New Federalism
National Survey of America's Families
An Urban Institute Program to Assess Changing Social Policies
THE URBAN INSTITUTE
Series B, No. B-66, April 2005

Irreconcilable Differences?

The Conflict between Marriage Promotion Initiatives for Cohabiting Couples with Children and Marriage Penalties in Tax and Transfer Programs

Gregory Acs and Elaine Maag

Efforts to encourage marriage among cohabiting couples with children may be helped—or hindered—by financial penalties and bonuses embedded in tax and transfer programs.

Encouraging and strengthening marriage continues to move up the nation's social policy agenda—and for good reason. Research consistently shows that married adults are emotionally and physically healthier and economically more secure than unmarried adults (Waite and Gallagher 2000) and that children living with their married parents fare better than children in any other living arrangement on a host of indicators and outcomes (McLanahan and Sandefur 1994).[1] The federal government's commitment to promoting healthy marriages can be seen in the Bush administration's proposal to spend $1.5 billion over five years on marriage promotion and enhancement initiatives.[2] These initiatives include efforts to strengthen the relationships of currently married couples and to help unwed couples make informed decisions about marriage.

Efforts to encourage and enhance marriage among cohabiting couples with children may be helped or hindered by financial incentives and disincentives embedded in U.S. tax and transfer programs. Indeed, many analysts have pointed out that the taxes couples pay may vary widely depending on their marital status (Feenberg and Rosen 1995; Rosen 1987). For some couples, especially those made up of two low-income workers, their tax bills would be considerably higher if they were married than if they simply lived together. This phenomenon is referred to as the "marriage penalty." While "marriage penalties" have received more attention in the press and halls of Congress, the structure of the tax code also creates significant "marriage bonuses" for other couples. In particular, unmarried partners with very different earning levels may pay less tax if they were to marry.

Research on the prevalence of marriage penalties and bonuses is mixed. Previous studies have analyzed the effect of marriage on tax liability by analyzing prototypical households (Carasso and Steuerle 2002; Lav and Berube 1998) or by dividing currently married households (Dickert-Conlin and Houser 1998; Feenberg and Rosen 1995; Whittington and Alm 1997). These studies find large penalties for some couples and large bonuses for others. But studies based on prototypical households or currently married couples do not provide much insight about the tax consequences of marriage for unwed couples.

This brief focuses on low-income cohabiting couples with children. By cohabiting, these couples have already made some commitment to one another. These couples and their children could both benefit from marriage. This analysis uses nationally representative data on cohabiting couples with children from the 2002 round of the National Survey of America's Families (NSAF) to assess the marriage penalties or bonuses facing these couples. In addition to examining the consequences of current (2003) federal tax laws, this brief assesses the incentives that will be in place in 2008 as the final marriage-related provisions of 2001's tax reform phase in.[3] Finally, the brief incorporates potential changes in transfer income received through welfare (specifically, Temporary Assistance for Needy Families, or TANF) in assessing marriage penalties and bonuses for low-income cohabiting couples with children.[4]

Comparing Cohabiting and Married Couples with Children

In part, marriage promotion and enhancement policies strive to convince unwed couples with children to form healthy marriages. Thus, it is vital to understand the financial consequences of marriage for these couples. The financial incentives confronting cohabiting couples with children may vary from the incentives facing already-married couples with children because these couples differ from each other in several important ways.

Cohabiting couples with children have lower incomes than their married counterparts. This difference in income reflects that mothers' age and education as well as fathers' employment status are lower in cohabiting-couple families than in married-couple families (Acs and Nelson 2004). Because they have lower incomes, cohabiting couples are more likely than married-couple families to participate in transfer programs and to be affected by such tax code provisions as the Earned Income Tax Credit (EITC).

Understanding Marriage Penalties and Bonuses

For cohabiting couples, marriage penalties and bonuses result from tax code provisions that treat a married couple as one tax unit and cohabiting couples as two tax units. As a result, cohabiting and married couples have different amounts of their adjusted gross income (AGI)—the basis for determining tax liability—exempted from tax. AGI includes most forms of income but excludes income from TANF.

One unambiguous marriage penalty stems from the amount of income that can be deducted from a person's AGI before determining his or her taxable income. For cohabiting couples, one filing unit (composed of one adult plus the children) can deduct $7,000 from his or her AGI while the other filing unit (composed of a single adult) can deduct $4,750. Thus, the combined deduction available to a cohabiting couple with children is $11,750. If this couple were married, it would be one filing unit and could deduct only $9,500. Even with identical AGI, the taxable income of the married couple could be $2,250 higher than that of the cohabiting couple.

Other elements of the tax code may create further penalties or generate bonuses upon marriage depending on the distribution of income between the two adults in the couple. First consider the EITC—the largest cash assistance program in the United States.[5] It provides a subsidy of up to $4,200 for single-parent families that earn less than $33,700 a year.[6] Married-parent families can receive benefits until their earnings reach $34,700. Regardless of marital status, only a tax unit with earnings may receive the credit—and units with children receive a substantially larger EITC than units without children.[7] If the EITC exceeds the tax owed, the difference is refunded to the family.

As a person's or couple's earnings increase, the EITC increases to a defined maximum ($4,200 in 2003 for families with two or more children). After reaching the maximum credit level (at $10,500 for a family with two or more children), a person or couple continues to receive the maximum credit until the unit's income reaches a defined "phase-down point" ($13,700 for a single parent with at least two children, $14,700 for a married couple with at least two children). Beyond the phase-down point, the person's or couple's EITC gradually shrinks to zero as income reaches the phaseout point ($33,700 for a single parent with at least two children, $34,700 for a married couple with at least two children).

If both adults in a cohabiting couple have modest incomes, their combined income in marriage could substantially reduce their EITC by placing them in the phase-down range or even beyond the phaseout point. But if a nonparent earns more than a parent in a cohabiting-couple family with children qualifying for little or no EITC, the total EITC available to the adults if they marry may be higher than the total EITC available to them as a cohabiting couple.

Other credits, such as the child and dependent care tax credit, are nonrefundable and can only offset taxes owed. Families with very low incomes may receive no benefit from these credits because they owe little, if anything, in income taxes. Families with higher incomes will benefit by reducing their tax liability. Box 1 illustrates how various provisions of the tax code interact to produce marriage penalties and bonuses for couples with different earnings profiles.

Data and Methods

The 2002 NSAF provides detailed information on family relationships and income.[8] The NSAF uses a broad concept of family called the social family, which includes all persons related by blood, marriage, adoption, or through a cohabiting relationship. This analysis focuses on cohabiting families with children whose incomes fall below 200 percent of the federal poverty level, or FPL.[9] These families are one likely focus for marriage enhancement and promotion activities, making it important to understand the financial implications of marriage for these couples. Our sample is made up of 744 low-income cohabiting couples with children, representing 1.1 million people.[10]

Box 1. Marriage Penalty and Bonus under the 2003 Income Tax Law

Example 1. Marriage Penalty

Before Marriage

Family A. Mother, two children		*Family B. Cohabiting male*	
Earnings	$20,000	Earnings	$20,000
Subtract deductions		*Subtract deductions*	
3 personal exemptions @ $3,050 each	–$9,150	1 personal exemption	–$3,050
Standard deduction (head of household)	–$7,000	Standard deduction (single)	–$4,750
Taxable income	$3,850	Taxable income	$12,200
Tax liability before credits	$385	Tax liability before credits	$1,484
Subtract nonrefundable credits			
Child tax credit	–$ 385		
Subtract refundable credits			
EITC and refundable child tax credit	–$3,834		
Total tax liability for household before marriage	–$3,834 + $1,484 = –$2,350		

After Marriage

Married couple, two children	
Combined earnings	$40,000
Subtract deductions	
4 personal exemptions @ $3,050 each	–$12,200
Standard deduction (married)	–$9,500
Taxable income	$18,300
Tax liability before credits	$2,045
Subtract nonrefundable credits	
Child tax credit	–$2,000
Subtract refundable credits	
EITC and refundable child tax credit	–$0
Total tax liability for household after marriage	$45
Marriage penalty	**$2,395**

Example 2. Marriage Bonus

Before Marriage

Family A. Mother, two children		*Family B. Cohabiting male*	
Earnings	$0	Earnings	$20,000
		Subtract deductions	
No taxes owed, not eligible for any credits		1 personal exemption	–$3,050
		Standard deduction (single)	–$4,750
		Taxable income	$12,200
		Tax liability before credits	$1,484
Total tax liability for household before marriage	$0 + $1,484 = $1,484		

After Marriage

Married couple, two children	
Combined earnings	$20,000
Subtract deductions	
4 personal exemptions @ $3,050 each	–$12,200
Standard deduction (married)	–$9,500
Taxable income	$0
Tax liability before credits	$0
Subtract refundable credits	
EITC and refundable child tax credit	–$4,044
Total tax liability for household after marriage	–$4,044
Marriage bonus	**$5,528**

Income data reflect family incomes during calendar year 2001. We inflate all taxable income components to 2003 dollars and apply 2003 federal income tax law using the TRIM3 microsimulation model.[11] Because the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) contains provisions modifying the EITC for married couples in 2008 and the child tax credit (CTC) for all families after 2003, we also apply 2008 tax law, when both changes affecting low-income families are scheduled to be fully implemented. This allows us to analyze cohabitors' current marriage bonuses and penalties as well as those they would face under 2008 law.

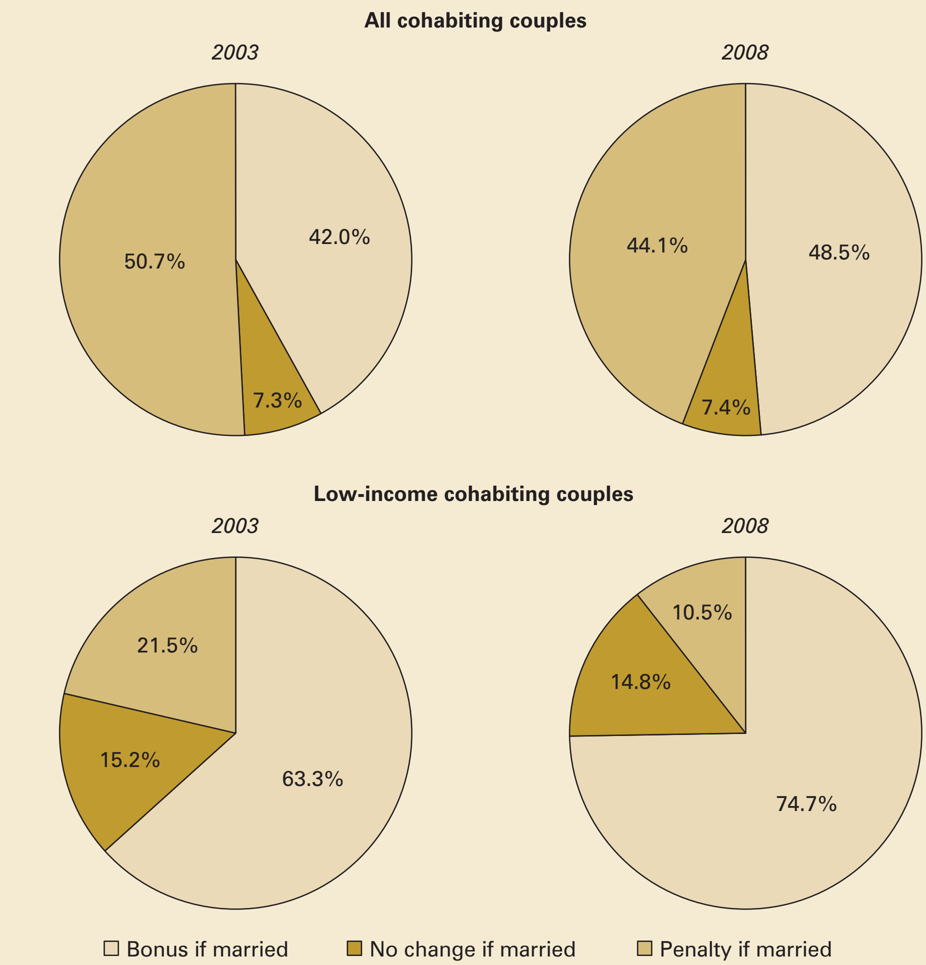
We compare the tax owed by the family when the cohabiting partners are separate tax-filing units with what would be owed if the couple married and filed a joint return. For tax purposes, we assume that the child is in the tax unit of the biological parent. If there are two cohabiting biological parents, the child is in the unit more likely to provide the most financial support, the higher earner.

Findings

Before turning to low-income couples, it is useful to examine the marriage tax penalties and bonuses facing all cohabiting couples with children. In 2003, about half of cohabitors (50.7 percent) would have owed more in tax if they married, while 42.0 percent would have paid less in tax. The remaining 7.3 percent of families would have seen virtually no tax change (figure 1).[12]

By 2008, when changes to the EITC for married couples and to the CTC go into effect, some cohabiting couples that previously faced marriage penalties will receive bonuses and others will find themselves with no tax change. Some couples formerly in the "no change" group will

FIGURE 1. Tax Bonuses and Penalties by Income, 2003 and 2008 Tax Law



Source: TRIM3 calculations using the 2002 National Survey of America's Families.

receive a bonus. Overall, the share of families receiving a bonus in 2008 increases to 48.5 percent. Penalties are most likely to accrue to families with two earners, AGI above $30,000, or one or two children. Families with one earner, AGI between $10,000 and $20,000, or three or more children tend to receive bonuses.

Indeed, if we focus on low-income cohabiting couples (those with incomes below 200 percent of FPL), we find that only 21.5 percent faced marriage penalties in 2003, compared with 63.3 percent who would have received a bonus if they had married. Under the tax laws in 2008, only one in ten low-income cohabiting couples with children will face marriage penalties, while nearly three out of four will enjoy a marriage bonus.

Both the penalties and bonuses confronting low-income cohabiting couples with children can be substantial. The average marriage penalty among low-income couples was $1,428 in 2003 and reaches $1,742 in 2008. For low-income cohabitors in line to receive bonuses if they were to marry, the average bonus was $1,949 in 2003. Not only does the size of the group receiving a bonus increase under 2008 law, but the average bonus also grows, to $2,423. This increase occurs because some couples who received a bonus in 2003 will be eligible for both a larger EITC and a larger CTC under 2008 law.

Sources of Bonuses and Penalties

Table 1 shows the source of bonuses and penalties for low-income cohabiting couples with children. The largest penalties emanate from the EITC. In 2003, families facing tax penalties lost, on average, $2,099 of their EITC upon marriage. Under 2008 tax law, low-income cohabiting couples facing marriage penalties will lose an average of $1,828 in EITC benefits upon marriage. The $271 decrease in the average penalty occurs because more families will be eligible for the EITC and it will be larger in 2008 than in 2003.

Nevertheless, marriage penalties are larger overall in 2008 than in 2003 because couples who still face penalties in 2008 are eligible for fewer and lower non-EITC credits. In 2003, low-income cohabiting couples subject to a marriage penalty could have offset their tax liabilities by $643 using such tax credits as the CTC; by 2008, those cohabiting couples still facing penalties can claim only $79 in these credits. This occurs because the number and composition of families facing penalties change, not because the tax code becomes hostile toward marriage.[13]

For low-income cohabiting couples facing marriage bonuses, the EITC's positive influence is amplified between the two years. On average, low-income families receiving bonuses would have seen their EITC increase by $865 if they had married in 2003. This typically occurs when a parent with little or no earnings marries a nonparent partner with modest earnings. Their combined earnings may qualify them for the EITC and CTC, where previously they were ineligible because the primary earner did not have children. Couples with bonuses also benefit from having more exemptions and deductions (lowering taxes by $590) and receiving other tax credits (such as the nonrefundable portion of the CTC) that further reduce their taxes by $494.

TABLE 1. *Changes in Tax Liability for Low-Income Cohabiting Couples with Children, 2003 and 2008 Tax Law*

	Unweighted sample size (*N*)	Tax before marriage	Exemptions and deductions	EITC	Credits except for EITC	Total tax change
Families with penalties						
2003 law	186	–3,256	–27	2,099	–643	1,428
2008 law	103	–3,413	–7	1,828	–79	1,742
Families with bonuses						
2003 law	449	–955	–590	–865	–494	–1,949
2008 law	538	–1,503	–511	–1,374	–538	–2,423

Source: Authors' calculations using the 2002 National Survey of America's Families.
Notes: All calculations are based on weighted data. Changes are in 2003 dollars. Low-income families are those with social family incomes below 200 percent of the federal poverty level.

Low-income cohabitors fare even better under 2008 tax law. By 2008, the average bonus from the EITC for families receiving bonuses reaches $1,374; exemptions, deductions, and other credits add $1,049.

Vastly different earnings between the two adults in low-income cohabiting families account for the broad scope of bonuses and their relatively large size. Figure 2 shows the share of households in which the higher earner earns at least three times as much as the lower earner. Among cohabiting couples earning less than $10,000 a year with children, more than four out of five have extremely unequal earnings. For couples in the $10,000–$20,000 range, over three-quarters have unequal earnings. Even among couples in the $20,000–$30,000 range, over half have one partner earning more than three times as much as the other. Upon marriage, the higher earner can claim the lower earner and any unrelated children as dependents, likely increasing the credits and exemptions claimed by the entire family.

Welfare's Effect on Marriage Penalties and Bonuses

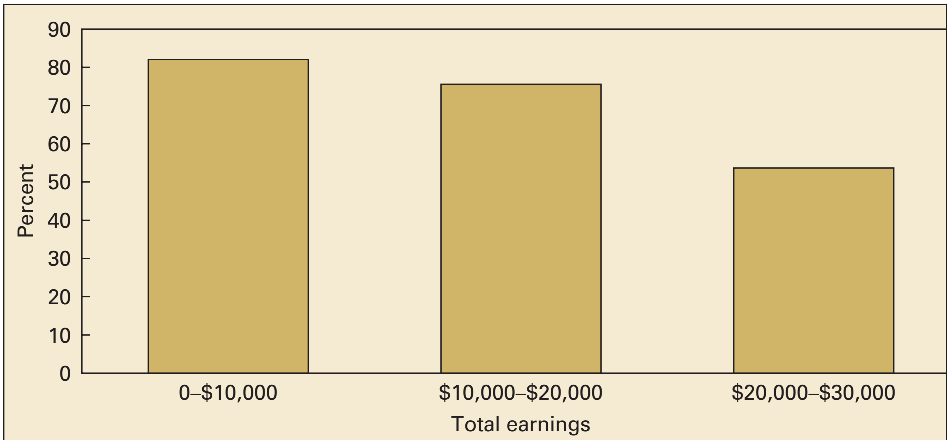
Low-income cohabiting couples with children may participate in public assistance programs, and marital status may affect the benefits these couples receive. Marriage penalties in transfer programs will exacerbate marriage tax penalties and may swamp any marriage tax bonuses low-income cohabiting couples enjoy. Some programs, however, determine eligibility and benefits using "assistance units" based on living arrangements, not marital status. For example, if the cohabiting couple shares and prepares food together, it forms a single assistance unit for food stamps. As such, food stamp benefits should be the same for the couple regardless of marital status.[14] At the same time, other benefits may accrue to the couple upon marriage.[15]

It is beyond the scope of this brief to assess the myriad public assistance programs in which these cohabiting couples participate and to rigorously compute benefits upon marriage. Rather, we focus on the TANF program, the main cash assistance welfare program for able-bodied families with children.

Whether a given cohabiting couple loses any or all of its TANF benefits varies by its state of residence and unique situation. For example, if the male partner is the biological father of the family's children, he may be included in the TANF assistance unit even if he is not married to the mother, and marriage would not change the TANF benefit. If he is not the father, how much of his income is considered when computing TANF benefits varies by state program rules.

To obtain an upper bound on the potential loss of TANF benefits upon marriage for low-income cohabiting families with children, we make several simplifying assumptions. We assume that cohabiting couples with no earnings will not experience a change in TANF upon marriage and that couples with earnings lose all their TANF upon marriage. This overstates the loss of TANF benefits; some families with earnings could

FIGURE 2. *Cohabiting Couples Where One Partner Earns at Least Three Times as Much as the Other*



Source: Authors' calculations using the 2002 National Survey of America's Families.

still receive some TANF income after marriage.

Table 2 shows how the potential loss of TANF benefits alters the marriage penalties and bonuses confronting cohabiting couples. First, note that only one in seven low-income cohabiting couples with children reports receiving any TANF income—the vast majority of these couples will face no TANF marriage penalty because they are not receiving TANF as cohabitors. For the 9.6 percent of low-income cohabiting couples facing marriage tax penalties in 2003, marriage would result in a potential loss of $1,800 in TANF benefits. The combined tax and TANF marriage penalty for these families is $2,804—a considerable amount for a family whose income is less than twice the poverty level. By 2008, changes to tax laws actually exacerbate marriage penalties for low-income cohabiting couples receiving TANF.[16]

The majority of low-income cohabiting couples with children who receive TANF are in line for marriage tax bonuses, which average $2,939. The potential loss of TANF benefits ($2,096) greatly reduces but does not completely eliminate the bonus. By 2008, tax law changes increase marriage bonuses for this group.

Conclusion

As public policy moves to become more "marriage-friendly," understanding the financial incentives facing low-income unmarried couples is vital. Encouraging healthy, stable marriages among low-income families with children is a special emphasis for policymakers because low-income children are particularly at risk for academic, social, and personal problems. Living with married parents helps insulate children from these risks.

Although potentially large tax penalties in the federal tax code can be illustrated in analyses of "prototypical" households, our analysis using actual information for a nationally representative sample of cohabiting low-income families with children shows that almost two-thirds of these families would enjoy marriage bonuses in the tax code, and that these average bonuses approach $2,000. About one-quarter would suffer tax penalties if they were to marry, with an average penalty reaching $1,428. Tax law changes scheduled to take effect in 2008 increase both the share of low-income cohabiting couples with children who would receive a marriage tax bonus and the size of the bonus. By 2008, the share of low-income cohabitors facing marriage tax penalties will fall to 10.5 percent.

The reason low-income cohabiting couples with children are more likely to face federal marriage tax bonuses rather than penalties stems from the fact that, on average, adults in these families earn very different amounts. For example, when a cohabitor earning $15,000 a year marries his or her partner who earns $5,000, the combined family tends to be better positioned to take advantage of more exemptions and credits in the tax code.

For low-income families, the potential loss of cash welfare benefits under TANF may be a greater financial barrier to marriage than any bonus or penalty resulting from federal taxes. Only one in seven low-income cohabiting couples with children receives any TANF, but the potential loss of TANF benefits eliminates two-thirds of the marriage bonus for families that gain tax benefits from marriage and more than doubles the penalties of marriage for those facing tax losses.

Finally, keep in mind that this analysis focuses on cohabiting couples with children. These couples clearly differ from those who are already married as well as from non-cohabiting ("dating") couples. Nevertheless, by focusing on cohabiting couples, we can better understand the actual financial incentives confronting couples on the cusp of marriage than we could obtain by studying prototypical couples, single parents and their hypothetical spouses, and already-married couples.

TABLE 2. *Interaction between Taxes and TANF for Low-Income Cohabiting Couples with Children, 2003 and 2008 Tax Law (2003 dollars)*

	Change in income from bonus or penalty	Loss of TANF	Net change
TANF families (14%)			
Tax penalty under 2003 law (9.6%)	–1,004	–1,800	–2,804
Tax penalty under 2008 law (3.7%)	–1,511	–1,800	–3,311
Tax bonus under 2003 law (65.2%)	2,939	–2,096	843
Tax bonus under 2008 law (71.1%)	3,390	–2,096	1,294
Non-TANF families (86%)			
Tax penalty under 2003 law (23.5%)	–1,457	0	–1,457
Tax penalty under 2008 law (11.6%)	–1,754	0	–1,754
Tax bonus under 2003 law (63.0%)	1,777	0	1,777
Tax bonus under 2008 law (75.4%)	2,271	0	2,271

Source: Authors' calculations using the 2002 National Survey of America's Families.
Note: Low-income families are those with incomes below 200 percent of the federal poverty level.

Notes

1. Some apparent advantages of marriage can be attributed to the different characteristics of married and unmarried individuals and families—i.e., "selection effects." Nevertheless, even when pre-existing differences are taken into account, research generally finds persistent benefits to marriage.

2. Robert Pear and David D. Kirkpatrick, "Bush Plans $1.5 Billion Drive for Promotion of Marriage," *New York Times*, January 14, 2004.

3. Several marriage penalty relief provisions from the 2001 law went into effect earlier than initially legislated with the passage of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). These provisions are modeled, consistent with JGTRRA.

4. Dickert-Conlin and Houser (1998) analyze the interaction between taxes and welfare (AFDC) for married couples with children and find that the tax system mitigates some marriage penalties inherent in the transfer system.

5. Nonadministrative program costs for the EITC totaled $33.4 billion for tax year 2001. Of that amount, $29.0 billion was refunded to recipients (Campbell and Parisi 2003). By comparison, combined state and federal government expenditures on cash assistance under TANF were $12.1 billion in fiscal year 2001 (HHS 2001).

6. This subsidy is for families with two or more children. Smaller subsidies exist for families with one child or no children.

7. A tax unit consisting of working adults with no children can receive a maximum EITC of $382. The credit fully phases out when earnings reach $11,230.

8. When weighted, the NSAF is nationally representative of the civilian, noninstitutionalized population under age 65, with data on almost 40,000 households in 2002. For more information on the NSAF, see Abi-Habib, Safir, and Triplett (2004).

9. The unmarried partner's income and needs are used to determine whether the social family falls below 200 percent of FPL.

10. Across all income levels, the 2002 NSAF includes 1,747 cohabiting couples with children, representing more than 2.5 million people. The NSAF contains 50 additional same-sex cohabiting couples with children. We exclude same-sex couples from this analysis for consistency with the federal definition of marriage.

11. For a detailed description of the TRIM3 model see http://trim.urban.org.

12. For purposes of this analysis, we consider a tax change of less than $50 "no change."

13. For example, between 2003 and 2008, married couples with two children and incomes above $10,500 but below $21,700 will become eligible for a larger refundable CTC. For some couples, this change will create a larger marriage bonus, while for others it will move them from having no change or a marriage penalty to receiving a bonus. Those couples remaining in the marriage penalty group face higher average marriage penalties at all times than those who left the group as a result of tax law changes scheduled to take effect in 2008.

14. Approximately 32 percent of our sample reported receiving food stamps in 2001.

15. These benefits may come from both public and private sources. For example, if the couple were to marry and one partner died, the other partner and the children could be eligible to receive survivor benefits from Social Security. And if the couple were to marry, employer-sponsored health insurance may become available to more members of the family.

16. Cohabiting couples receiving TANF whose 2003 taxes would remain unchanged if they were to marry stand to lose $2,436 in TANF benefits upon marriage.

References

Abi-Habib, Natalie, Adam Safir, and Timothy Triplett. 2004. "NSAF Survey Methods and Data Reliability." NSAF Methodology Report No. 1. Washington, DC: The Urban Institute.

Acs, Gregory, and Sandi Nelson. 2004. "What Do 'I Do's Do? Potential Benefits of Marriage for Cohabiting Couples with Children." *Assessing the New Federalism* Policy Brief B-59. Washington, DC: The Urban Institute.

Campbell, David, and Michael Parisi. 2003. "Individual Income Tax Returns, 2001." *Statistics of Income Bulletin*, Fall. Washington, DC: Internal Revenue Service.

Carasso, Adam, and C. Eugene Steuerle. 2002. "Saying 'I Do' after the 2001 Tax Cuts." *Tax Policy Issues and Options* Brief 4. Washington, DC: The Urban Institute.

Dickert-Conlin, Stacy, and Scott Houser. 1998. "Taxes and Transfers: A New Look at the Marriage Penalty." *National Tax Journal* 51(2): 175–218.

Feenberg, Daniel R., and Harvey S. Rosen. 1995. "Recent Developments in the Marriage Tax." *National Tax Journal* 48(1): 91–101.

Lav, Iris, and Alan Berube. 1998. "Marriage Penalties and Bonuses in the Income Tax." Washington, DC: Center on Budget and Policy Priorities

McLanahan, Sara, and Gary Sandefur. 1994. *Growing Up with a Single Parent: What Hurts, What Helps*. Cambridge, MA: Harvard University Press.

Rosen, Harvey S. 1987. "The Marriage Tax Is Down but Not Out." *National Tax Journal* 40(4): 567–76.

U.S. Department of Health and Human Services (HHS), Administration for Children and Families. 2001. "Combined Spending of Federal and State Funds Expended in FY2001 through the Fourth Quarter." http://www.acf.hhs.gov/programs/ofs/data/tableF_2001.html.

Waite, Linda, and Maggie Gallagher. 2000. *The Case for Marriage*. New York: Broadway Books.

Whittington, Leslie, and James Alm. 1997. "Till Death or Taxes Do Us Part: The Effect of Income Taxation on Divorce." *Journal of Human Resources* 32(2): 388–412.

About the Authors

Gregory Acs is a senior research associate in the Urban Institute's Income and Benefits Policy Center. His research focuses on social insurance, social welfare, and worker compensation. Currently, he is studying low-income working families and the impact of living arrangements on child well-being.

Elaine Maag is a research associate with the Urban Institute's Income and Benefits Policy Center and the project manager for the Urban-Brookings Tax Policy Center. Her current research interests include state fiscal policies, tax policies for low-income families, and disability policy. She is a regular contributor to the "Tax Facts" column published in *Tax Notes*.

THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037

Nonprofit Org.
U.S. Postage
PAID
Permit No. 8098
Ridgely, MD

Address Service Requested

For more information, call Public Affairs: 202-261-5709 or visit our web site, http://www.urban.org. To order additional copies of this publication, call 202-261-5687 or visit our online bookstore, http://www.uipress.org.

This series presents findings from the 1997, 1999, and 2002 rounds of the National Survey of America's Families (NSAF). Information on more than 100,000 people was gathered in each round from more than 42,000 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information on the NSAF can be obtained at **http://newfederalism.urban.org.**

The NSAF is part of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Olivia A. Golden is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

The *Assessing the New Federalism* project is currently supported by The Annie E. Casey Foundation, The Robert Wood Johnson Foundation, the W. K. Kellogg Foundation, The John D. and Catherine T. MacArthur Foundation, and The Ford Foundation.

THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037

Phone: 202-833-7200
Fax: 202-293-1918
E-mail: pubs@ui.urban.org