

The Relation of Income to Other Measures of Material Well-being in Cohabiting Couples With and Without Children

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Research has established that married couples in the United States are more likely than cohabiting couples to pool income and share resources within the household (Bauman 1999, Kenney 2004, Oropesa, Landale and Kenkre 2003). However, recent work by Kenney (2003) and Manning and Brown (2006) indicate that the degree of sharing, and its use to benefit children in particular, are different when cohabitants have children in the household than when they do not. They also note differences by race and Hispanic origin that were not fully accounted for in early research. This paper builds on previous research using the Survey of Income and Program Participation to examine how income earned by household members contribute to the well-being of the household in households of varying composition.

The economic well-being of families in the United States has traditionally been measured by income or the related concept of poverty. The latter takes income and adjusts it in relation to a series of thresholds that depend on family size (DeNavas-Walt et al. 2011). In 2011, the U.S. Census Bureau has begun to produce a "Supplemental Poverty Measure," released along with the official measure each year, with numerous adjustments to address potential weaknesses to the current measure (Short 2011). Among the changes is a shift from measuring poverty of *families* (individuals and people living together related by blood or marriage) to measuring poverty of what will be referred to here as "*Cohabiting families*." These are defined to include individuals, families, cohabitants, and children being cared for by the family, such as foster children.

Several authors have recommended including cohabitants in the poverty definition (Citro and Michael 1995, Iceland 2000). While including the income of cohabitants makes a significant impact on

measured poverty in cohabiting couples, it does not greatly impact overall poverty levels (Manning and Lichter 1996, Bauman 1999). However the growth in cohabitation, particularly the growth in cohabitation with children, has raise concern that using the wrong unit of analysis for measuring poverty could lead to misunderstanding of the material status of an important segment of the population.

The question of income pooling and the value of cohabitants' income to the well-being of the household is central to the issue. It is well established that higher income reduces other measures material hardship in a household, such as difficulty paying bills or food insecurity (e.g., Mayer and Jencks 1988, Federman et al. 1996). However, this relationship varies by household structure (Eden and Lein 1997, Bauman 2002). Bauman (1999) found that income from cohabiting partners contributed less to reducing hardship than did income from the household head or the spouse of a household head. This finding, along with subsequent finding of lower levels of income pooling and sharing of control over resources among cohabiting couples than among married couples (Oropesa, Landale and Kenkre 2003, Kenney 2004, Kenney 2008), argues against including cohabitants in the unit of measure for poverty in the same way spouses are included. What is lacking from this research, however, is a clear picture of how the presence of children affects these relationships. This paper proposes to revisit the approach of Bauman (1999) to examine how income from cohabitants affects material well-being, in contrast to that from other household members, with allowance for varying effects by presence of children.

Data

The data used for this paper come from the Survey of Income and Program Participation (SIPP). The particular data used are the 2008 panel, wave 6 core and topical module files, which include information on marital status, cohabitation, income, poverty and alternative measures of material well-being. The sample contains data on 34,850 households, and within those households, 21,641 children. In addition to the rich set of background variables available, there are detailed relationship variables

allowing the identification of co-resident parents of all children living in the household. Expansion of the sample is possible in two different directions. First, it may be possible to confirm results found in the 2008 panel with parallel analyses using earlier panels of SIPP data. Second, it may be possible to follow households forward and observe how the income contribution of spouses, cohabitants and others changes longitudinally, and how material hardship outcomes are affected one year later.

All results presented here are preliminary in nature.

Preliminary results

Table 1 shows the distribution of households by household type and presence of children. Household type was created by grouping households into mutually exclusive groups. Households where the reference person (person in whose name the home is owned or rented) was married, with spouse present were classified as married. Non-married households were examined for persons listed as cohabitants of the reference person. The remaining households were classified as "housemate" households if an unrelated adult lived in the household. Households with relatives were identified from the remaining households, leaving a residual category of those living without other adults present.

Households with children present were about half of both married and cohabiting households. The table also shows how children are related to their mothers and fathers, following the lead of Manning and Brown (2006) who pointed out the importance the relationship (biological, adopted or step) to the adults residing there. For this table, biological or adopted children were linked to their parents, while stepchildren, or those with no stated relationship to an adult were not. Table 1 shows that households with children of two parents are common, especially in married households. Cohabiting households are almost equally divided between those with children and those without children in these data, and many of these households have children that belong to both parents. Only 860 thousand cohabiting households had children only of the mother.

Households with housemates or relatives were defined here to be exclusive of married or cohabiting ones, as described above. This restriction will be relaxed on an exploratory basis in later work, to see if it might make sense to combine things differently, or look at overlapping groups. The majority of households with housemates or relatives did not contain children, but over 2 million did. Taken as a whole, even including cohabiting households, it is still a fairly small proportion of households that contained non-family adults as defined here, which limits the possible impact of definitional changes on poverty.

Table 2 shows initial estimate of poverty rates of people living in the household types just described. The official poverty rate for 2010 based on the Current Population Survey was 15.1 percent (DeNavas-Walt et al. 2011). The poverty rate in table 2 is based on different survey sources and uses income from the latest four months rather than the entire year, so it would be expected to be slightly different. The important thing to notice is the variation across groups. Poverty is low in married households and in households without children. Children living with a mother alone had high poverty rates. People living in families with both children and non-family adults also had high poverty rates, though not as high as those of single-mother households.

Changing the unit of analysis so that cohabitants and any of their children are included with the primary family in the household is labeled “cohabiting family poverty” in Table 2. The one-point difference in poverty for the total population resulting from this change is similar to that found in previous work to have examined this impact (Manning and Lichter 1996, Bauman 1999, Manning and Brown 2006). As with this other work the impact on cohabiting households is much larger.

Next steps

The analysis will proceed by examining the impact of income from different household members on material well-being in the household. This will probably take the form of Tobit regressions

similar to those in previous research. If time permits, it may be possible to examine the effect of departure of household members on material well-being. A major challenge will be to collapse these dimensions of household composition into components that address substantive differences while preserving sample size. If a simple model can be produced, interactions by race and Hispanic origin will also be examined.

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Table 1

HOUSEHOLDS BY LIVING ARRANGEMENTS AND PRESENCE OF CHILDREN

(Numbers in thousands)

	All households	With spouse, partner, other adults				Without other adults	
		Married	Cohabiting	Housemate	Relative	Woman	Man
All households	117,423	58,056	5,457	2,842	4,307	29,341	17,419
No children in household	67,951	26,311	2,752	2,227	2,639	18,964	15,059
Children in household	49,473	31,745	2,706	615	1,669	10,378	2,360
Partners have children together	30,899	29,244	1,537	118			
Only children together	28,654	27,392	1,165	97			
Woman also has own child	1,747	1,442	299	5			
Man also has own child	378	312	61	5			
Both have own children	120	98	11	10			
Partners have children separately	18,574	2,501	1,169	498	1,669	10,378	2,360
Woman has own child	14,442	1,834	860	339	1,031	10,378	
Man has own child	3,528	511	213	106	338		2,360
Each has own child	604	156	96	52	299		

Source: U.S. Census Bureau, Survey of income and Program Participation, 2008 panel, wave 6, (collected 2010)

Table 2

RATE OF POVERTY BY HOUSEHOLD TYPE, LIVING ARRANGEMENTS AND PRESENCE OF CHILDREN, AND POVERTY DEFINITION

(Percent)

	People in all households		Living with spouse, partner, other adults					Without other adults	
			Married	Cohabiting		Housemate	Relative	Woman	Man
	Standard family poverty	Cohabiting family poverty	Standard family poverty	Standard family poverty	Cohabiting family poverty	Standard family poverty	Standard family poverty	Standard family poverty	Standard family poverty
Total Population	16.3	15.3	9.4	35.1	18.7	32.4	22.3	33.7	20.0
People with no children in household	12.9	11.8	4.9	25.1	8.8	29.4	10.8	20.9	19.6
People with children in household	18.2	17.3	11.2	41.9	25.4	39.3	24.8	55.9	23.4
Partners have children together	13.1	12.3	11.3	46.9	30.7	--			
Only children together	12.3	11.7	11.0	45.1	28.0	--			
Woman also has own child	22.5	20.1	15.8	--	--	--			
Man also has own child	13.9	13.9	10.8	--	--	--			
Both have own children	--	--	--	--	--	--			
Partners have children separately	29.3	28.0	10.0	35.2	18.4	37.1	24.8	55.9	23.4
Woman has own child	32.0	30.8	11.3	36.9	20.5	34.7	26.1	55.9	
Man has own child	17.7	16.2	5.3	--	--	--	15.9		23.4
Each has own child	27.0	25.6	--	--	--	--	--		

-- indicates fewer than 300 thousand weighted cases for estimate

Source: U.S. Census Bureau, Survey of income and Program Participation, 2008 panel, wave 6, (collected 2010)