



FRAGILE FAMILIES RESEARCH BRIEF

December 2003 • Number 20

The Effects of Welfare and Child Support Policies on Union Formation

Background

The advantages to children of living in two-parent families are now well-documented. Research also suggests that marriage promotes adult wellbeing and family stability. With major changes in family demography since the 1960s that have decreased the share of two-parent families, policymakers have been concerned both with ameliorating the consequences of paternal absence (and the associated low income) and with minimizing any adverse effects of policy on family formation behaviors. Thus, policymakers have re-designed welfare and child support policies to make parents accountable for supporting their children and to eliminate any disincentives to the formation of two-parent families.

Child support policies now make it more difficult for non-resident fathers to avoid child support obligations through the use of wage withholding and other mechanisms, and mothers who seek public assistance are required to assign their child support rights to the state and cooperate with state officials in identifying the non-resident father of their child. These changes in child support legislation have resulted in increases in paternity establishment, child support awards and collections.

The welfare system has also undergone important changes in recent years, including setting time limits on the receipt of welfare, imposing work requirements on recipients, and, in many states, extending benefits to two-parent families. Taken together, these changes in public policy have altered the costs and benefits of being single relative to being married or cohabiting for many low-income mothers. Changes in living arrangements among low-income families since 1995 (fewer children living with single parents and more with two parents) suggest that families may be responding to the new rules and incentives.

This brief uses new data from the Fragile Families and Child Wellbeing Study to examine how welfare and child support policies, as well as labor market conditions, affect family formation among unwed couples in urban areas who gave birth in the late 1990s. We use baseline data from interviews at the child's birth and data from one-year follow-up interviews with 3,286 couples. Thus, we are exploring union formation decisions subsequent

to a nonmarital birth: some parents may choose to marry, while other parents may remain unmarried and live together, remain romantically involved but live apart, or end their relationship. This research adds to the previous literature in this area by analyzing a representative sample of unwed births and by examining union types-especially cohabitation and so-called "visiting" relationships (romantically involved but living apart)-that have received little or no attention in past studies.

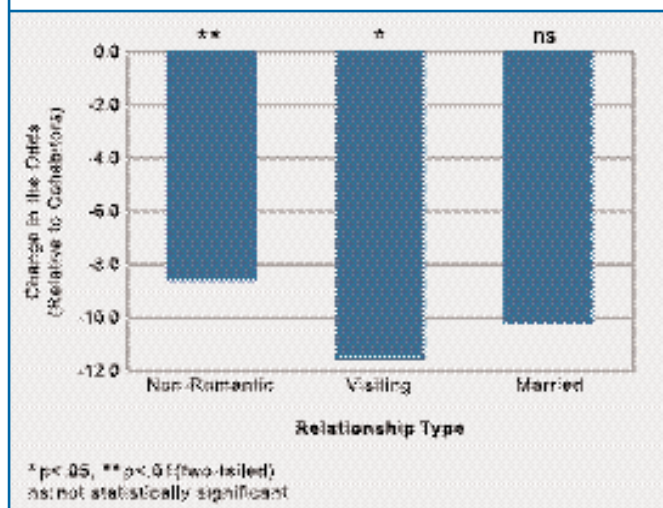
Data and Measures

To measure the strength of a state's child support enforcement system, we use data from the Current Population Survey (CPS) to create an 'effectiveness ratio'- the amount of child support actually collected on behalf of never-married mothers divided by the total amount of child support that would be paid if all custodial parents had child support awards (based on the well-known Wisconsin guidelines) and non-resident parents paid the full amount owed. We then take the average effectiveness ratio for the two or three years prior to the baby's birth. To measure the generosity of state welfare programs, we use the state Temporary Assistance to Needy Families (TANF) plus food stamps benefit for a mother with two children in 1999. Finally, to measure the strength of the local labor market, we use the average unemployment rate for the three years prior to the baby's birth. We then examine the effects of these measures on couples' relationship one-year after their baby's birth, considering four categories-not romantically involved (i.e. broken up), in a visiting relationship, cohabiting (our reference category), or married. We control for differences in parents' demographic and economic characteristics, attitudes, relationship quality, and relationship status at birth.

Findings

Our findings suggest that policy does have some effect on decisions regarding union formation and dissolution. To begin, we find that higher welfare benefits are associated with a reduced likelihood of breaking up or of being in a visiting relationship at the follow-up, as compared to cohabitation (see Figure 1). In other words, when unmarried couples have greater access to (real or potential) income from welfare, they are more likely to

Figure 1: Percent Change in Odds, with Each Additional \$100 in Welfare + Food Stamps Benefit



Note: The p-value should be interpreted as follows: if the true difference in the population were zero, the probability of finding a difference the size that we do is .05 or .01. A "not statistically significant" result means that the probability is greater than .10, a level that is conventionally considered too high to be confident in a 'true' result.

live together, regardless of parents' attitudes, relationship quality, and relationship status at the child's birth. We find no significant difference in how welfare affects marriage versus cohabitation (although the direction of the effect is that higher welfare benefits are associated with lower rates of marriage).

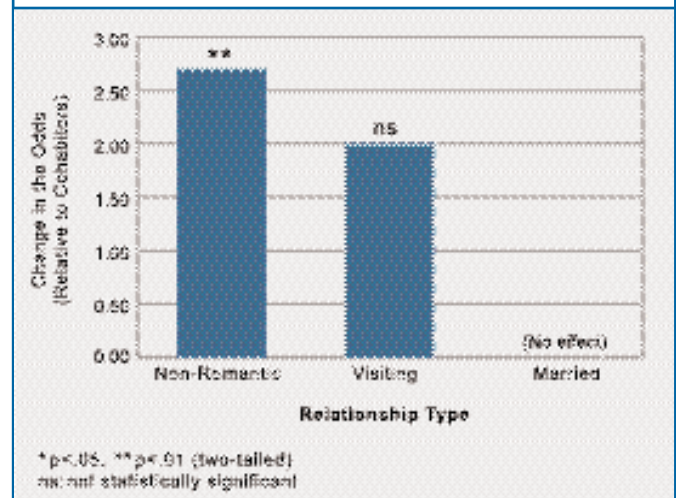
With respect to child support enforcement, as shown in Figure 2, we find that stronger child support enforcement is linked with a greater likelihood of breaking up, as compared to cohabitation. We suspect that strong child support enforcement may increase conflict among low-income couples (as has been demonstrated in ethnographic research) or that child support income may allow women to leave otherwise unsatisfying relationships; alternatively, men in strong enforcement states may be more likely to have previous child support obligations, thus decreasing their attractiveness as a breadwinner. Child support enforcement appears to be unrelated to the likelihood that a couple gets married or is in a visiting relationship, relative to cohabitation. Turning to the labor market, we find little evidence that the unemployment rate is related to parents' relationship decisions after birth (all differences in Figure 3 are non-significant).

We also looked at the effect of welfare, child support and unemployment on so-called 'shotgun' marriages, those that occur between the time of conception and the time of the child's birth (not shown). We observe both similarities to and differences from our main results. Similar to our results for post-birth relationships, we find that higher welfare benefits appear to reduce the likelihood of breaking up before the birth. At the same time, welfare is positively associated with being in a visiting relationship or getting married (although the latter is not statistically significant), relative to cohabitation; this is in

contrast to the post-birth results where the direction of welfare on union formation was negative. Stronger child support enforcement is linked to breaking up before the birth (same as the post-birth analysis), but there is also some (weak) indication that strong enforcement promotes marriage before the birth. Finally, the biggest difference is in the labor market effects: higher unemployment is strongly related to couples' greater likelihood of marrying between conception and the baby's birth (but has no effect post-birth).

We also experimented with using several alternative measures for welfare and child support policies, and the outcomes were generally consistent with the findings reported above. One exception is that when using alternative measures for child support, we find some evidence that welfare does in fact significantly decrease the chances of post-birth marriage. In subsequent research, when the three-year follow-up data are available, we will further examine the robustness of our results using additional policy measures, and we will analyze parents' relationships over a longer period of time.

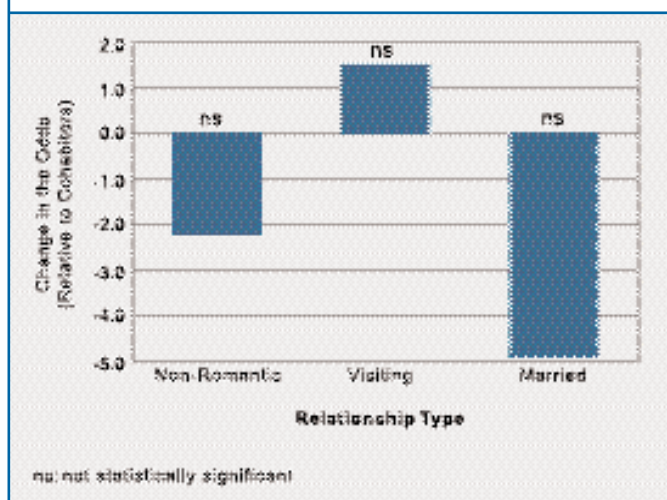
Figure 2: Percent Change in Odds, with Each One-Unit Change in Child Support Effectiveness



Conclusions and Policy Implications

Policymakers have long been interested in how public policies affect families, and recent initiatives have more explicitly focused on family formation. Democrats have sought to encourage family ties by increasing the employability of non-resident fathers and extending TANF benefits to two-parent families. Republicans, and the Bush Administration in particular, are currently seeking to increase marriage by providing low-income couples with programs to increase their relationship skills. The Department of Health and Human Services is now developing a major demonstration project that will examine how six program types (some of which may include changing welfare and child support rules) affect marriage among unwed parents.

Figure 3: Percent Change in Odds, with Each Percentage-Point Rise in the Municipal Unemployment Rates



The research reported in this brief suggests that welfare and child support policies do affect union formation and dissolution among couples who have a child outside of marriage. Generous welfare is positively related to cohabitation, a union status that has been little examined in previous research. Consistent with recent evidence from randomized experiments, we find scant evidence that generous welfare benefits affect marriage. We find that strong child support enforcement is linked to a greater likelihood of couples' breaking up, either before or after a non-marital birth; this finding runs counter to previous studies which show that strong enforcement encourages family formation. The present results should be considered preliminary. Yet, if the findings hold up using additional policy measures and over a longer time frame, they may imply that welfare and child support policies should be re-examined to reduce any deleterious effects they may have on family formation.

Recent Working Papers

The following comprises a list of the most recent Working Papers authored by the Center for Research on Child Wellbeing (CRCW) faculty and research associates. A complete list of Working Papers is also available for viewing and downloading on the CRCW web site:
crcw.princeton.edu/fragilefamilies

2003-22-FF Julien Teitler, Nancy Reichman, Lenna Nepomnyaschy Dec 2003 "The Effects of State Policies on TANF Participation"

2003-21-FF Nancy Reichman, Hope Corman, Kelly Noonan Dec 2003 "Effects of Child Health on Parents' Relationship Status"

2003-20-FF Hope Corman, Nancy Reichman, Kelly Noonan Dec 2003 "Mothers' Labor Supply in Fragile Families: The Role of Child Health"

2003-19-FF Kelly Noonan, Nancy Reichman, Hope Corman Dec 2003 "New Fathers' Labor Supply: Does Child Health Matter"

2003-17-FF Nancy Reichman, Julien Teitler, Marah Curtis Dec 2003 "Hardships Among Sanctioned Leavers, Non-Sanctioned Leavers, and TANF Stayers"

2003-16-FF Sara McLanahan Dec 2003 "Fragile Families and the Marriage Agenda"

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2002-17-FF Angela Fertig, Sara McLanahan, Irwin Garfinkel Oct 2003 "Child Support Enforcement and Domestic Violence Among Non-Cohabiting Couples"

2002-10-FF Marcia Carlson, Irwin Garfinkel, Sara McLanahan, Ronald Mincy, Wendell Primus Oct 2003 "The Effects of Welfare and Child Support Policies on Union Formation"

2003-12-FF Ariel Kalil Oct 2003 "Fathers' Perceptions of Paternal Roles: Variations by Marital Status and Living Arrangement"

2003-11-FF Catherine Kenney Sept 2003 "Hardship in Marriage and Cohabiting Parent Households: Do Cohabiting Parents Underinvest in Household Public Goods?"

2001-06-FF Marcia Carlson, Sara McLanahan, Paula England Aug 2003 "Union Formation and Dissolution in Fragile Families"

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2002-05 Leonard Lopoo, Sara McLanahan, Irwin Garfinkel Aug 2003 "Explaining the Trend in Teenage Birth Rates from 1981-1999"

2001-14 Leonard Lopoo Aug 2003 "The Effect of Maternal Employment on Teenage Childbearing"

2001-17-FF Wendy Sigle-Rushton, Sara McLanahan Jul 2003 "For Richer or Poorer?: Marriage as Poverty Alleviation in the United States"

2003-09-FF Cynthia Osborne, Sara McLanahan, Jeanne Brooks-Gunn Jul 2003 "Is There an Advantage to Being Born to Married versus Cohabiting parents? Differences in Child Behavior"

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Inside...

This research brief uses data from the Fragile Families and Child Wellbeing Study to examine welfare benefits, child support policies, unemployment rates, and union formation and dissolution.

The Fragile Families and Child Wellbeing Study is following a birth cohort of nearly 5,000 children, including 3,712 children born to unmarried parents and 1,186 children born to married parents. The data are nationally representative of births in cities with populations of 200,000 or more. For more information about the study, visit the Web site of The Center for Research on Child Wellbeing, <http://crcw.princeton.edu/fragilefamilies> or email the CRCW at crcw@opr.princeton.edu

This research brief was adapted from "The Effects of Welfare and Child Support Policies on Union Formation," by Marcia Carlson, Irwin Garfinkel, Sara McLanahan, Ronald Mincy, and Wendell Primus. To download a copy of the paper on which this brief was based, visit <http://crcw.princeton.edu>, go to the *Fragile Families* link, click on *Publications*, then click on *Working Papers Series*.

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