

## **Union Formation After Welfare Reform**

### **INTRODUCTION**

The welfare reform bill of 1996 described marriage as “as essential institution.. that promotes the well-being of children” and a stated objective was “to end dependence by promoting marriage”. Marriage figures even more prominently in TANF re-authorization and the Administration has given center stage to its pro-marriage agenda. In February, 2002, President Bush called for spending more than \$200 million a year for five years on marriage education, training, mentoring, and public advertising. An additional \$100 million a year would fund research and demonstration projects promoting healthy marriages.

Some states have already begun new programs. For example, Oklahoma and Florida have earmarked TANF funds for marital counseling, and have introduced marriage preparation courses into public school curriculum. West Virginia provides financial incentives for TANF-eligible families that marry (each married couple on welfare has received a \$100 monthly bonus since July 2000). In Arkansas, the governor declared a “state of marital emergency” and started a public campaign to halve the divorce rate.

Targeting government funds for promoting marriage has sparked much debate. Supporters claim that informing people of the benefits of marriage, encouraging marriage, and providing relationship counseling will reduce poverty, marital instability, and welfare caseloads. Critics counter that marriage promotion oversteps government’s bounds and may divert welfare dollars away from welfare programs that might better foster the transition of single mothers from welfare to work. Additionally, they suggest that poor women may see few economic gains from marriage if they marry poor men and whether the incidence of domestic violence will increase (Lerman, 2002).

The argument that increased marriage leads to decreased poverty and dependency rests on the view that the strong observed correlation between poverty and family structure results from a causal relationship. The poverty rate for married couple families is 4.9%, whereas for single-mother headed families it is 26.4% (Proctor & Dalaker, 2002). Many analysts have attributed a substantial portion of increases in child poverty over the past 30 years to concurrent changes in family structure. With respect to child well-being, there is also strong correlational evidence that children growing up in single-parent homes fare worse on a variety of indicators when compared to children in two-parent families (McLanahan & Sandefur, 1994).

However, this literature does not necessarily imply that increases in marriage among poor single-mothers will allow most of them to escape poverty. If people select themselves into marriage on the basis of their expected market income, unmarried men and women may be different from their married counterparts in ways that negatively affect poverty and earnings. Poverty may be less a function of family structure and more a function of these characteristics that effect both poverty and family structure (Thomas & Sawhill, 2002).

In addition to concern about the non-causal relationship between family structure and poverty, many worry about the marriage options available to poor women. Marriage rates vary widely by economic status, and marriage is much more likely for economically advantaged individuals (Lichter, LeClere & McLaughlin, 1991; Mare & Winship, 1991; Oppenheimer, Kalmijn & Lim, 1997). For poor women, some argue that they have few viable, or economically attractive, men to marry (Wilson & Neckerman, 1996; Edin, 2002). Others wonder whether public policy changes can have a substantial influence on very personal decisions like marriage.

Pro-marriage discussions also tend to emphasize what turns out to be a false dichotomy of union formation; either marriage or remaining single. The dichotomy is false because over the

past 30 years union formation has changed dramatically—cohabitation is now an important family structure option. Current estimates indicate that there are about 4.9 million cohabiting households and that 56 percent of first unions are preceded by cohabitation (Bumpass & Lu, 2000; Casper & Cohen, 2000). Cohabitation appears even more likely for economically disadvantaged persons. Recent estimates indicate that although the proportion of children growing up in single-mother families has decreased slightly, the proportion in married couple families has not increased. Instead, more children are living in cohabiting couple families (Acs & Nelson, 2001). In terms of child well-being, children living in cohabiting households are more likely to be poor, food insecure, read to infrequently, and exhibit behavioral problems than children in married couple families. However, they are less likely to be poor and food insecure compared with children in single-mother families (Acs & Nelson, 2002). Particularly for economically disadvantaged persons, cohabitation should be included in union formation decisions. Although cohabitation may be an alternative to marriage, cohabitation may also be an important precursor.

Existing studies have mainly focused on the impacts of policy on the decision to marry and the impacts of marriage for the well-being of children (Lerman, 2002). Relatively few have focused on which poor women marry and on their economic well-being after marriage. We attempt to address some of these issues by examining the family formation behavior of welfare recipients after TANF. Rather than focusing specifically on marriage, we also examine entrances into cohabitation. In part, cohabitation is included as a possible precursor to marriage and because so few poor single-mothers marry that cohabitation is likely to be more common than marriage.

With welfare reform changes mandating work within two years and limiting cash assistance to 5 years, welfare recipients are likely to feel additional pressure to enter unions as a means of economic support. Women who are least able to be economically self-sufficient and who face the prospect of having their welfare benefit sanctioned or terminated may be the most likely to enter unions. Without cash assistance or employment as a means of economic support, union entrance may be their best option. If this is the case, then we should expect union entrance among women with the least human and social capital.

Alternatively, just as women prefer men who are economically stable, or men with more human capital, men may also prefer women with more skills and resources. Although the majority of research has focused on the marriageability of men (Wilson, 1986), the marriageability of women may be equally important. If this is the case, then we might expect to see more union entrance among women with better resources at baseline.

In order to better understand union formation in the aftermath of welfare reform, information is needed on which welfare recipients are most likely to marry and cohabit. We examine this question using longitudinal data from the 1996 Survey of Income and Program Participation (SIPP) and the Women's Employment Survey (WES). The SIPP contains monthly information on a nationally representative sample. The WES is a longitudinal survey of welfare recipients in one urban Michigan county. Each survey has unique advantages, and the analysis of both allows for a more comprehensive examination of the characteristics related to union entrance.

## **DATA**

### 1996 Survey of Income and Program Participation

We utilize data from the 1996 SIPP panel, which consists of a nationally representative sample of U.S. households. Sample members are interviewed every 4 months over the life of the panel (Westat, 2001). The 1996 panel represents a redesign from previous SIPP panels and includes a larger initial sample, a 4-year panel instead of an overlapping 32-month panel, 12 waves instead of 8, and an over-sampling of households from areas of high poverty concentration. The first interview for the redesigned 1996 panel occurred in April of 1996, prior to the passage of the Personal Responsibility and Work Opportunity Reconciliation Act. Therefore, our sample consists of all women receiving Aid to Families with Dependent Children at Wave 1, and then examines their post-Temporary Assistance to Needy Families (TANF) union formation experiences for up to 3 years after the initial interview (the last interview was in December 1999).

Our sample is restricted to women receiving Aid to Families with Dependent Children at Wave 1, who were not in a union at Wave 1, and who were still in the SIPP sample at Wave 12 (n=609). We begin by examining differences in characteristics at baseline between women who enter unions and those who do not—27% of our sample had entered a union by Wave 12. We then assess differences in well-being—examining both poverty status and food security—by union formation status. The food security measure was calculated based on responses to five questions from the U.S. Food Security Survey Module. The Food Security Status identifies households as food secure, food-insecure without hunger, and food-insecure with hunger.

## Women's Employment Survey

The Women's Employment Survey (WES) is a longitudinal study of a sample of women drawn from the welfare rolls in February 1997. A random sample of 753 single mothers who were welfare recipients in an urban Michigan county were first interviewed in 1997. Wave 2 interviews were conducted in Fall, 1998 with 693 respondents, representing a response rate of 92 percent. Wave 3 occurred in Fall, 1999 with 632 respondents and a response rate of 91 percent. The WES sample was drawn after the passage of PRWORA and provides a good picture of post-reform experiences. Note that the sample sizes from SIPP and WES are quite similar.

The WES is unique in that it includes many of the economic and demographic information included in SIPP, as well as mental health and substance use problems based on the Diagnostic and Statistical Manual (DSM IV) and experiences of domestic violence. An important component of the WES analyses will be to examine the contribution of these characteristics in predicting union entrance over and above the demographic and economic factors. Additionally, the information on domestic violence available from WES provides important information on an area of substantial concern. With the WES data, we compare women who were not in a union at Wave 1 (n=469) but who had entered a union (either marriage or cohabitation) by Wave 3.

## **RESULTS**

Table 1 examines characteristics at Wave 1 for women who entered a union by Wave 3 and those who did not. In terms of economic factors, there is little difference between the two groups of women on the income-to-needs ratio, but substantial differences by work status. Among women who did not enter a union, 64% were not working for pay at Wave 1, compared

to 32% of women who did enter a union. In keeping with prior research on race differences in union entry, there was a higher proportion on African American women who did not enter a union (76%) compared to those that did (49%). Women who entered unions also had slightly less education, more children, and younger children. Among the characteristics unique to WES, domestic violence, substance use, and mental health problems, there was a greater proportion of mental health and substance use problems among those who entered unions. The proportion experiencing domestic violence is the same for both groups. Many of the results in this table lend support to the hypothesis that it is women with less skills and resources that enter unions post-welfare reform. With restrictions and limits on cash assistance, a man maybe one of the few options available to them.

Table 2 examines the probability of union entrance by Wave 3 by Wave 1 characteristics using a simple logistic regression. In this multivariate context, there are no differences by work status, income-to-needs ratio, or education level. As one would expect from prior research on substantial race differences in union entrance, African American women were significantly less likely to enter a union. Women with fewer and younger children are more likely to enter unions. Similar to our results in Table X, women with mental health problems and those that had heavy alcohol or drug use at Wave 1 were more likely to enter a union by Wave 3 than women without these problems. There was no significant difference in union entrance by domestic violence.

Finally, Table 3 looks at changes in domestic violence, mental health problems and substance use by union entrance. What we are most concerned with is whether union entrance increases the prevalence of these problems. In this table, we classify women into 4 groups: 1) those who did not experience these problems at either W1 or W3; 2) those who experienced these problems at both waves; 3) experienced problems at W1 but not W3; and 4) experienced at

W3 but not W1. The results provide little support that union entrance results in increased levels of domestic violence. There was a higher proportion of women who experienced domestic violence at W3 but not at W1 among those who did not enter a union (9%) than among those who did (5%).