benefits to the family provided by the federal government (primarily housing assistance and food stamps) are important in maintaining a greater net income for all of the families under investigation. The food stamp program provides vouchers to be used by the family to buy qualified grocery items. Benefits are based on the family's monthly income. The gross monthly income limit for food stamps is $1,698 for a family of three and $2,043 for a family of four (United States Department of Agriculture, 2005). Qualified deductions are made to the gross monthly income to determine the net income. Thirty percent of the net income is than calculated and deducted from the maximum allotment a family is able to receive ($393/month for a family of three and $499/month for a family of four) – this is the food stamp allotment a family is eligible to receive.

Housing assistance is provided through the federal Department of Housing and Urban Development (HUD). Families that qualify for assistance have a portion of their monthly rent subsidized. The tenant payment is the highest of following: 30 percent of the adjusted gross monthly income (gross income minus qualified deductions), 10 percent of monthly income, or a $25 minimum rent.

Comparison of single, cohabiting, and married families

To determine whether single parent, cohabiting, or married couple families have the greatest net income (total wages including public benefits minus expenses) the monthly income and expenses of each family type were calculated. Single parent families are defined as one adult earning wages with two children; benefits are calculated based on the single earned income and a family size of three. Cohabiting couples are an unmarried couple living together with two children. Earned income is calculated based on two wage earners, although benefits are calculated based on one earner and a family size of three. This assumes that while the applicant should declare all income in the household, since the couple is not married the partner's income and is not easily traceable it will not be declared and therefore not included as part of the family unit when benefits are calculated. In this comparison the married families are defined as having two wage incomes and two children, benefits are calculated for a family of four.

Table 6: A comparison of the net income of single parent, cohabiting, and married families at different wage levels.

	LOW WAGE WORKERS			MINIMUM WAGE WORKERS		
	SINGLE PARENT FAMILY[21]	COHABITING COUPLE[22]	MARRIED FAMILY[23]	SINGLE PARENT FAMILY	COHABITING COUPLE	MARRIED FAMILY
ARIZONA	$954.39	$1,129.36	$339.02	$746.46	$890.64	$330.80
CALIFORNIA	$956.61	$1,372.70	$483.46	$824.21	$987.27	$396.34
NEW YORK	$931.95	$1,477.85	$483.44	$1,259.68	$1,351.30	$451.26
OKLAHOMA	$856.77	$1,337.62	$129.87	$792.78	$972.12	$420.58
VIRGINIA	$594.97	$966.78	-$402.51	$537.58	$620.78	$190.24
WISCONSIN	$642.47	$1,021.99	$248.51	$556.01	$578.47	$300.85

When comparing the net income of single, married, and cohabiting couples earning a low wage it was found that cohabiting couples have the greatest net income, followed by single parent and then married families. In all of the states under investigation the cohabiting couples have at least twice as much net income as married couples. Table 6 (for a detailed breakdown of expenses and income see Tables 7-10)

[21] The single parent family is a family of three with one adult and two children.
[22] This is a family with two adult wage earners and two children, although benefits are calculated based on a family size of three.
[23] This is a family of two adult wage earners and two children, benefits are calculated based on a family size of four.

indicates that the difference in net income between cohabiting and married low wage families ranges from over $1,000 in Oklahoma and Virginia to $790.34 in Arizona

The difference in net income between single and married families is smaller than the difference found between cohabiting and married families; however, there is still at least a $350 difference in additional income for single parent families compared to married families in each of the states. The greatest disparity was found in Virginia where there is a difference of $997.48 in monthly income between the single and married families. This difference is primarily due to the loss of a child care subsidy for married families (the dual income puts them over the income threshold).

Comparing these three family types at the lower minimum wage level, cohabiting families have the highest net income when compared with married and single parent families in every state. Overall, the difference in net income is lower between single and cohabiting families at the minimum wage level than at the low wage levels. However, in all cases cohabiting families have higher net income than married families. This is because the cohabiting couple has the benefits of the extra wages while not accounting for the live in partner’s income when calculating benefits.

Figure 5: A comparison of single parent, cohabiting, and married families earning a low wage.

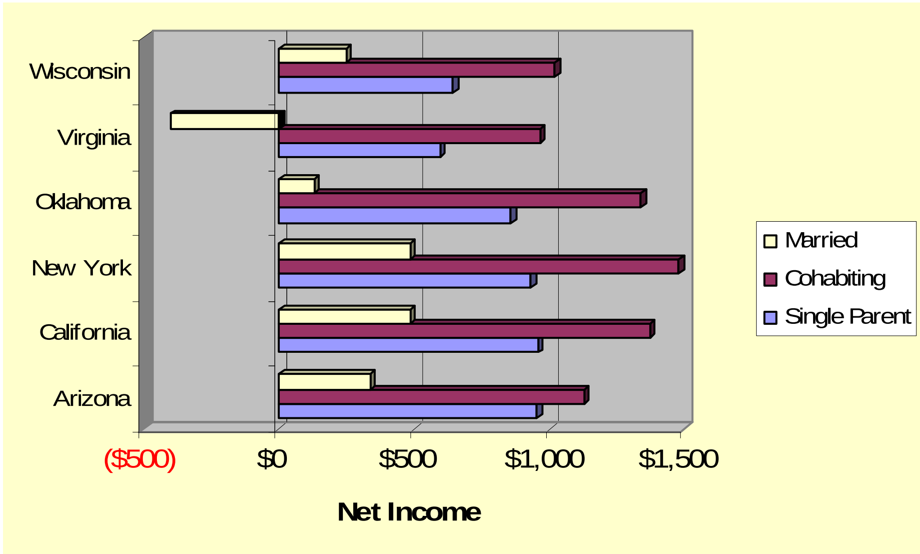


Figure 6: A comparison of single parent, cohabiting, and married families earning a minimum wage.

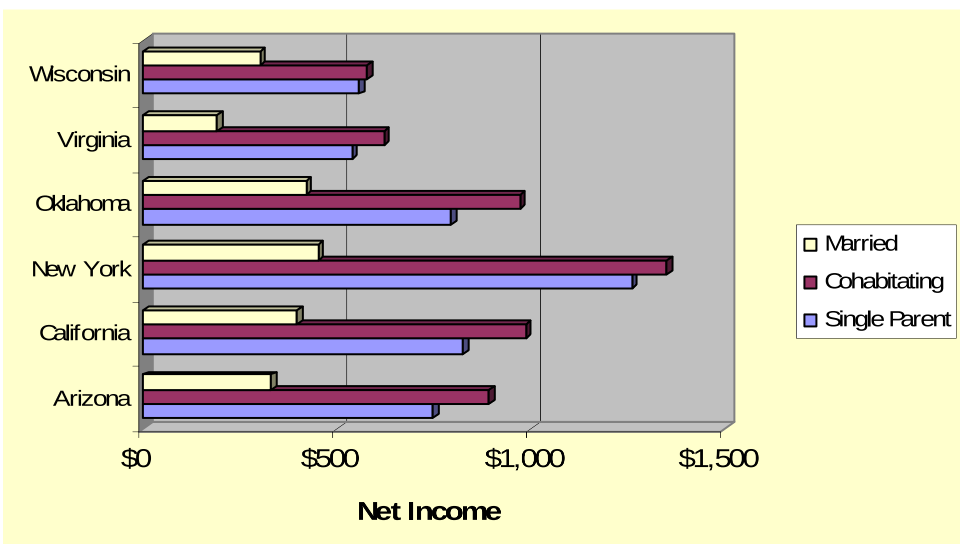


Table 7: A comparison of single parent, cohabiting, and married families earning low wages in Arizona, California, and New York.

	Arizona			California			New York		
	Single parent family	Cohabiting family	Married family	Single parent family	Cohabiting family	Married Family	Single parent family	Cohabiting family	Married Family
SOURCES OF INCOME									
WAGES	$1,267.00	$2,534.00	$2,534.00	$1,485.40	$2,970.80	$2,970.80	$1,544.20	$3,088.40	$3,088.40
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$241.62	$241.62	$0.00	$189.30	$189.20	$0.00	$172.09	$172.09	$0.00
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
CHILD CARE SUBSIDY	$646.42	$646.42	$646.42	$899.75	$899.75	$899.75	$967.67	$967.67	$967.67
HOUSING SUBSIDY	$439.58	$690.30	$344.80	$477.98	$809.50	$363.76	$557.84	$842.74	$379.60
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$485.41	-	-	$428.00	-	-	$606.32	-	-
TAX CREDITS	$350.33	$350.33	$147.11	$310.65	$310.65	$56.35	$387.43	$387.32	$39.17
TOTAL INCOME	$3,610.36	$4,642.67	$3,852.33	$3,957.41	$5,346.23	$4,456.99	$4,392.61	$5,626.42	$4,632.01
HOUSEHOLD EXPENDITURES									
HOUSING	$677.00	$817.00	$817.00	$764.00	$967.00	$967.00	$915.00	$1018.00	$1018.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	$776.42	$776.42	$776.42	$987.75	$987.75	$987.75	$1,425.67	$1425.67	$1425.67
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
TRANSPORTATION	$257.00	$496.00	$496.00	$248.00	$475.00	$475.00	$63.00	$126.00	$126.00
MISCELLANEOUS	$217.42	$269.19	$269.19	$220.19	$301.86	$301.86	$284.46	$314.93	$314.93
TAXES	$264.33	$552.20	$552.20	$330.73	$653.09	$653.09	$331.56	$684.30	$684.30
TOTAL EXPENSES	$2,655.97	$3,513.31	$3,513.31	$3,000.80	$3,973.53	$3,973.53	$3,460.66	$4,148.57	$4,148.57
NET INCOME	$954.39	$1,129.36	$339.02	$956.61	$1,372.70	$483.46	$931.35	$1,477.85	$483.44

Table 8: A comparison of single parent, cohabiting, and married families earning low wages in Oklahoma, Virginia, and Wisconsin.

	Oklahoma			Virginia			Wisconsin		
	Single parent family	Cohabiting family	Married family	Single parent family	Cohabiting family	Married Family	Single parent family	Cohabiting family	Married Family
SOURCES OF INCOME									
WAGES	$1,132.60	$2,265.20	$2,265.20	$1,367.80	$2,735.60	$2,735.60	$1,324.40	$2,648.80	$2,648.80
TANF	$160.70	$160.70	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$273.88	$273.88	$0.00	$217.43	$217.43	$0.00	$165.16	$165.16	$0.00
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
CHILD CARE SUBSIDY	$626.33	$626.33	$448.33	$524.08	$524.08	$0.00	$779.84	$779.84	$779.84
HOUSING SUBSIDY	$395.74	$526.74	$248.44	$502.06	$673.22	$277.50	$366.38	$561.56	$187.36
TRANSPORTATION SUBSIDY	$120.00	$120.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$0.00	-	-	$322.00	-	-	$331.00	-	-
TAX CREDITS	$350.33	$350.33	$153.46	$366.64	$336.64	$104.58	$395.31	$395.31	$161.19
TOTAL INCOME	$3,276.25	$4,539.85	$3,332.10	$3,473.93	$4,690.89	$3,321.60	$3,496.09	$4,682.67	$3,909.19
HOUSEHOLD EXPENDITURES									
HOUSING	$509.00	$640.00	$640.00	$721.00	$810.00	$810.00	$577.00	$694.00	$694.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	$756.33	$756.33	$756.33	$916.08	$916.08	$916.08	$1,135.84	$1,135.84	$1,135.84
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
TRANSPORTATION	$223.00	$428.00	$428.00	$239.00	$496.00	$496.00	$219.00	$422.00	$422.00
MISCELLANEOUS	$198.88	$246.35	$246.35	$236.38	$284.85	$284.85	$234.76	$280.63	$280.63
TAXES	$231.80	$492.38	$492.38	$278.78	$590.76	$590.76	$271.22	$573.71	$573.71
TOTAL EXPENSES	$2,419.48	$3,202.23	$3,202.23	$2,878.96	$3,724.11	$3,724.11	$2,853.62	$3,660.68	$3,660.68
NET INCOME	$856.77	$1,337.62	$129.87	$594.97	$966.78	-$402.51	$642.47	$1,021.99	$248.51

Table 9: A comparison of single parent, cohabiting, and married families earning minimum wages in Arizona, California, and New York.

	Arizona			California			New York		
	Single parent family	Cohabiting family	Married family	Single parent family	Cohabiting family	Married Family	Single parent family	Cohabiting family	Married Family
SOURCES OF INCOME									
WAGES	$721.00	$1,442.00	$1,442.00	$945.00	$1,890.00	$1,890.00	$840.00	$1,680.00	$1,680.00
TANF	$280.30	$280.30	$0.00	$0.00	$251	$0.00	$186.50	$186.50	$0.00
FOOD STAMPS	$372.66	$372.66	$305.62	$318.90	$198.10	$198.10	$344.10	$344.10	$248.50
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
CHILD CARE SUBSIDY	$646.42	$646.42	$646.42	$987.75	$987.75	$899.75	$1417.67	$1417.67	$967.67
HOUSING SUBSIDY	$604.90	$744.90	$672.40	$642.30	$872.50	$688.00	$826.00	$934.00	$802.00
TRANSPORTATION SUBSIDY	$140.00	$140.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$0.00	-	-	$272.00	-	-	$333.97	-	-
TAX CREDITS	$350.33	$350.33	$350.33	$350.33	$350.33	$282.90	$455.43	$455.43	$425.49
TOTAL INCOME	$3,295.61	$4,156.61	$3,596.77	$3,682.61	$4,716.01	$4,125.08	$4,560.84	$5,180.87	$4,280.83
HOUSEHOLD EXPENDITURES									
HOUSING	$677.00	$817.00	$817.00	$764.00	$967.00	$967.00	$915.00	$1018.00	$1018.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	$776.42	$776.42	$776.42	$987.75	$987.75	$987.75	$1425.67	$1425.67	$1425.67
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
TRANSPORTATION	$257.00	$496.00	$496.00	$248.00	$475.00	$475.00	$63.00	$126.00	$126.00
MISCELLANEOUS	$217.42	$269.19	$269.19	$220.19	$301.86	$301.86	$284.46	$365.30	$314.93
TAXES	$157.51	$304.86	$304.86	$188.33	$408.30	$408.30	$172.06	$365.30	$365.30
TOTAL EXPENSES	$2,549.15	$3,265.97	$3,265.97	$2,858.40	$3,728.74	$3,728.24	$3,301.16	$3,829.57	$3,829.57
NET INCOME	$746.46	$890.64	$330.80	$824.21	$987.27	$396.34	$1,259.68	$1,351.30	$451.26

Table 10: A comparison of single parent, cohabiting, and married families earning minimum wages in Oklahoma, Virginia, and Wisconsin.

	Oklahoma			Virginia			Wisconsin		
	Single parent family	Cohabiting family	Married family	Single parent family	Cohabiting family	Married Family	Single parent family	Cohabiting family	Married Family
SOURCES OF INCOME									
WAGES	$721.00	$1,442.00	$1,442.00	$721.00	$1,442.00	$1,442.00	$721.00	$1,442.00	$1,442.00
TANF	$292.00	$292.00	$0.00	$291.00	$291.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$372.66	$372.66	$305.62	$372.66	$372.66	$305.62	$372.66	$372.66	$305.62
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
CHILD CARE SUBSIDY	$626.33	$626.33	$626.33	$654.08	$654.08	$654.08	$997.84	$997.84	$997.84
HOUSING SUBSIDY	$436.90	$567.90	$495.40	$643.90	$737.90	$665.40	$486.90	$621.90	$549.40
TRANSPORTATION SUBSIDY	$120.00	$120.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$0.00	-	-	$50.00	-	-	$180.00	-	-
TAX CREDITS	$350.33	$350.33	$350.33	$350.33	$350.33	$350.33	$399.41	$399.41	$261.33
TOTAL INCOME	$3,135.89	$3,987.89	$3,436.35	$3,286.89	$4,051.89	$3,621.35	$3,289.81	$3,965.81	$3,688.19
HOUSEHOLD EXPENDITURES									
HOUSING	$509.00	$640.00	$640.00	$721.00	$810.00	$810.00	$577.00	$694.00	$694.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	$756.33	$756.33	$756.33	$916.08	$916.08	$916.08	$1,135.84	$1,135.84	$1,135.84
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
TRANSPORTATION	$223.00	$428.00	$428.00	$239.00	$496.00	$496.00	$219.00	$422.00	$422.00
MISCELLANEOUS	$198.88	$246.35	$246.35	$236.38	$284.85	$284.85	$234.76	$280.63	$280.63
TAXES	$155.43	$305.92	$305.92	$149.13	$297.76	$297.76	$151.40	$300.37	$300.37
TOTAL EXPENSES	$2,343.11	$3,015.77	$3,015.77	$2,749.31	$3,431.11	$3,431.11	$2,733.80	$3,387.34	$3,387.34
NET INCOME	$792.78	$972.12	$420.58	$537.58	$620.78	$190.24	$556.01	$578.47	$300.85

Comparison of TANF only families, cohabiting families with one earner, and married families with one earner.

To further understand the financial benefits of marriage for different family types the net income of TANF only families are compared with the net incomes of cohabiting and married families that only have one earner (Table 11 - for a detailed breakdown of expenses and income see Tables 12-15). The TANF only family is a family of three that has no wage salary and depends on TANF and other in kind benefits for all of their income, the married family has a family size of four for determining both benefits and expenses and the wages from one earner, and the cohabiting family has a family size of four for determining expenses but only a family size of three for determining benefits (assuming the unmarried partner and his/her income will not be included in the benefit calculations).

Table 11: A comparison of the net income of single parent, cohabiting, and married families at different wage levels.

	LOW WAGE WORKERS			MINIMUM WAGE WORKERS		
	TANF family[24]	Cohabiting family with one earner[25]	Married family with one earner[26]	TANF family	Cohabiting family with one earner	Married family with one earner
ARIZONA	$363.31	$867.44	$734.20	$363.31	$446.17	$768.54
CALIFORNIA	$655.42	$1,333.47	$814.70	$655.42	$916.47	$589.40
NEW YORK	$543.73	$1,483.14	$1,090.68	$543.73	$947.44	$966.64
OKLAHOMA	$285.97	$756.84	$717.99	$285.97	$439.53	$703.20
VIRGINIA	$311.10	$917.98	$1,057.40	$311.10	$418.75	$767.66
WISCONSIN	$911.44	$1,268.48	$870.60	$911.44	$802.81	$544.70

The results for the low wage workers demonstrate that the cohabiting families have additional net income compared to married families in each of the states except for Virginia and a greater net income than the TANF family's in every state. Of the three

[24] This is a family of three, one adult and two children, without any wage income.
[25]This is a family with two adults and two children living in the home. There is one wage earner, although benefits are calculated based on a family size of three.
[26] This is a family of two adults and two children; only one adult is a wage earner. Benefits are calculated based on a family size of four.

family types compared here, the TANF only family had the least amount of income when compared with cohabiting and married single earner families. However, the difference between that TANF only and married families in California was small ($159.28) when compared to the other states.

Figure 7: Comparison of net income of TANF only, cohabiting families with one earner, and married families with one earner for low wage earner families.

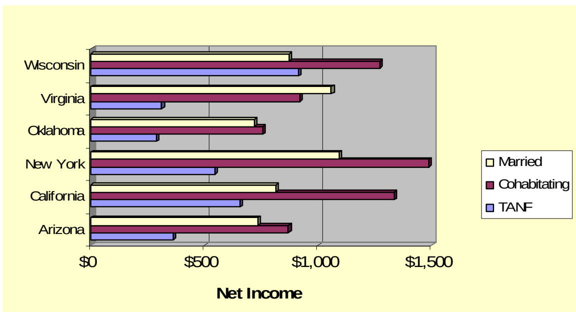
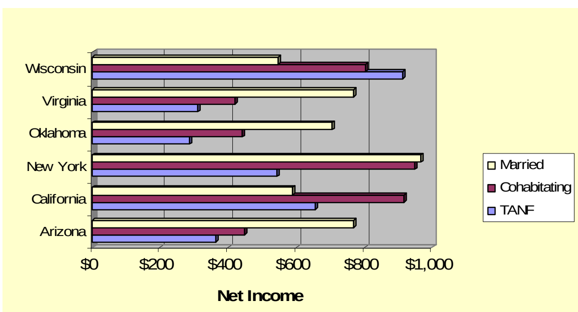


Figure 8: Comparison of net income of TANF only, cohabiting families with one earner, and married families with one earner for minimum wage earner families.



At the minimum wage level married families had more net income when compared to the other family types in three states: Arizona, New York, and Virginia. The TANF only family in Virginia has a net income that is $456.56 less than that of the married family, and an additional $366.83 when compared to the cohabiting family. In Oklahoma the TANF only family has a net income considerably less than that of both the cohabiting and married families ($156.56 and $417.23 respectively). TANF only families in Wisconsin have the most net income with an additional $108.63 than the cohabiting family and $366.74 than the married family – this is largely due to the TANF ineligibility of the other family types based on their earned income.

Table 12: A comparison of TANF only, cohabiting families with one earner, and married families with one earner making low wages in Arizona, California, and New York.

	Arizona			California			New York		
	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner
SOURCES OF INCOME									
WAGES	$0.00	$1,267.00	$1,267.00	$0.00	$1,485.40	$1,485.40	$0.00	$1,544.20	$1,544.20
TANF	$347.00	$347.00	$6.04	$682.00	$682.00	$0.00	$577.00	$577.00	$0.00
FOOD STAMPS	$393.00	$393.00	$342.39	$393.00	$393.00	$295.20	$393.00	$393.00	$281.10
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
CHILD CARE SUBSIDY	-	-	-	-	-	-	-	-	-
HOUSING SUBSIDY[27]	$637.30	$782.30	$690.3	$690.80	$898.80	$809.50	$852.30	960.30	$842.74
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$50.00	-	-	$50.00	-	-	$50.00	-	-
TAX CREDITS	-	-	$350.33	-	-	$350.33	-	-	$414.00
TOTAL INCOME	$1,607.30	$2,969.30	$2,836.06	$1,982.13	$3,625.53	$3,106.76	$2,029.47	$3,631.67	$3,239.21
HOUSEHOLD EXPENDITURES									
HOUSING	$677.00	$817.00	$817.00	$764.00	$967.00	$967.00	$915.00	$1018.00	$1018.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	-	-	-	-	-	-	-	-	-
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
TRANSPORTATION	$0.00	$257.00	$257.00	$0.00	$248.00	$248.00	$0.00	$63.00	$63.00
MISCELLANEOUS	$96.08	$167.65	$167.65	$104.78	$180.38	$180.38	$119.88	$166.07	$166.07
TAXES	$7.11	$257.71	$257.71	$7.80	$307.85	$307.85	$9.89	$321.79	$321.79
TOTAL EXPENSES	$1,243.99	$2,101.86	$2,101.86	$1,326.71	$2,292.06	$2,292.06	$1,485.74	$2,148.53	$2,148.53
NET INCOME	$363.31	$867.44	$734.20	$655.42	$1,333.47	$814.70	$543.73	$1,483.14	$1,090.68

[27] The housing subsidy for the TANF family is based on the expense of a one bedroom apartment. It is assumed that the cohabiting and married families will be living in a two bedroom apartment. The smaller housing subsidy for the TANF only family is due to the smaller housing expense.

Table 13: A comparison of TANF only, cohabiting families with one earner, and married families with one earner making low wages in Oklahoma, Virginia, and Wisconsin.

	Oklahoma			Virginia			Wisconsin		
	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner
SOURCES OF INCOME									
WAGES	$0.00	$1,132.60	$1,132.60	$0.00	$1,367.80	$1,367.80	$0.00	$1,324.40	$1,324.40
TANF	$292.00	$292.00	$0.00	$291.00	$291.00	$347.00	$673.00	$673.00	$0.00
FOOD STAMPS	$393.00	$393.00	$379.88	$393.00	$393.00	$323.43	$393.00	$393.00	$333.85
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
CHILD CARE SUBSIDY	-	-	-	-	-	-	-	-	-
HOUSING SUBSIDY	$479.80	$610.80	$526.74	$686.90	$780.90	$583.56	$476.60	$626.70	$561.56
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$0.00	-	-	$50.00	-	-	$331.00	-	-
TAX CREDITS	-	-	$350.33	-	-	$350.33	-	-	$399.41
TOTAL INCOME	$1,381.47	$2,645.07	$2,606.22	$1,624.82	$3,036.62	$3,176.06	$2,005.60	$3,149.10	$2,751.22
HOUSEHOLD EXPENDITURES									
HOUSING	$509.00	$640.00	$640.00	$721.00	$810.00	$810.00	$577.00	$694.00	$694.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	-	-	-	-	-	-		-	-
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
TRANSPORTATION	$0.00	$223.00	$223.00	$0.00	$239.00	$239.00	$0.00	$219.00	$219.00
MISCELLANEOUS	$79.28	$150.22	$150.22	$100.48	$167.54	$167.54	$96.08	$146.75	$146.75
TAXES[28]	$6.75	$235.84	$235.84	$4.52	$275.68	$275.68	$5.28	$266.37	$266.37
TOTAL EXPENSES	$1,095.50	$1,888.23	$1,888.23	$1,313.72	$2,118.64	$2,118.64	$1,094.16	$1,880.62	$1,880.62
NET INCOME	$285.97	$756.84	$717.99	$311.10	$917.98	$1,057.40	$911.44	$1,268.48	$870.60

[28] Tax expenditures for the TANF family is the sales tax the family will spend on their miscellaneous items. This is calculated based on the sales tax for their area

Table 14: A comparison of TANF only, cohabiting families with one earner, and married families with one earner making minimum wages in Arizona, California, and New York.

	Arizona			California			New York		
	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner
SOURCES OF INCOME									
WAGES	$0.00	$721.00	$721.00	$0.00	$945.00	$945.00	$0.00	$840.00	$840.00
TANF	$347.00	$347.00	$288.70	$682.00	$682.00	$0.00	$577.00	$577.00	$274.50
FOOD STAMPS	$393.00	$393.00	$478.66	$393.00	$393.00	$424.90	$393.00	$393.00	$336.00
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
CHILD CARE SUBSIDY	-	-	-	-	-	-	-	-	-
HOUSING SUBSIDY	$637.30	$782.30	$744.90	$690.80	$898.80	$872.50	$852.30	$960.3	$934.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$50.00	-	-	$50.00	-	-	$50.00	-	-
TAX CREDITS	-	17.92	$350.33	-	$1.10	$350.33	-	$9.00	$414.00
TOTAL INCOME	$1,607.30	$2,441.22	$2,763.59	$1,982.13	$3,086.23	$2,759.06	$2,029.47	$2,936.47	$2,995.67
HOUSEHOLD EXPENDITURES									
HOUSING	$677.00	$817.00	$817.00	$764.00	$967.00	$967.00	$915.00	$1018.00	$1018.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE		-	-	-	-	-	-	-	-
HEALTH INSURANCE	$180.00	$180.00	$180.00	$166.33	$166.33	$166.33	$157.17	$157.17	$157.17
TRANSPORTATION	$0.00	$257.00	$257.00	$0.00	$248.00	$248.00	$0.00	$63.00	$63.00
MISCELLANEOUS	$96.08	$167.65	$167.65	$104.78	$180.38	$180.38	$119.88	$166.07	$166.07
TAXES	$7.11	$150.90	$150.90	$7.80	$185.45	$185.45	$9.89	$162.29	$162.29
TOTAL EXPENSES	$1,243.99	$1.995.05	$1.995.05	$1,326.71	$2,169.66	$2,169.66	$1,485.74	$1,989.03	$1,989.03
NET INCOME	$363.31	$446.17	$768.54	$655.42	$915.47	$589.40	$543.73	$947.44	$966.64

Table 15: A comparison of TANF only, cohabiting families with one earner, and married families with one earner making minimum wages in Oklahoma, Virginia, and Wisconsin.

	Oklahoma			Virginia			Wisconsin		
	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner	TANF family	Cohabiting family with one earner	Married family with one earner
SOURCES OF INCOME									
WAGES	$0.00	$721.00	$721.00	$0.00	$721.00	$721.00	$0.00	$721.00	$721.00
TANF	$292.00	$292.00	$60.50	$291.00	$291.00	$347.00	$673.00	$673.00	$0.00
FOOD STAMPS	$393.00	$393.00	$478.66	$393.00	$393.00	$431.20	$393.00	$393.00	$431.20
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
CHILD CARE SUBSIDY	-	-	-	-	-	-	-	-	-
HOUSING SUBSIDY	$479.80	$610.80	$567.90	$686.90	$780.90	$703.20	$476.60	$626.70	$621.90
TRANSPORTATION SUBSIDY	$0.00	$0.00	$120.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$0.00	-	-	$50.00	-	-	$331.00	-	-
TAX CREDITS	-	17.92	$350.33	-	$17.92	$350.33	-	$17.92	$399.41
TOTAL INCOME	$1,381.47	$2,251.39	$2,515.06	$1,624.82	$2,407.74	$2,756.65	$2,005.60	$2,563.62	$2,305.51
HOUSEHOLD EXPENDITURES									
HOUSING	$509.00	$640.00	$640.00	$721.00	$810.00	$810.00	$577.00	$694.00	$694.00
FOOD	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50	$283.80	$422.50	$422.50
CHILD CARE	-	-	-	-	-	-	-	-	-
HEALTH INSURANCE	$216.67	$216.67	$216.67	$203.92	$203.92	$203.92	$132.00	$132.00	$132.00
TRANSPORTATION	$0.00	$223.00	$223.00	$0.00	$239.00	$239.00	$0.00	$219.00	$219.00
MISCELLANEOUS	$79.28	$150.22	$150.22	$100.48	$167.54	$167.54	$96.08	$146.75	$146.75
TAXES	$6.75	$159.47	$159.47	$4.52	$146.03	$146.03	$5.28	$146.56	$146.56
TOTAL EXPENSES	$1,095.50	$1,811.86	$1,811.86	$1,313.72	$1,988.99	$1,988.99	$1,094.16	$1,760.81	$1,760.81
NET INCOME	$285.97	$439.43	$703.20	$311.10	$418.75	$767.66	$911.44	$802.81	$544.70

Comparison of married and unmarried fragile families

Recent studies examining the relationship between young unmarried couples having their first child (the so called fragile families) have shown that more than two thirds of these couples believed that their chances of getting married were 'very good' or better, however, only 11 percent of the couples interviewed were married a year after their child was born (Gibson, Edin, & McLanahan, 2003). The primary reason cited for not marrying was financial difficulties. To further examine the financial implications of marriage for fragile families the net income of a married fragile family (one earner, a spouse, and an infant) and an unmarried fragile family (one earner, a partner, and a child) are examined. Benefits for the married fragile family include earned income and are based on a family size of three. Calculations for the unmarried family are based on no earned income (the income of the live in partner is not included) and a family size of two (for a detailed breakdown of income and expenses for these families at low wages see Table 17 and at minimum wages see Table 18).

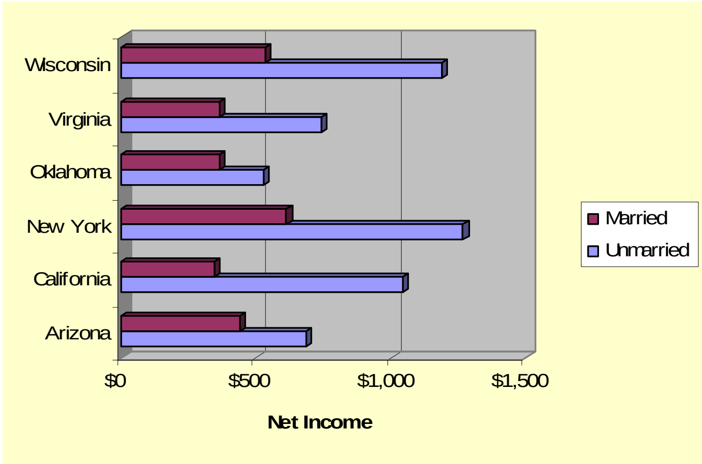
Table 16: A comparison of the net income of cohabiting unmarried and married fragile families with one child earning a low wage.

	Low Wage		Minimum Wage	
	Unmarried Fragile Family[29]	Married Fragile Family[30]	Unmarried Fragile Family	Married Fragile Family
Arizona	$686.13	$437.70	$264.87	$183.06
California	$1,044.37	$345.39	$627.47	$292.82
New York	$1,266.40	$611.59	$735.44	$656.17
Oklahoma	$528.23	$362.08	$265.92	$396.11
Virginia	$743.08	$364.01	$243.85	$409.74
Wisconsin	$1,189.37	$530.45	$723.71	$254.80

The unmarried fragile family earning a low wage has a higher net income then the married family and is able to receive TANF benefits in each of the states (Table 16).

[29] This is a family of two adults and one infant. Income from the unmarried partner is not being counted in benefit calculation, benefits are based on a family size of two.
[30] This is a family of two adults and one infant. Benefits are based on a family size three.

Figure 9: A comparison of unmarried and married fragile families earning a low wage.



For those earning a minimum wage the greatest difference between married and unmarried fragile families is seen in Wisconsin. This is mostly due to the large TANF benefit in Wisconsin ($673), although once time limits are put into place and the family no longer receives TANF the married family has over $200 more in net income than the unmarried family. Unmarried fragile families earning a low wage have a greater net income compared to married fragile families in every state. This holds true for all but two states, Oklahoma and Virginia, at the minimum wage level (Table 16).

Figure 10: A comparison of unmarried and married fragile families earning a minimum wage.

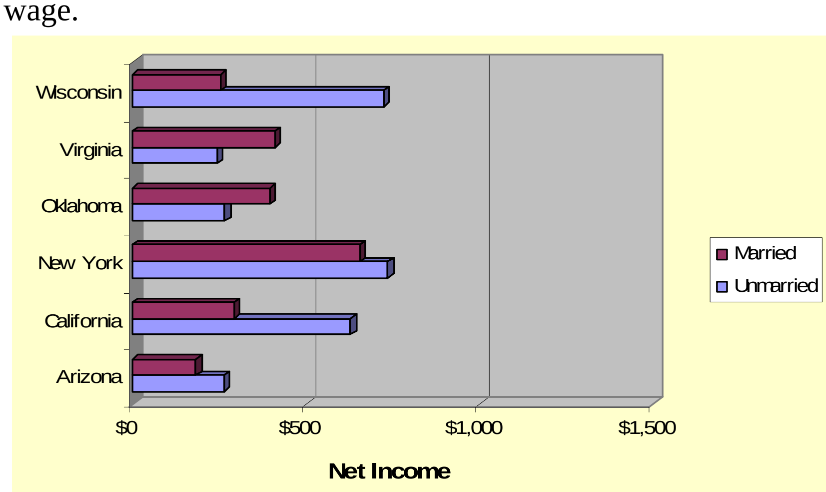


Table 17 A comparison of married versus unmarried fragile families earning low wages.

	Arizona		California		New York		Oklahoma		Virginia		Wisconsin	
	Unmarried	Married	Unmarried	Married	Unmarried	Married	Unmarried	Married	Unmarried	Married	Unmarried	Married
SOURCES OF INCOME												
WAGES	$1,267.00	$1,267.00	$1,485.40	$1,485.40	$1,544.20	$1,544.20	$1,132.60	$1,132.60	$1,367.80	$1,367.80	$1,324.40	$1,324.40
TANF	$275.00	$0.00	$493.00	$0.00	$467.00	$0.00	$225.00	$0.00	$231.00	$0.00	$673.00	$0.00
FOOD STAMPS	$274.00	$190.62	$274.00	$136.80	$274	$122.64	$274.00	$236.8	$274.00	$164.93	$274.00	$175.34
HEALTH INSURANCE	$180.00	$180.00	$166.33	$166.33	$157.17	$157.17	$216.67	$216.67	$203.92	$203.92	$132.00	$132.00
CHILD CARE SUBSIDY	-	-	-	-	-	-	-	-	-	-	-	$561.56
HOUSING SUBSIDY	$792.00	$690.30	$917.70	$665.38	$971.30	$698.74	$615.00	$444.22	$785.00	$543.66	$666.60	$0.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$0.00	$212.25	$0.00	$183.54	$0.00	$226.34	$0.00	$212.25	$0.00	$202.34	$0.00	$217.78
TOTAL INCOME	$2,788.00	$2,539.57	$3,336.43	$2,637.45	$3,424.70	$2,760.12	$2,463.27	$2,242.12	$2,861.72	$2,482.65	$3,070.00	$2,411.08
HOUSEHOLD EXPENDITURES												
HOUSING	$817.00	$817.00	$967.00	$967.00	$1,018.00	$1,018.00	$640.00	$640.00	$810.00	$810.00	$694.00	$694.00
FOOD	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50
CHILD CARE	-	-	-	-	-	-	-	-	-	-	-	-
HEALTH INSURANCE	$180.00	$180.00	$166.33	$166.33	$157.17	$157.17	$216.67	$216.67	$203.92	$203.92	$132.00	$132.00
TRANSPORTATION	$257.00	$257.00	$248.00	$248.00	$63.00	$63.00	$223.00	$223.00	$239.00	$239.00	$219.00	$219.00
MISCELLANEOUS	$167.65	$167.65	$180.38	$180.38	$166.07	$166.07	$150.22	$150.22	$167.54	$167.54	$146.75	$146.75
TAXES	$257.72	$257.72	$307.85	$307.85	$331.56	$321.79	$227.65	$227.65	$275.68	$275.68	$266.38	$266.38
TOTAL EXPENSES	$2,101.87	$2,101.87	$2,292.06	$2,292.06	$2,148.53	$2,158.30	$1,880.04	$1,880.04	$2,118.64	$2,118.64	$1,880.63	$1,880.63
NET INCOME	$686.13	$437.70	$1,044.37	$345.39	$1,266.40	$611.59	$583.23	$362.08	$743.08	$364.01	$1,189.37	$530.45

Table 18: A comparison of married versus unmarried fragile families earning minimum wages.

	Arizona		California		New York		Oklahoma		Virginia		Wisconsin	
	Unmarried	Married	Unmarried	Married	Unmarried	Married	Unmarried	Married	Unmarried	Married	Unmarried	Married
SOURCES OF INCOME												
Wages	$721.00	$721.00	$945.00	$945.00	$840.00	$840.00	$721.00	$721.00	$721.00	$721.00	$721.00	$721.00
TANF	$275.00	$0.00	$493.00	$0.00	$467.00	$164.50	$225.00	$42.00	$231.00	$291.00	$673.00	$0.00
Food stamps	$274.00	$320.16	$274.00	$266.40	$274.00	$291.60	$274.00	$320.16	$274.00	$320.16	$274.00	$320.16
Health insurance	$180.00	$180.00	$166.33	$166.33	$157.17	$157.17	$216.67	$216.67	$203.92	$203.92	$132.00	$132.00
Child care subsidy	-	-	-	-	-	-	-	-	-	-	-	-
Housing subsidy	$792.00	$744.70	$917.70	$872.50	$971.30	$910.00	$615.00	$567.70	$785.00	$650.40	$666.60	$621.70
Transportation subsidy	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tax credits	$17.92	$212.25	$0.00	$212.25	$9.00	$275.93	$17.92	$212.25	$17.92	$212.25	$17.92	$220.75
Total income	$2,259.92	$2,178.11	$2,797.13	$2,462.48	$2,724.47	$2,645.20	$2,069.597	$2,199.78	$2,232.84	$2,398.73	$2,484.52	$2,015.61
HOUSEHOLD EXPENDITURES												
Housing	$817.00	$817.00	$967.00	$967.00	$1,018.00	$1,018.00	$640.00	$640.00	$810.00	$810.00	$694.00	$694.00
Food	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50	$422.50
Child care	-	-	-	-	-	-	-	-	-	-	-	-
Health insurance	$180.00	$180.00	$166.33	$166.33	$157.17	$157.17	$216.67	$216.67	$203.92	$203.92	$132.00	$132.00
Transportation	$257.00	$257.00	$248.00	$248.00	$63.00	$63.00	$223.00	$223.00	$239.00	$239.00	$219.00	$219.00
Miscellaneous	$167.65	$167.65	$180.38	$180.38	$166.07	$166.07	$150.22	$150.22	$167.54	$167.54	$146.75	$146.75
Taxes	$150.90	$150.90	$185.45	$185.45	$162.69	$162.69	$151.28	$151.28	$146.03	$146.03	$146.56	$146.56
Total expenses	$1,995.05	$1,995.05	$2,169.66	$2,169.66	$1,989.03	$1,989.03	$1,803.67	$1,803.67	$1988.99	$1988.99	$1,760.81	$1,760.81
Net income	$264.87	$183.06	$627.47	$292.82	$735.44	$656.17	$265.92	$396.11	$243.85	$409.74	$723.71	$254.80

Impact of increased earned wages on net income

When analyzing the difference in net income between low wage and minimum wage workers it was found that greater wage income does not necessarily translate into a greater net income. It is not always beneficial for a family to be earning a higher hourly wage. The decrease in net income is accounted for by a loss of benefits at the higher income level. This loss of net income may be a barrier for families trying to rise out of poverty if a gradual increase in wages results in an overall worse financial picture.

The greatest loss of net income for single parent families earning a low wage is seen in New York where a family will receive an additional $704.20 a month in wages, but through the loss of benefits they will have a loss of $327.73 in net income. The loss of net income with an increase in earned wages is also seen for married fragile families in three states under investigation (New York, Oklahoma, Virginia). California fragile families earn an additional $540.40/month in wages but only raise the net income by $52.57/month.

Married families show the least benefit of higher wages when compared to net income. In five states (Arizona, California, New York, Virginia, Wisconsin) there is a difference of over $1,000 a month in gross wages between low wage and minimum wage workers. However, this increase in wages has only a small affect on net income in Arizona, California, and New York, and a negative affect on net income in Virginia and Wisconsin. In Oklahoma the difference in wages is an additional $823.20/month but the increased wage income creates a loss of $290.71/month in net income.

Transitional benefits

To help ease the shift from welfare to work states provide transitional services, such as Medicaid and child care subsidies, for families that have been receiving welfare benefits. States determine the eligibility criteria for these services. These criteria are either time limited or based on income. Arizona and California limit child care and Medicaid subsidies to 24 months after a family leaves welfare compared to New York which has a 12 month limit (Table 19). Wisconsin allows families to keep their transitional benefits until their income exceeds 200% of the federal poverty level. The time limit for child care subsidies in Oklahoma depends on a family's income in relation to the state's median income. The provision of these subsides can be very helpful for families making the transition from welfare to work - while this loss of benefits may have a detrimental impact on the net income of families. Once a family has left welfare and loses transitional benefits the earned income they receive may not be enough to compensate for the loss of benefits.

Table 19: Time limits for transitional Medicaid and child care subsidies

	Medicaid	**Child care**
ARIZONA	24 months	24 months
CALIFORNIA	24 months	24 months
NEW YORK	12 months	12 months
OKLAHOMA	12 months	$35,655/year for a family of 3 with one parent[31]
VIRGINIA	12 months	12 months
WISCONSIN	Families can retain their eligibility until their income exceeds 200% of FPL.	Families can retain their coverage until their income exceeds 200% of FPL.

[31] Oklahoma does not have a time limit for child care. Income limit is based on the State Median Income.

Time Limits[32]

The 1996 welfare reform legislation limited the amount of a time a family can receive welfare benefits. This law created a 60 month (5 year) lifetime limit on welfare receipt. States were granted the flexibility to create fixed limits within the 60 month federal criteria.[33] Two of the states under investigation, Arizona and Virginia, created fixed time limits of 24 months (Table 20). However, Virginia created a period of ineligibility of 24 months if the family had previously received benefits for a period of 24 months.

Table 20: Fixed and lifetime limits for TANF.

	Fixed	Lifetime
ARIZONA	24 months	60 months
CALIFORNIA	No fixed period time limit	60 months
NEW YORK	No fixed period time limit	60 months
OKLAHOMA	No fixed period time limit	60 months
VIRGINIA	24 months of ineligibility after 24 months of receiving benefits.	60 months
WISCONSIN	No fixed period time limit	60 months

For single parent families the loss of net income before and after time limits ranges from $0.00 (Wisconsin) to as much as $1,761.34 (New York) (Tables 28-29). The difference in net income for single parent families is largely accounted for by the loss of child care subsidies (particularly in New York and Virginia). The negative net income is not seen in the two states (Oklahoma and Wisconsin) that do not have time limited transitional benefits – instead eligibility for child care subsidies is based solely on financial criterion. The child care subsidies account for an additional $626.23/month in

[32] For a detailed breakdown of the income after time limits for each of the family types see Tables 18-24.
[33] Under federal regulations states are allowed to create a fixed time limit less than 60 months but must maintain the lifetime limit of 60 months.

Table 21: Sources of income and net income for single parent families earning both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,267.00	$721.00	$1,485.40	$945.00	$1,544.20	$840.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$241.62	$372.66	$189.30	$318.90	$172.09	$344.10
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$439.58	$604.90	$477.98	$642.30	$557.84	$826.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD SUPPORT	$485.41	$0.00	$428.00	$272.00	$606.32	$333.97
TAX CREDITS	$350.33	$350.33	$310.65	$350.33	$387.32	$455.43
TOTAL INCOME AFTER TIME LIMITS	$2,783.94	$2,048.89	$2,891.33	$2,528.53	$3,267.77	$2,799.50
NET INCOME AFTER TIME LIMITS	$639.64	-$500.26	$681.81	-$329.87	-$192.89	-$501.66
	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,132.60	$721.00	$1,367.80	$721.00	$1,324.40	$721.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$273.88	$372.66	$217.43	$372.66	$165.16	$372.66
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$132.00	$132.00
CHILD CARE SUBSIDY	$626.33	$626.33	$0.00	$0.00	$779.84	$997.84
HOUSING SUBSIDY	$395.74	$436.90	$502.06	$0.00	$368.38	$486.90
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$643.90	$0.00	$0.00
CHILD SUPPORT	$0.00	$0.00	$322.00	$322.00	$331.00	$180.00
TAX CREDITS	$350.33	$350.33	$336.64	$350.33	$395.31	$399.41
TOTAL INCOME AFTER TIME LIMITS	$2,778.88	$2,507.22	$2,745.93	$2,409.89	$3,496.09	$3,289.81
NET INCOME AFTER TIME LIMITS	$359.40	$164.11	-$133.03	-$339.42	$642.47	$556.01

Table 22: Sources of income and net income for cohabiting families with two wage earners making both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$2,534.00	$1,442.00	$2,970.80	$1,890.00	$3,088.40	$1,680.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$241.62	$372.66	$189.20	$198.10	$172.09	$344.10
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$690.30	$744.90	$809.50	$872.50	$842.74	$934.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$350.33	$350.33	$310.65	$350.33	$387.32	$455.43
TOTAL INCOME AFTER TIME LIMITS	$3,816.25	$2,909.89	$4,280.15	$3,310.93	$4,490.55	$3,413.53
NET INCOME AFTER TIME LIMITS	$643.30	-$356.08	$306.62	-$417.81	$341.98	-$416.04
	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$2,265.20	$1,442.00	$2,735.60	$1,442.00	$2,648.80	$1,442.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$273.88	$372.66	$217.43	$372.66	$165.16	$372.66
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$132.00	$132.00
CHILD CARE SUBSIDY	$626.33	$626.33	$0.00	$0.00	$779.84	$997.84
HOUSING SUBSIDY	$526.74	$567.90	$673.22	$737.90	$561.56	$621.90
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$350.33	$350.33	$366.64	$350.33	$395.31	$399.41
TOTAL INCOME AFTER TIME LIMITS	$4,042.48	$3,359.22	$3,962.89	$2,902.89	$4,682.67	$3,965.81
NET INCOME AFTER TIME LIMITS	$840.25	$343.45	$238.78	-$528.22	$1,021.99	$578.47

Table 23: Sources of income and net income for married families with two wage earners making both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$2,534.00	$1,442.00	$2,970.80	$1,890.00	$3,088.40	$1,680.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$0.00	$305.62	$0.00	$198.10	$0.00	$248.50
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$344.80	$672.40	$363.76	$688.00	$379.60	$802.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$147.11	$350.33	$56.35	$282.90	$39.17	$425.49
TOTAL INCOME AFTER TIME LIMITS	$3,025.91	$2,770.35	$3,390.91	$3,059.00	$3,507.17	$3,155.99
NET INCOME AFTER TIME LIMITS	-$487.40	-$495.62	-$582.62	-$669.74	-$641.40	-$673.58

	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$2,265.20	$1,442.00	$2,735.60	$1,442.00	$2,648.80	$1,442.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$0.00	$305.62	$0.00	$305.62	$0.00	$305.62
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$132.00	$132.00
CHILD CARE SUBSIDY	$448.33	$626.33	$0.00	$0.00	$779.84	$997.84
HOUSING SUBSIDY	$248.44	$495.40	$277.50	$665.40	$187.36	$549.40
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$153.46	$350.33	$104.58	$350.33	$161.19	$261.33
TOTAL INCOME AFTER TIME LIMITS	$3,115.43	$3,219.68	$3,117.68	$2,763.35	$3,909.19	$3,688.19
NET INCOME AFTER TIME LIMITS	-$86.80	$203.91	-$402.51	-$667.76	$248.51	$300.85

Table 24: Sources of income and net income for cohabiting families with one wage earner making both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,267.00	$721.00	$1,485.40	$945.00	$1,544.20	$840.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$393.00	$393.00	$393.00	$393.00	$393.00	$393.00
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$782.30	$782.30	$898.80	$898.80	$960.30	$960.30
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$0.00	$17.92	$0.00	$1.10	$0.00	$9.00
TOTAL INCOME AFTER TIME LIMITS	$2,442.10	$1,914.22	$2,777.20	$2,237.90	$2,897.50	$2,202.30
NET INCOME AFTER TIME LIMITS	$340.24	-$80.83	$485.14	$68.24	$748.97	$213.27
	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,132.60	$721.00	$1,367.80	$721.00	$1,324.40	$721.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$393.00	$393.00	$393.00	$393.00	$393.00	$393.00
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$610.80	$610.80	$780.90	$780.90	$626.70	$626.70
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$0.00	$0.00	$0.00	$17.92	$0.00	$17.92
TOTAL INCOME AFTER TIME LIMITS	$2,136.40	$1,742.72	$2,541.70	$1,912.82	$2,344.10	$1,758.62
NET INCOME AFTER TIME LIMITS	$248.17	-$69.14	$423.06	-$76.17	$463.48	-$2.19

Table 25: Sources of income and net income for married families with one wage earner making both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,267.00	$721.00	$1,485.40	$945.00	$1,544.20	$840.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$342.39	$478.66	$295.20	$424.90	$281.10	$336.00
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$690.30	$744.90	$809.50	$872.50	$842.74	$934.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$350.33	$350.33	$350.33	$350.33	$414.00	$414.00
TOTAL INCOME AFTER TIME LIMITS	$2,649.82	$2,294.89	$2,940.43	$2,592.73	$3,082.04	$2,524.00
NET INCOME AFTER TIME LIMITS	$547.96	$299.84	$648.37	$423.07	$933.51	$534.97
	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,132.60	$721.00	$1,367.80	$721.00	$1,324.40	$721.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$379.88	$478.66	$323.43	$431.20	$333.85	$431.20
HEALTH INSURANCE	$0.00	$0.00	$203.92	$0.00	$132.00	$132.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$526.74	$567.90	$583.56	$703.20	$561.56	$621.90
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$350.33	$350.33	$350.33	$350.33	$399.41	$399.41
TOTAL INCOME AFTER TIME LIMITS	$2,389.55	$2,117.89	$2,829.04	$2,205.73	$2,751.22	$2,305.51
NET INCOME AFTER TIME LIMITS	$501.32	$306.03	$710.40	$216.74	$870.60	$544.70

Table 26: Sources of income and net income for unmarried fragile families earning both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,267.00	$721.00	$1,485.40	$945.00	$1,544.20	$840.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$274.00	$274.00	$274.00	$274.00	$274.00	$274.00
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$792.00	$792.00	$917.70	$917.70	$971.30	$971.30
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$0.00	$17.92	$1.10	$0.00	$0.00	$9.00
TOTAL INCOME AFTER TIME LIMITS	$2,333.00	$1,804.92	$2,137.80	$2,136.70	$2,789.50	$2,094.30
NET INCOME AFTER TIME LIMITS	$231.13	-$190.13	$385.04	-$31.83	$631.20	$105.27
	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,132.60	$721.00	$1,367.80	$721.00	$1,324.40	$721.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$274.00	$274.00	$274.00	$274.00	$274.00	$274.00
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$132.00	$132.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$615.00	$615.00	$785.00	$785.00	$666.60	$666.60
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$0.00	$17.92	$0.00	$17.92	$0.00	$17.92
TOTAL INCOME AFTER TIME LIMITS	$2,021.60	$1,627.92	$2,426.80	$1,797.92	$2,397.00	$1811.52
NET INCOME AFTER TIME LIMITS	$141.56	-$175.75	$308.16	-$191.07	$516.37	$50.71

Table 27: Sources of income and net income for married fragile families earning both low and minimum wages after time limits.

	Arizona		California		New York	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,267.00	$721.00	$1,485.40	$945.00	$1,544.20	$840.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$190.02	$320.16	$136.80	$266.40	$122.64	$291.60
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$690.03	$744.70	$665.38	$872.50	$698.74	$910.00
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$212.25	$212.25	$183.54	$212.25	$226.34	$275.93
TOTAL INCOME AFTER TIME LIMITS	$2,359.57	$1,998.11	$2,471.12	$2,296.15	$2,591.92	$2,317.53
NET INCOME AFTER TIME LIMITS	$257.70	$3.06	$179.06	$126.49	$433.39	$328.50
	Oklahoma		Virginia		Wisconsin	
	Low wage	Minimum wage	Low wage	Minimum wage	Low wage	Minimum wage
SOURCES OF INCOME						
WAGES	$1,132.60	$721.00	$1,367.80	$721.00	$1,324.40	$721.00
TANF	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FOOD STAMPS	$236.38	$320.16	$164.93	$320.16	$175.34	$320.16
HEALTH INSURANCE	$0.00	$0.00	$0.00	$0.00	$132.00	$132.00
CHILD CARE SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
HOUSING SUBSIDY	$444.22	$567.70	$543.66	$650.40	$561.66	$621.70
TRANSPORTATION SUBSIDY	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TAX CREDITS	$212.25	$212.25	$202.34	$212.25	$217.78	$220.75
TOTAL INCOME AFTER TIME LIMITS	$2,025.45	$1,821.11	$2,278.73	$1,903.81	$2,411.08	$2,015.61
NET INCOME AFTER TIME LIMITS	$145.41	$17.44	$160.09	-$85.18	$530.45	$254.80

income for single parent families in Oklahoma and an additional $779.84/month in Wisconsin.

After time limits both married and unmarried fragile families have a positive net income at the low wage level in each of the six states under investigation (Tables 28-29). At the minimum wage level the differences in net income between the married and unmarried fragile families increases once time limits are put into place. In all but one state (Virginia) the married fragile family has a positive net income. This does not hold true for the unmarried fragile families. In four states (Arizona, California, Oklahoma, and Virginia) this family type has a negative net income as a result of time limits.

The negative impact of time limits on net income is not as dramatic for cohabiting families with two wage earners (Table 30-31), but still exists for those families earning minimum wages. Cohabiting families with two earners making a low wage all have a positive net income after time limits. The picture is not as bright for minimum wage dual earner cohabiting families in four states (Arizona, California, New York, and Virginia). These results are similar for the cohabiting couple with one wage earner. At the low wage level each of these families has a positive net income, although at the minimum wage level the positive net income is only seen in two states (New York and Oklahoma).

Married families with two earners had the greatest reduction in net income after the imposition of time limits (Table 30-31). Both low and minimum wage dual income married families have a negative net income after time limits in four states (Arizona, New York, Oklahoma, Virginia). In California and New York gross income was reduced by over $1,000 a month once health insurance and child care subsidies were lost. The affect of time limits was not as detrimental for married families with one earner. In each of the states this family type had a positive net income at both wage rates once time limits were put into place. This is primarily due to the family not being dependent on child care assistance to subsidize their net income.

In Wisconsin where transitional benefits are based solely on financial eligibility single parent, cohabiting, and married families had a greater net income when compared to other states. The lack of time-limited benefits in Wisconsin is responsible for keeping a positive net income for all of the family types (excluding cohabiting couples with one earner making a minimum wage – see Tables 28-29). If these families were to lose their child care subsidies and heath insurance they would have a loss of net income of at least a $1,000 a month.

Table 28: A comparison of the net income of the different family types earning a low wage after time limits take affect.

	SINGLE PARENT FAMILY	COHABITING COUPLE WITH TWO EARNERS	MARRIED FAMILY WITH TWO EARNERS	COHABITING COUPLE WITH ONE EARNER	MARRIED FAMILY WITH ONE EARNER	UNMARRIED FRAGILE FAMILY	MARRIED FRAGILE FAMILY
ARIZONA	$639.64	$643.30	-$487.40	$340.24	$547.96	$231.13	$257.70
CALIFORNIA	$681.81	$306.62	-$582.62	$485.14	$648.37	$385.04	$179.06
NEW YORK	-$192.89	$341.98	-$641.40	$640.97	$933.51	$631.20	$443.39
OKLAHOMA	$359.40	$840.25	-$86.80	$248.17	$501.32	$141.56	$145.41
VIRGINIA	-$133.03	$238.78	-$606.43	$423.06	$710.40	$308.16	$160.09
WISCONSIN	$642.47	$1,021.99	$248.51	$463.49	$870.60	$516.37	$530.45

Figure 11: A comparison of the net income of the different family types earning a low wage after time limits take affect.

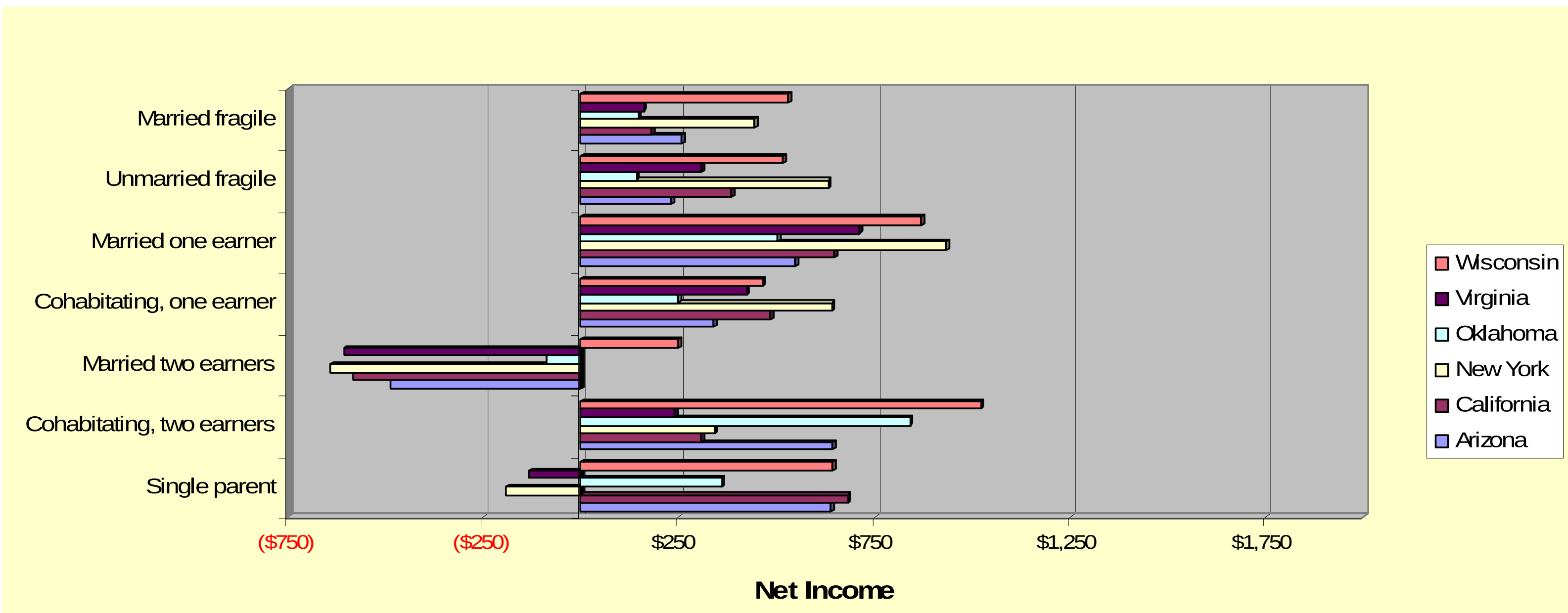


Table 29: A comparison of the net income of the different family types earning a minimum wage after time limits take affect.

	SINGLE PARENT FAMILY	COHABITING COUPLE WITH TWO EARNERS	MARRIED FAMILY WITH TWO EARNERS	COHABITING COUPLE WITH ONE EARNER	MARRIED FAMILY WITH ONE EARNER	UNMARRIED FRAGILE FAMILY	MARRIED FRAGILE FAMILY
ARIZONA	-$500.26	-$356.08	-$495.62	-$80.83	$299.84	-$190.13	$3.06
CALIFORNIA	-$329.87	-$417.81	-$669.74	$68.24	$423.07	-$31.86	$126.49
NEW YORK	-$501.66	-$416.04	-$673.58	$96.27	$534.97	$372.20	$328.50
OKLAHOMA	$164.11	$343.45	$203.91	-$69.14	$306.03	-$175.75	$17.44
VIRGINIA	-$339.42	-$528.22	-$667.76	-$76.17	$216.74	-$191.07	-$85.18
WISCONSIN	$556.01	$578.47	$300.85	-$2.19	$544.70	$50.71	$254.80

Figure 12: A comparison of the net income of the different family types earning minimum wage after time limits take affect.

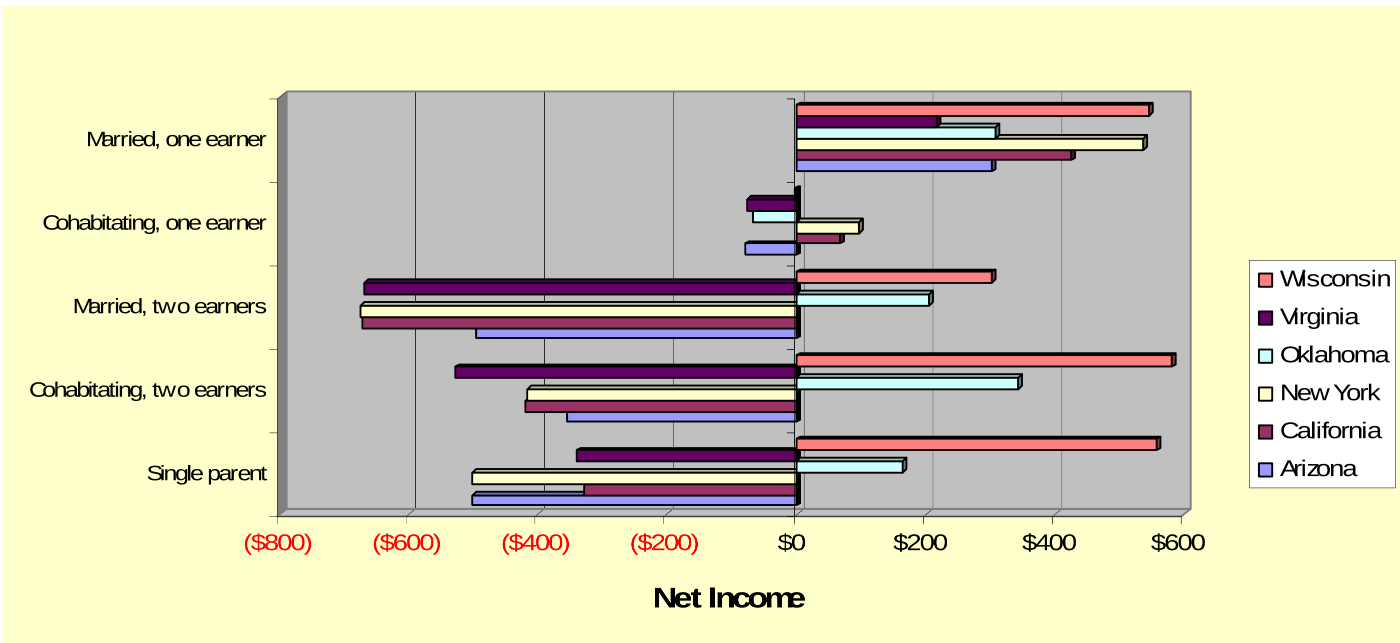


Table 30: Loss of net income once time limits are put into place for low wage workers.

	SINGLE PARENT FAMILY	COHABITING COUPLE WITH TWO EARNERS	MARRIED FAMILY WITH TWO EARNERS	MARRIED FAMILY WITH ONE EARNER	COHABITING COUPLE WITH ONE EARNER	UNMARRIED FRAGILE FAMILY	MARRIED FRAGILE FAMILY
ARIZONA	$314.75	$486.06	$826.42	$186.24	$527.20	$455.00	$180.00
CALIFORNIA	$274.80	$1,066.08	$1,066.08	$166.33	$848.33	$659.33	$166.33
NEW YORK	$1,124.84	$1,135.87	$1,124.84	$157.17	$734.17	$635.20	$168.20
OKLAHOMA	$497.37	$497.37	$216.67	$216.67	$508.67	$441.67	$216.67
VIRGINIA	$728.00	$728.00	$203.92	$347.00	$494.92	$434.92	$203.92
WISCONSIN	$0.00	$0.00	$0.00	$0.00	$805.00	$673.00	$0.00

Figure13: A comparison of the loss of net income once time limits are put into place for low wage workers.

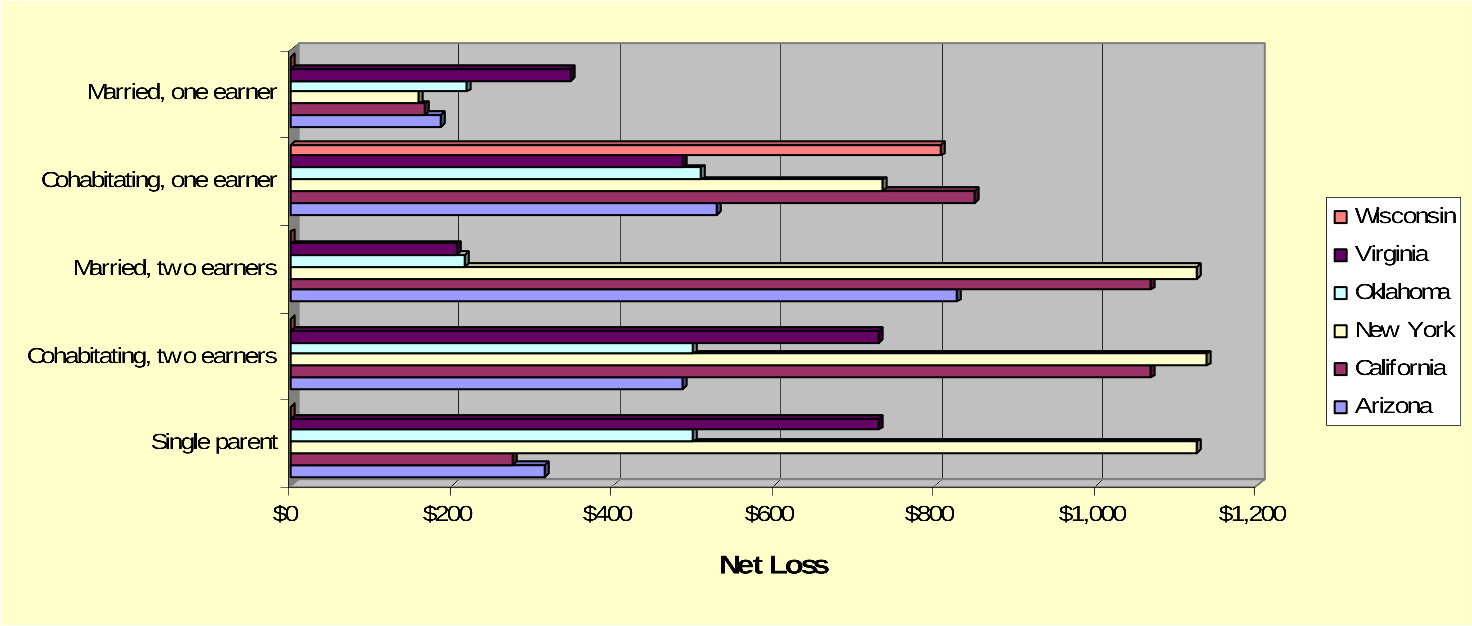
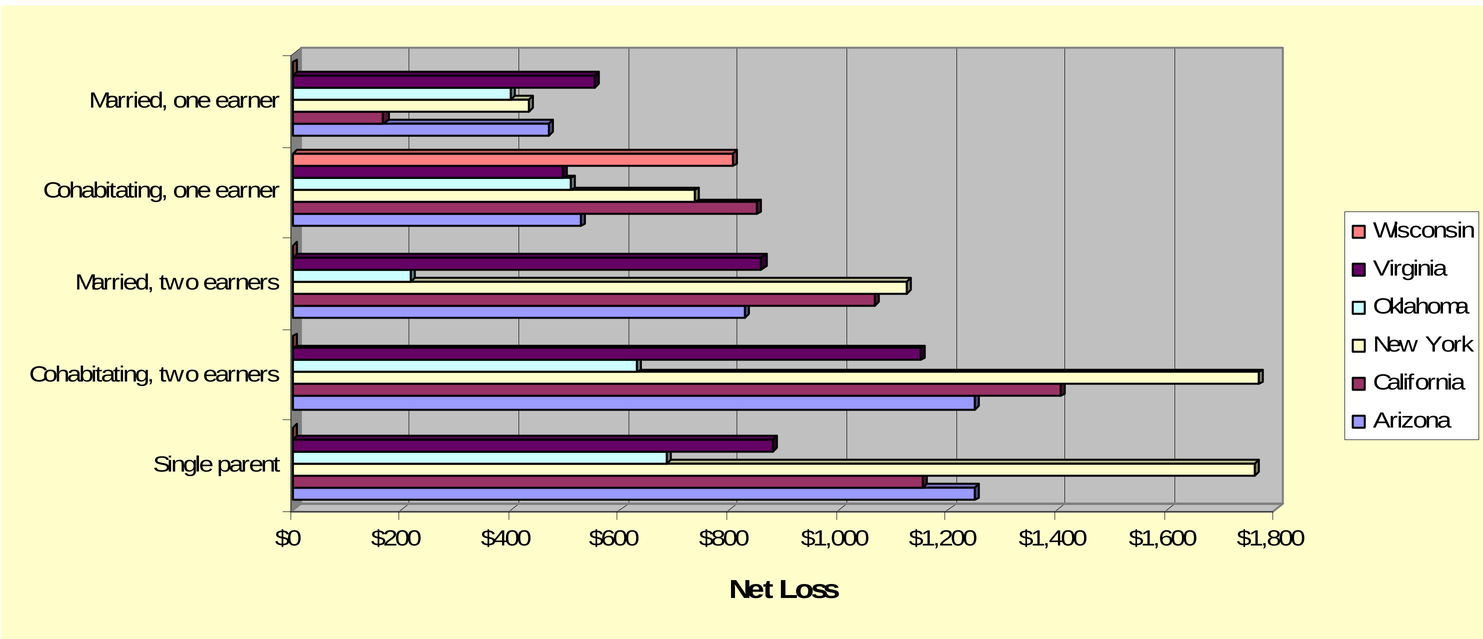


Table 31: Loss of net income once time limits are put into place for minimum wage workers.

	SINGLE PARENT FAMILY	COHABITING COUPLE WITH TWO EARNERS	MARRIED FAMILY WITH TWO EARNERS	COHABITING COUPLE WITH ONE EARNER	MARRIED FAMILY WITH ONE EARNER	UNMARRIED FRAGILE FAMILY	MARRIED FRAGILE FAMILY
ARIZONA	$1,246.72	$1,246.72	$826.42	$527.00	$468.70	$455.00	$180.00
CALIFORNIA	$1,154.08	$1,405.08	$1,066.08	$848.33	$166.33	$659.33	$166.33
NEW YORK	$1,761.34	$1,767.34	$1,124.84	$734.17	$431.67	$630.17	$327.67
OKLAHOMA	$682.67	$628.67	$216.67	$508.67	$397.17	$441.67	$378.67
VIRGINIA	$877.00	$1149.00	$858.00	$494.92	$550.92	$434.92	$494.92
WISCONSIN	$0.00	$0.00	$0.00	$805.00	$0.00	$673.00	$0.00

Figure 14: A comparison of the loss of net income once time limits are put into place for minimum wage workers.



The findings described in this chapter demonstrate the financial differences that exist between diverse family types in various states. It is hoped that the results presented here provide some insight into the differences between families, the importance of public benefits, and how time limits impact the financial picture of low income families. Additionally, these findings help us understand how marriage will impact the net income of single parent and cohabiting families. The implications of these findings and how they can inform our public policies will be explored in the following chapter.

Chapter Five
Discussion

This project is a case study examining the financial situation of eight different low income family types in six states. To understand how marriage affects the economics of low income families, the income and expenses of different family types were compared. The research questions posed by this study include: whether there are financial benefits if an unmarried low income family chooses to marry, how do the benefit time limits affect low income families, whether our current poverty measures accurately reflect the situation of low income families, and how can public policies better support marriage among low income families. This discussion will synthesize the problem statement, literature, and results presented in previous chapters.

Married families

This study has found that of the models presented here married families are not always financially better off when compared to single parent and cohabiting families. In this study, cohabiting and single parent families had a greater net income before time limits when compared to married families. A previous study using data from the 1998 Survey of Income and Program Participation found that poverty rates for cohabiting, unmarried parents were double those for married parents (Urban Institute, 2002). This finding was not supported in the current study, which found that once time limits were imposed, married families experienced the greatest loss of net income. Although the results of these two studies are not necessarily incongruent: the Urban Institute paper does suggest that the difference between married and cohabiting and single parent families may be a result of people with a higher earning capacity being more likely to marry.

Studies have suggested that economic hardship has a substantial detrimental effect on relationship quality among married families and is positively correlated to the consideration of divorce among both men and women (Roberts, 2004). As economic hardship increases it becomes more difficult for families to remain married (Fein, 2003). The results of this research combined with previous studies suggest that for families that are married - marriage promotion dollars may be most useful in providing economic support, thereby preventing material disruptions among low income married couples, creating more stable married unions.

<u>Benefits of Cohabitation</u>

Of the family types under investigation in the current study, cohabiting couples had the best financial outlook when compared to other family types.[34] When contrasted with single parent and married families in each of the states under investigation the cohabiting family had the greatest net income. Differences in net income range from over an additional $1300/month when compared to married families in Virginia to $22.46/month compared to single parent families in Wisconsin. Once time limits were put into place all of the cohabiting families earning a low wage still had a positive net income while the married families in every state except Wisconsin had a negative net income.

The better economic situation of cohabiting couples may help us understand why at least one in eight children is born into a cohabiting family (Bumpass & Lu, 2000).

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[34] While a woman receiving benefits is supposed to declare any income from a live-in partner, for this study it is assumed that the woman in a cohabiting relationship would not report the additional income of her partner, thereby creating a lower income threshold for benefit calculations.

Although there may be financial benefits to living as an unmarried couple, these benefits may be mitigated by a lack of stability within the family. A recent study found that children born to cohabiting parents do not experience the same stability as those born to married parents (Osborne, Manning, & Smock, 2004). While a couple living together long term may not have the same stability as married families, Carlson, McLanahan,& England (2002) found that a couple cohabiting at the time of a child's birth was a strong predictor of union stability. Additional studies have found that cohabiting parents are slightly more likely to get married and less likely to break up when compared to 'visiting' parents (those in a romantic relationship but not living together) (Fragile Families Research Brief, 2003). The balance of long term stability versus a greater income makes the decision to marry versus cohabitation difficult. Since the growth in cohabitation is a new phenomenon in the United States the long term implications of cohabitation versus marriage should be explored further.

Fragile Families

The results of this study show that both married and unmarried fragile families modeled here have a positive net income before time limits are put in to place. However, the unmarried fragile families have a greater income than the married families in all but two situations (married minimum wage earners in Oklahoma and Virginia do better financially then their unmarried counterparts). After time limits both the married and unmarried fragile families earning a low wage have a positive net income. These findings do not hold true for families earning a minimum wage. In three states unmarried fragile families earning a minimum wage will have a positive net income if they choose to marry (Arizona, California, and Oklahoma).

The importance of financial security is a recurring theme when examining why low income women choose to marry. Research examining the attitudes of fragile families has found that unmarried couples only wish to marry once they are financially secure (Gibson, Edin, McLanahan, 2003). Additionally, it has been shown that while unmarried fragile families claim at the time of their child's birth that they want to marry - 86 percent of mothers and 91 percent of fathers say they wish to marry within a year - only 11 percent had married by their child's first birthday (Carlson, McLanahan, & England, 2002, Fragile Families Research Brief, 2003). A second study examining fragile families (Carlson, McLanahan, & England, 2002) found that financial resources were important for the stability and longevity of these relationships. This study also found that the two most important aspects of relationship quality are economic resources and emotional skills. If public policies hope to support and promote marriage, particularly among this group, it is important to focus on lessening material hardship thus creating a financially secure environment where these couples will be more likely to marry.

Single parent families

Congruent with previous research (Sigle-Rushton, 2001) this study found that most single parent families modeled here would still be poor (living under 200 percent of the poverty level) even if they were married. In each of the states under investigation the single parent family had more net income when compared to married families at both the minimum and low wage level. Additionally, once time limits were put into place the single parent families earning a low wage were better off than married couples in each of the states and at the minimum wage rate were better than the married couples in every state except for Arizona and Oklahoma.

It is well known that the rate of single parent families is increasing. This is a troubling statistics since in the United States single parent families have the highest rates of poverty and welfare receipt (Sigle-Rushton & McLanahan, 2002). Current research shows that most women on welfare already want to marry. A study by Mauldon, London, Fein, & Bliss (2002) found that most women did not plan on becoming single parents and that their situation is a result of conditions rather than a desire not to be married. Indeed the women interviewed indicated that being a single parent had more to do with economic conditions and social circumstances than preference. Since single parent women already find marriage desirable, policies promoting the benefits of marriage may have little efficacy. This study combined with previous research demonstrates the importance of financial supports as an integral part of marriage promotion policies

Public Benefits

An important finding in this study is how the calculations of different benefits impact the financial well being of low income families. The variation in calculation of TANF benefits creates a wide variation in eligibility across states. For instance, the rules guiding TANF eligibility in California prevented all of the working families modeled in this study from receiving any benefits. By eliminating the 100-hour rule California would make it easier for working families to receive the TANF benefits. The difference in benefit administration is a hallmark of the welfare reform legislation. However, policy makers should be aware of the impact eligibility calculations have on low income families.

Another important aspect of the benefit receipt is the provision of transitional benefits for families moving from welfare to work. With the exception of Wisconsin (which was the only state in this study where each of the family types had a positive net income once time limits were put into place), each of the states under investigation had time limited eligibility for Medicaid benefits ranging from 12 to 24 months. The loss of health care benefits can have a devastating impact on families, particularly since most welfare leavers are taking low wage jobs that do not have access to employer provided health care (Greenberg, Patel, & Rahmanou, 2005).

Even more detrimental to the net income of low income families is the loss of child care benefits. The cost of child care exceeds the monthly income of a minimum wage worker in each of the states. To expect families to successfully transition to full time work better child care supports should be provided. The loss of the benefits may hasten families leaving their jobs since they can not cover the costs of caring for their children outside of the home. A study conducted by the Urban Institute supports this assumption by finding that families who received child care subsidies were significantly less likely to return to welfare (Loprest, 2002). To compound this problem it is estimated that the number of families receiving a child care subsidy will be reduced by one million in 2005 and that since 2001 almost half of all states have made policy changes reducing access to child care for low income families (Greenberg, Patel, & Rahmanou, 2005).

For TANF recipients moving from welfare to work these benefits may be critical for families to successfully transition to full time employment. Research has shown that among those families leaving TANF between 1997 and 1999 about 22 percent of welfare leavers returned to the rolls (Loprest, 2002). For those families who have left welfare, it was found that the number who do not have any visible means of income has increased from 10 percent in 1999 to 14 percent in 2002 (Greenberg, Patel, & Rahmanou, 2005). Work supports such as continued child care and health insurance may provide the support necessary for low income families to find stable employment.

It is important when developing policies to assist low income families and to promote marriage that policy makers understand how the administration of public benefits affects the financial outcome of different family types. The provision of transitional benefits was demonstrated through this study as necessary for families to maintain a positive net income; this was particularly true for married families. In five of the states, families earning a low wage had a negative income once time limits were imposed and for minimum wage workers five of the six families went from a positive net income to a negative net income once transitional benefits were lost. Based on the results of this study it is recommended that benefits gradually phase out as income increases. In Wisconsin where the eligibility criteria for child and health care subsidies are based on income, married families were able to maintain a positive net income even though they lost other TANF benefits. Policies that support low income families by providing financial stability will also support marriage by making it feasible for low income women to marry and reducing financial hardships among low income married couples

<u>Importance of benefit receipt</u>

The results from the current research demonstrate how important public welfare benefits are to the economic well being of low income families. In this study every family type in each of the states had a positive net income when they were receiving a full benefit package. However, once benefits were lost several families ended up with a negative net income. If eligibility for welfare benefits was calculated similar to housing and food stamp benefits then families would be eligible for benefits as long as their income remains below a certain threshold. By having a gradual fading out of benefits, families would be better able to handle the loss of transitional subsidies.

Another issue to consider when discussing the importance of public benefits for low income families is the under utilization of benefits by eligible families. Studies have found that only about half of the families who are eligible to receive TANF benefits actually participate in the welfare program (Zedlewski, 2002). In a qualitative study conducted with 95 families by the Urban Institute (Zedlewski, et al., 2003) it was found that about 40 percent of those interviewed did not participate in TANF programs. The primary reason cited for not applying for benefits was the amount of paperwork required by welfare departments and the stigma associated with welfare receipt.   By making benefit receipt easier, financial difficulties may be reduced making marriage a financial option for single and cohabiting families and creating greater financial security for low income married couples.

Wages

For the six states under investigation four maintained the federal minimum wage of $5.15/hour while two states, California and New York, opted to increase the minimum wage (U.S. Department of Labor, 2005).   The minimum wage does not necessarily apply to all workers. In Oklahoma it only applies when a company has ten or more full time employees at any one location and employers with gross sales that are over $100,000/year – regardless of the number of employees (Department of Labor). Arizona does not have a state minimum wage law – if an employer is covered by the Fair Labor Standards Act then the federal minimum wage must apply (Department of Labor).

In the states where the wage is the federal minimum all of the families were living in poverty. In New York and California families with only one wage earner lived in poverty even at the higher minimum wage rate – although with two wage earners the income was slightly above the poverty level. One of the main reasons the minimum wage rate is so important for low income workers is because it helps improve the earnings of lower wage workers (Economic Policy Institute, 2004). A boost in the minimum wage will increase wages for low end workers and will provide a greater income for those families most in need. This is particularly true for families moving from welfare to work. It was been found that most families leaving welfare, approximately 50 to 60 percent, were employed; however most of these workers were in low wage jobs (Greenberg, Patel, & Rahmanou, 2005).

Earned Income Tax Credit

The federal Earned Income Tax Credit (EITC) was created in 1975 to mitigate the impact of Social Security payroll deductions for low income families (Finance Project, 2003). In 1993 the credit was expanded so that the when the tax credit was coupled with full time minimum wage employment and food stamps a family of four would have enough income to rise out of poverty (Finance Project). The tax credit was further expanded in 2001 to increase the amount of income a married family with children could earn before the credit began to phase out (Finance Project). Currently, the maximum benefit a family with two children can receive is $4204/year, $2,547/year for a family with one child, and $330/year for a worker with no children (Internal Revenue Service, 2004). To qualify for the EITC a full time worker with two children is likely to be making less than $15 an hour (Berube & Tiffany, 2004).

The EITC begins to phase out as income reaches and starts to exceed the federal poverty level. After income exceeds the poverty level the credit is reduced for every dollar over FPL. In addition to the federal EITC, states can elect to have their own tax credits for low income working families. Under the current study two states (New York and Wisconsin) provided a state EITC in addition to the federal credit. In New York the state EITC is calculated as 30 percent of the federal EITC with a maximum benefit of $764/year for families with one child and $1,261/year for families with 2 or more children (National Center for Children in Poverty, 2005a). The maximum credit in Wisconsin is $102 for a family with one child and $589/year for a family with two or more children (National Center for Children in Poverty, 2005b).

The results of this study demonstrate how important the EITC is to low income families. For each of the families types under investigation the EITC provided additional monthly income. For the single parent and cohabiting families the EITC provided over $300 in additional income. For fragile families the EITC increased monthly income by approximately $200 a month. Married families earning low wages did not receive as much in tax credits when compared to other family types as a result of their increased wage income. The income provided by the EITC for married low wage earners ranged from $39.17/month (New York) to $161.19/month (Wisconsin). However, the benefits of the EITC should be viewed cautiously. It is estimated that approximately 15 to 20 percent of families who are eligible for the EITC do not claim it. For the families in this study the loss of income by not claiming this credit would have a detrimental impact on their financial well being. Advocates need to be advised on the importance of this tax credit and make sure their constituents and clients are aware of this opportunity.

Policy makers should focus efforts on making the federal EITC more available to working families through outreach and education. In addition, states should consider the creation of a state EITC, such as those in New York and Wisconsin, to further support low income families. Tax credits such as these are less costly to administer than traditional welfare benefits (Finance Project, 2004) and do not have the stigma of a public 'hand out.' This credit has a greater receipt (80 to 85 percent) when compared to other public welfare programs such as Food Stamps, which has a 70 percent of use among eligible families (Finance Project).

Poverty measures and expenses

When the federal poverty line was developed it was calculated that families spent a third of their income on food (U.S. Department of Health and Human Services, n.d.). The federal poverty guidelines are still calculated using the U.S. Department of Agriculture's (USDA) economy food plan and multiplying that number by three. By analyzing the data provided in this study it is clear that the primary expense of poor families is no longer food costs. For this study food costs were estimated based on the food plan produced by the USDA – according to this measure a family of three will spend $282.80/month in food and a family of four will spend $422.50/month. When comparing these food costs to expenses such as child care (which ranged from $700/month to as much as $1400/month) and rent ($509-$915/month for a one bedroom and $640-

$1018/month for a two bedroom) it is clear that food is no longer the greatest expense a family faces each month.

This study confirms what many authors have suggested, which is that the existing poverty measure is out of date with the current situation for low income parents (National Research Council, 1995, Ruggles, 1990, Short, et al., 1999, Iceland, 2003). Policy makers should be aware of how this measure may be severely underestimating the real cost of living for low income families and revise how we currently measure poverty to take into account for factors such as: rent and child care expenditures, geographical differences, the cost of work, health care costs, and taxes. A more holistic measure of poverty will provide a better basis for determining program eligibility and will give policy makers a better understanding of the real situation of low income families. For policy makers to create efficacious marriage promotion programs they must have an understanding of the real expenses of low income families and consider alternatives to our traditional measures of poverty.

Rational Choice Theory

This research was conceptualized with Rational Choice Theory (RCT) as the theoretical framework guiding the study. Becker (1981) applied Rational Choice Theory to marital decision making finding that a woman would not choose to marry if it is not in her best economic interests to do so. In addition, Becker stated that rational choice is important not only for a woman deciding if she will get married but also important in determining who she will marry.

By applying the tenets of Rational Choice Theory to the findings presented in chapter four we can assume that a woman heading a single parent household would not choose to get married since it would ultimately reduce her net income. In the states under investigation a single parent family receiving benefits will have a net income that ranges from $594.97 to over $1200 a month. If she were to get married the highest net income she could expect to have is approximately $480 a month.[35] In addition, from the data presented here it seems that families who have the best net income are cohabiting families. Therefore, if a woman did decide to begin a serious relationship, according to Rational Choice Theory (RCT), she would be more likely to cohabitate then to get married.

Policymakers hoping to promote marriage among low income women need to consider the importance of rational choice theory in the decision making process of low income families. Based on the results of this study, it would not be rational for a woman to choose to marry since her family will most likely have fewer financial resources should she decide to marry. RCT states that a woman will only marry if she can increase the economic circumstances of her family; therefore there is no rational basis for a single woman to marry if she will be better off financially by cohabiting or remaining single. Policymakers need to consider this aspect of marital decision making if they wish to promote marriage among low income families.

<u>Implications</u>

If policymakers are serious about creating policies and programs which will support marriage among low income families they must create an environment where marriage is not a financial detriment for single women. Marriage promotion programs need to create economic support and stability among low income families by: expanding

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[35] For single parent families living in Virginia married would cause them to go from a net income of $537.58 to a negative net income of $667.76.

benefit receipt, lessening the burdens of the real expenses of low income families, and increasing wages and work supports for families transitioning from welfare to work. To support marriage, policymakers need to support work and create anti-poverty measures that actually reflect the situations low income families face today.

Previous research (Gibson, Edin, & McLanahan, 2003, Sams-Abiodum & Sanchez, 2003), discussed in Chapter Two, has demonstrated that marriage is an important goal for low income women and that these women anticipate getting marriage in the future. In fact, respect for marriage is one of the primary reasons women cite for delaying marriage – they do not wish to marry if they do not think they have the financial resources to support their family. Research conducted by Gibson, Edin, & McLanahan (2003) showed that low income couples with children delayed marriage because they did not believe they were financially stable enough to marry. Policymakers need to build on the marriage goals of low income couples. Instead of creating programs that promote marriage, policymakers need to create an environment where marriage is a reasonable option.

Another important aspect to consider is how current benefit programs can support low income families. For this study it was assumed that each family would receive a full benefit package. However, even when married families are receiving the benefits available to them in their state, they do not have as much net income as cohabiting and single parent families. TANF and other programs should make marriage more financially beneficial for low income families; either by reducing the barriers to benefit receipt or creating larger benefits for married families. By creating greater economic supports for married couples within these programs, policymakers can mitigate the economic divide that separates married families from their single and cohabiting counterparts.

An important finding of this study is that Wisconsin was the only state where married couples with dual earners had a positive net income after time limits were enacted. The primary reason for these results is the work supports Wisconsin provides. In this state, subsidies such as child care and medical insurance are based on financial eligibility rather than being time limited. Subsidies are gradually reduced as income increases. Families are not facing an economic threshold where they will lose all of their benefits, thereby reducing their net income. In addition to eliminating the time limited work supports, policymakers also need to make benefits more accessible to low income families, particularly married families. It is estimated that only forty percent of eligible families receive public benefits for which they are eligible. If policymakers reach out to low income married families encouraging them to apply for benefits they will be creating greater financial resources for these families.

Marriage is not a policy that needs to be *promoted*. Instead, marriage needs to be *supported* by our policies and programs. These supports should come in the form of higher wages, greater benefits, and an environment in which the work of low income families is rewarded by economic stability. To make marriage a feasible option for low income women, policymakers must first make work pay. Low income families already aspire to marriage – they simply do not have the means to make this goal a reality.

<u>Limitations of the study</u>

This study hoped to demonstrate the real financial picture of different family types in six different states but there are some limitation to the results presented here.

First, as a case study these findings can not be generalized to the entire population of the United States. The case study methodology used in this research was selected to illustrate the financial picture of different families in different states and to use that information to inform public policies.

Second, this study is based on models created to gain information on different types of low income families in the United States. Inherent in these models are assumptions on how people live and behave. In contrast to other studies (Urban Institute, 2002), which have data collected from participants; this study seeks to provide a holistic view of the living situation of different families by creating a model that includes the expected income and expenses of the family types under investigation. Further research should be conducted with low income families to verify the assumptions that underlie this study.

Third, the cases described here may overestimate the income from benefits for the families under investigation. The benefit calculations presented here represent the maximum benefits a family may receive; the actual benefits may be lower. In contrast, this research may over estimate the amount of earned income received by families. Under current federal legislation TANF families are only required to work 30 hours per week to be eligible for benefits (as opposed to the 35 hours assumed here). Although the work requirement may be changing with the reauthorization of TANF: the current reauthorization legislation proposes a mandatory 40 hour work requirement (Greenberg, Patel, & Rahmanou, 2005). Another limitation of this study is the lack of inter-rater reliability. As there is only one author, the calculations were not compared with a second investigator to determine their accuracy. However, to counteract this weakness each of the figures were calculated twice and reviewed for accuracy.

It is important to remember the limitations of rational choice theory when viewing the results of this study. Rational choice theory assumes that every individual acts rationally. This may not always be the case. There are several reasons why women choose to marry (or not to marry), the financial feasibility of marriage may not be the only reason a couple would choose to marry. While the financial circumstances of the potential partner are an important factor in marital decision making – it may not be the only factor. A limitation of this study is that it only addresses the financial feasibility of marriage for low income women and does not focus on other reasons that may affect why low income couples choose to marry.

Marriage and welfare policies have a historically complex relationship in the United States. Using a case study methodology guided by Rational Choice Theory this study describes why marriage may not be financially feasible for low income families. From the results of this study it is suggested that to promote marriage policies should be crafted to economically support low income families. In the cases presented here, it would not be in a woman's best financial interest to enter into marriage with another low income worker. However, these results do not incorporate other non-economic benefits to marriage. To increase marriage rates among low income families it is important that policies are created which economically support being married. This includes providing consistent work supports such as child care and health insurance, increasing the minimum wage, expanding the earned income tax credit, and revising poverty measures to more accurately describe the real financial situation of low income families. One of the primary goals of the welfare reform legislation of 1996 was to promote marriage among low income families. This study combined with previous research demonstrates that to support marriage, policy makers' first need to create programs which financially support low income families - making marriage a feasible option.

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