



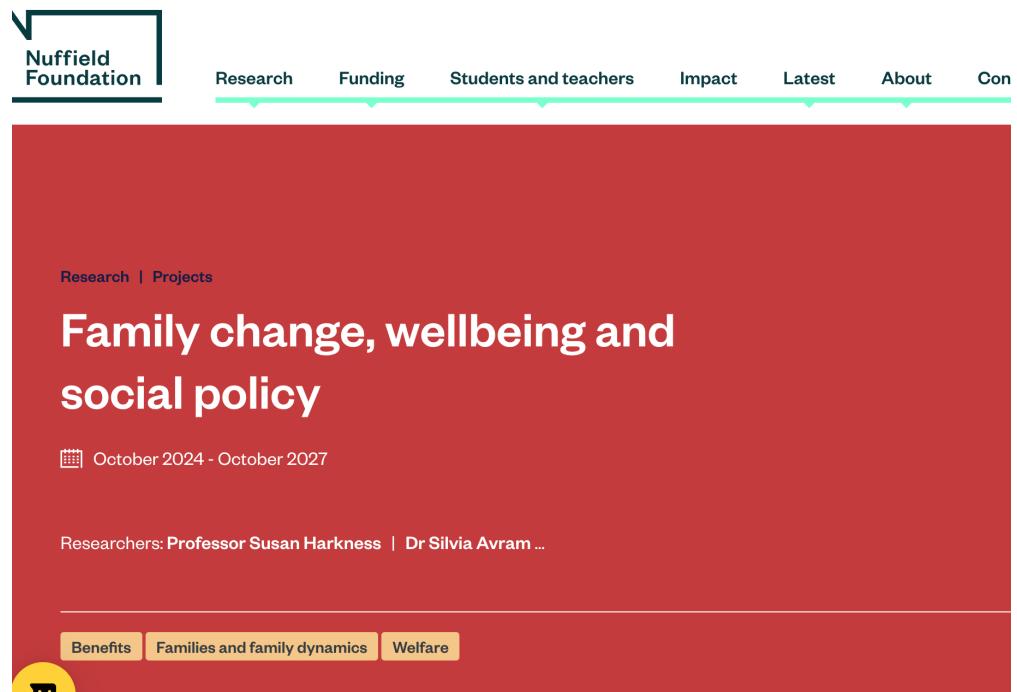
Family change and social welfare

Whose income counts in complex families?

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Part of work, funded by the Nuffield Foundation, on family change, wellbeing and policy
<https://www.nuffieldfoundation.org/project/family-change-wellbeing-and-social-policy>



The image is a screenshot of the Nuffield Foundation website. At the top, there is a navigation bar with the Nuffield Foundation logo on the left and links for Research, Funding, Students and teachers, Impact, Latest, About, and Contact on the right. Below the navigation bar, there is a large red section containing a project summary. The project title is "Family change, wellbeing and social policy". It is described as a "Research | Projects" and has a duration of "October 2024 - October 2027". The researchers listed are Professor Susan Harkness and Dr Silvia Avram. At the bottom of this red section, there is a horizontal bar with three categories: Benefits, Families and family dynamics, and Welfare. The "Families and family dynamics" category is highlighted with a yellow background.

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Family change, wellbeing and social policy

October 2024 - October 2027

Researchers: Professor Susan Harkness | Dr Silvia Avram ...

Benefits Families and family dynamics Welfare

Aims

- To understand how families are changing in the UK and how these changes interact with the benefit system.
- To see what lessons, if any, can we learn from other countries treatment of complex families in the welfare and child maintenance systems.

Motivation

Family change

- 1-in-4 children in the UK live with a single parent
 - assumption that, because the share of single parent families has not changed since the late 1990s, that family structures are unchanged (and, therefore, no need for a policy response)
- yet, this is unlikely to be true
 - single parenthood is not a static state – parents separate, re-partner, have other children - leading to complexity in family lives
- In most EU nations, family complexity is continuing to grow even if the number of single parents has not increased (Thomson, 2014).

Motivation

Welfare provision has changed

- Growing reliance on means testing as benefits (tax credits) have been extended to those in work (Timmins, 2023)
 - An estimated that 30% of couples with children and 84% of single parents are expected to be entitled to UC once fully rolled out (Waters & Wernham, 2021).
 - Since 2013, child benefit has subject to a “high income child benefit charge,” affecting 1-in-5 families.

Background

- Means testing requires a strong set of **assumptions about individuals' obligations** to one another
 - Individuals within households (or families) are assumed to share a common standard of living
 - **Step-parents** are assumed to share resources with other family members
 - The welfare system ignores maintenance payments from **biological parents** when calculating benefit entitlements for both receiving and paying parents
- Yet, in the UK **legal system**
 - **stepparents** have no obligation to provide for children (neither rights nor responsibilities)
 - **biological parents** are obligated to provide (economically) for children.

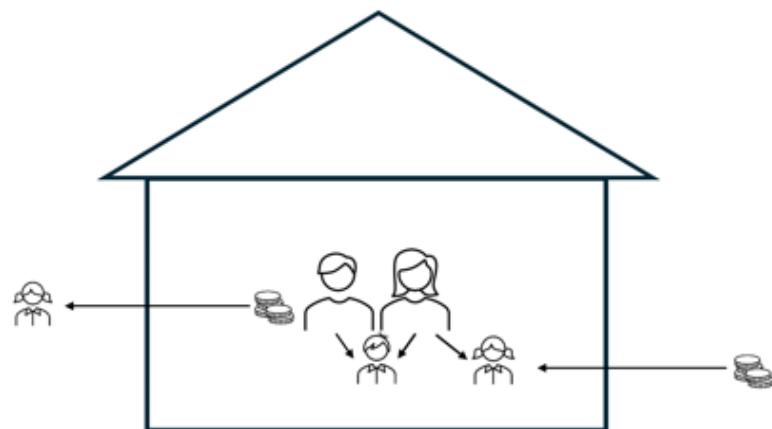
Family obligations in law and in the welfare state

	Stepparent	Biological parent without main care	
	<i>Contribution to household income</i>	<i>Contribution to child's household income</i>	<i>Income of own household</i>
Legal obligations <i>Child maintenance</i>	No requirement to support stepchildren	Obligation to financially support biological child / pay. Shared care reduces maintenance obligations.	No account of co-residential children (own or step) in maintenance assessment unless earnings are less than £200 a week.
Welfare obligations <i>Means testing</i>	Stepparent income fully included in means testing	Child maintenance payments fully disregarded in means testing. Shared care disregarded for benefit assessments (payment to main carer only).	No deduction of maintenance payments for means tested income calculations. No account of additional income needs for those sharing care in means tested benefit assessments.

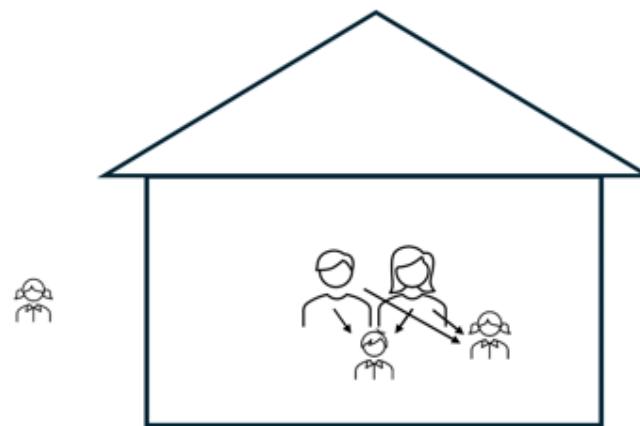
Note: Since 2017, the 'two-child benefit cap' has meant that the welfare system no longer supports additional children. Child benefit remains payable to children in larger families.

Table 1: Financial obligations towards children in law and social welfare

a) Legal obligations



b) Welfare obligations



Provision for children in stepfamilies: theory and evidence

Parents without (main) care

Financial provision and care in practice

- Financial provision:
 - Around 1-in-3 children with separated parents are in regular receipt of child maintenance (Hakovirta & Jokela, 2019)
 - Average payments are typically small and may decline when parents re-partner.
- Shared care
 - 5% of all children have a ‘second home’ where they spend more than 30 days a year
 - In many of these homes, a stepparent is present (ONS, 2024).

Stepfamilies: theory and evidence

- Stepparent families as an “incomplete institution” (Cherlin, 1978)
 - Lack of institutional framework and social norms governing relationships in stepfamilies.
- In practice, in stepparent families:
 - Families are less likely to share income
 - (Eickmeyer et al., 2019),
 - Children benefit less from a stepparent’s income than biological children
 - (Arat & Poortman, 2024; Case et al., 2000; Henretta et al., 2014).
 - Have poorer outcomes, across a range of dimensions, than children living with both parents
 - (Harkness, Gregg & Salgado, 2020).

Gaps in provision for children in single parent families?

- Single parents who re-partner:
 - Must declare if they are 'living together'
 - May see a significant reduction in their own, individual income as benefit payments are likely to fall.
 - Reduced financial independence / loss of an independent income
 - Failure to declare a new partner => “[Living Together Fraud and Error](#)” (the 3rd most common form of benefit fraud)
- A new partner's income is expected to be used to provide for single parents and their children
 - *Yet, UKHLS data suggests ca. 40% of step- or blended families with stepfathers, and 6% of those with stepmothers, reported having children under 16 living outside the household.*

Family Structure in the UK

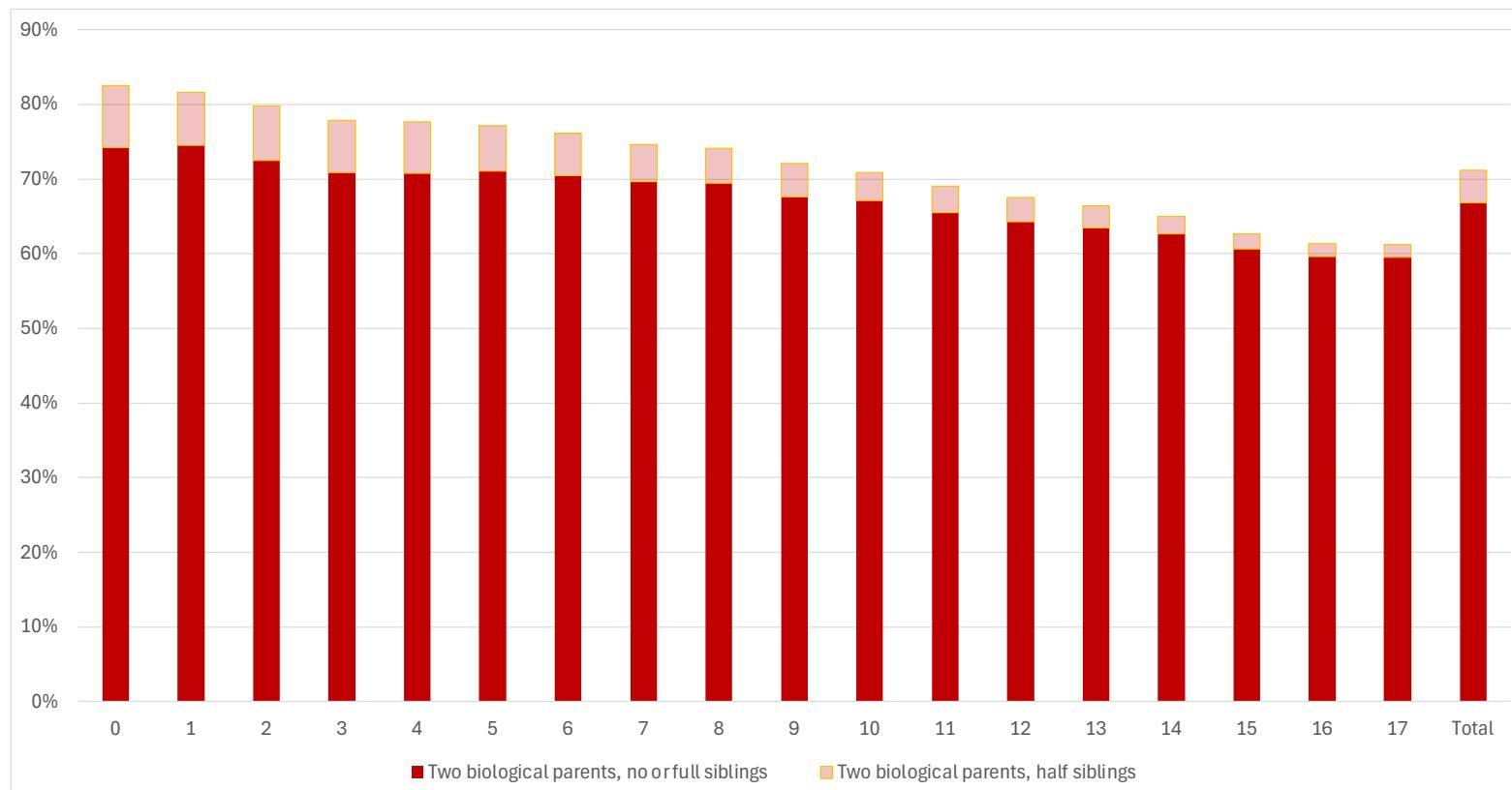
Data and definitions

Understanding Society (UKHLS) data from 2009/10 to 2021/22

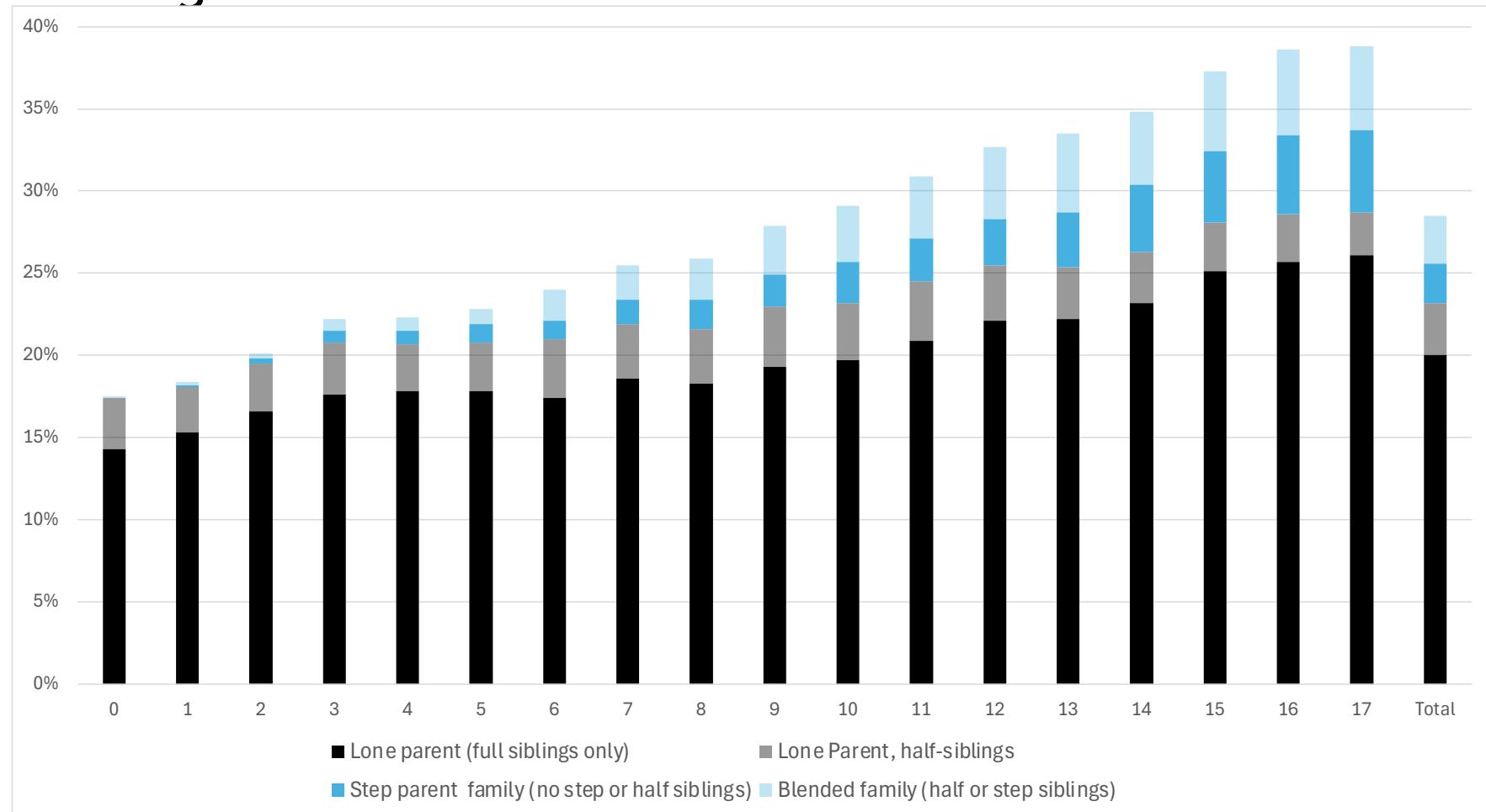
Family types

- *Biological families* - parents are biological or adopted parents of *all children* in the household and, in single-parent households, there are no step- or half-siblings.
- *Stepparent families* - where there is a stepparent or stepsibling relationship between family members, or where there are half-siblings.
 - *stepparent families (no common children)* where one parent is a biological parent and the other a stepparent, with no biological children of their own in the household
 - *blended families* where both partners are the biological parents of at least one child, and where at least one partner is a stepparent to at least one child.

Share of children living with both biological parents, with and without half- or step-siblings by age



Family structure of those *not* living with both biological parents by child age



Share of children in families receiving different benefit types and maintenance (2015/16 to 2021/22)

Benefit receipt	Child's family type				
	Biological/adopted families	Stepparent families (no common children)	Blended Family	Single parent families	All
2010/11 -2013/14					
Out of work benefits	6%	16%	15%	45%	18%
In work benefits (tax credit/UC)	51%	45%	63%	45%	50%
Child benefit (no tax credits/UC)	37%	31%	19%	6%	27%
No means tested or child benefit	5%	8%	2%	4%	5%
<i>Maintenance / alimony</i>	0%	28%	20%	26%	10%
Sample size (weighted)	21,510	1,013	1,901	9,942	34,366
2018/19 -2021/22					
Out of work benefits	4%	9%	9%	31%	12%
In work benefits (tax credit/UC)	29%	24%	51%	34%	32%
Child benefit (no tax credits/UC)	46%	51%	35%	28%	41%
No means tested or child benefit	20%	16%	5%	8%	16%
<i>Maintenance / alimony</i>	1%	35%	26%	28%	10%
Sample size (weighted)	14,278	380	1,019	5,085	20,762

Income composition by family type

	Biological/adopted families	Stepparent families (no common children)	Blended Family	Single parent families
<u>2010/11 -2013/14</u>				
HH earnings (net)	4,024	3,171	2,784	904
- Female	1,151	1,123	743	732
- Male	2,592	1,869	1,782	-
Maintenance / alimony	1	84	67	88
Social benefits	713	1,031	1,378	1,609
Net income (monthly)	5,021	4,496	4,406	2,733
Housing costs	540	649	665	622
<i>Equivalised income</i>	2,451	2,294	1,956	1,516
<i>BHC</i>				
<i>Equivalised income</i>	2,186	1,965	1,665	1,168
<i>AHC</i>				
<u>2018/19 -2021/22</u>				
HH earnings (net)	4,331	3,608	3,095	1,167
- Female	1,352	1,407	880	898
- Male	2,559	1,982	1,802	-
Maintenance / alimony	3	107	50	117
Social benefits	589	766	1,276	1,466
Net income (monthly)	5,267	4,842	4,631	2,872
Housing costs	501	539	503	574
<i>Equivalised income</i>	2,565	2,495	2,047	1,566
<i>BHC</i>				
<i>Equivalised income</i>	2,321	2,195	1,566	1,248
<i>AHC</i>				

Re-partnering and income changes (former single parents)

	2009/10-2013/14		2018/19-2022/23	
	Stepparent	Blended	Stepparent	Blended
Household earnings	1739	**	1235	**
- Her earnings	37		-43	
- His earnings	1656	**	1272	**
Maintenance	1	**	28	*
Household benefits	-531	**	-16	
- Her benefits	-995	**	-849	**
Net income	1198	**	1220	**
Equivlaised income	439	**	325	**
			658	**
			286	*

Can housing benefit explain the change?

	2009/10-2013/14			2018/19-2022/23		
	Stepparent	Blended	Stepparent	Blended		
Household earnings	1739	**	1235	**	2022	**
- Her earnings	37		-43		336	**
- His earnings	1656	**	1272	**	1722	**
Maintenance	1	**	28	*	-58	-84
Household benefits	-531	**	-16		-455	**
- Her benefits	-995	**	-849	**	-822	**
Excluding housing related benefits						
Household benefits	-384	**	100		-329	**
- Her benefits	-843	**	-733	**	-696	**
Net income	1198	**	1220	**	1714	**
Equivlaised income	439	**	325	**	658	**
					286	*

International differences in entitlements to the treatment of income for child related benefit payments

(Some) International differences in entitlements to welfare benefits for children



Country	Benefit	Aim	Means test	Child eligibility	Who is in 'benefit unit'	Treatment of maintenance <i>paid to household</i> members	Treatment of maintenance <i>paid out to other households</i>
Sweden	Child benefit	Support with the cost of raising children	Universal benefit	<p>May be split payment between guardians (typically adopted/biological parents only), including non-resident parents.</p> <p>Stepparents have no entitlements to child related benefits.</p>	n/a	n/a	n/a
United States	TANF	Support to low-income families	Yes	<p>Varies by state</p>	<p>Varies by state</p> <p><u>Step-parents'</u> income not included in the assistance unit in 34 state (but some income may be deemed).</p>	Deducted from TANF payments.	no
	EITC	Support for low- and <u>middle</u> income families with children	Yes	<p>Relationship test - child may be biological, adopted, step, or foster child of the parent.</p> <p>Must live in household for minimum of 6 months of tax filing year.</p>	<p>Married couples' income and related children.</p> <p>Cohabiting couples: different children can be split across parents' tax files.</p> <p>Parents sharing care (with qualifying income) are both entitled to claim and must agree who does</p>	Not included	Not included
New York and Washington, D.C.: which is	Non-custodial parent EITC	Support for low-income non-resident parents	Yes	Linked to child support. Claimants must have a formal child support order and have made payment.		n/a	no

Country	Benefit	Aim	Means test	Child eligibility	Who is in 'benefit unit'	Treatment of maintenance <i>paid to household members</i>	Treatment of maintenance <i>paid out to other households</i>
Australia	Family tax benefit A	Means tested support for low-income families with children.	Yes	Children that are cared for >35% of time	'Families' taxable income. Paid to individuals and partners (married, registered or 'de facto').	Yes. Maintenance payments above a threshold (currently 1,960 AUD/year) lead to a reduction in Family Tax Benefit. A maintenance action test means that those who have not made reasonable steps to get child support will receive only the basic rate of FTB A and B.	Deductible from taxable income for family support payments (including cash paid and non-cash maintenance benefits, such as clothing).
	Parenting Payments	Supporting parents caring for children	Yes. Means test against own income and, for those with a high earning partner, partners income.	Main carers who look after a child under 14 if single, or under 6 if part of a couple	Two income tests. 1. Individual test: own income. 2. Partners income, with benefits reducing for those with a high earning partner (> \$1,345 AUD/fortnight).	Exempt	
	Family Tax Benefit B	Provides additional support for low-income single parent	Yes	Children under 18 living with a single parent or those living in a couple with one earner and caring for a child under 14.	As part A.	Yes, as Part A.	As Part A.

US

TANF/ AFDC

- Rules governing payments to low-income families vary by state with eligibility primarily **based on biological relationship** not marital status or cohabitation.
- More than half of US states treat stepparents as being outside the ‘assessment unit’ for TANF. Having a joint biological child, in addition to stepchildren, typically leads to individuals being treated as a couple
- But there is significant variation in the treatment of stepparent and blended families across states (Moffitt, Phelan et al. 2020).

Earned Income Tax Credit (EITC)

- Income assessment is based on a single adults’ income or that of a married couple and any dependent children.
- Qualifying children must live in the same household as the tax filer for a minimum of 6 months and pass a ‘relationship’ test.
- For cohabiting couples, where there is more than one child, *children may be split across claimants* to maximise the related tax benefit.
- For cohabiting couples with stepchildren, children can be separately allocated to a parents’ income , protecting their entitlements to child related benefits (Michelmore & Pilkauskas, 2023).
- In Washington DC and New York a non-custodial parent tax credit supplements the incomes of low-income parents, with entitlement limited to those who have a custody order and are up-to-date with their child support payments (Michelmore & Pilkauskas, 2024).

Sweden

Child related benefits

- Child benefits universal and paid to all those with responsibility for children at the same rate. For parents with joint custody, entitlements are usually split across parents.
- Stepparents have no entitlements to parental benefits, unless they are guardians,
- The presence of a stepparent does not affect the amount of income that parents receive.

Adult benefits

- Benefits paid to adults (including contributory benefits, such as unemployment benefit and income-based benefits, such as in work tax credits) are moreover based on individual, rather than household, entitlements.
- No recognition of the economies of scale that couples – vis-à-vis single parents - benefit from.
- Resources not be well targeted on those most in need.

Australia

Australia has also moved away from joint means testing, abolishing the joint income test for couples in 1995.

Model is one of partial individualisation, with payments based on individual income, but disqualifying partners of high earners from social assistance receipt through the ‘partner income’ test.

- As individual earnings increase, benefit payments are reduced.
- Entitlements are then subject to a further partner income test, with those partnered to high earners seeing social assistance benefits clawed-back.
- Payments are individualised, with each partner receiving their own entitlement and payment.
- As in the UK, individuals are considered couples in Australia if they live together and are married or in a ‘de facto’ relationship.
- **All children, regardless of their relationship to other household members, are treated the same in the assessment unit for benefit receipt.**

Policy options: defining couples

In countries where means testing has been the norm, recent policy debates have focussed on defining couples.

- For example, there may be a period over which a couple live together before they are considered a couple, registration of ‘couple’ status, holding major joint financial commitments (e.g. those related to housing) may be indicators that two individuals should be treated as a couple.

However, while such indicators may indicate the point at which an individual stops being single, **they may be less-good indicators of joint commitments to children.**

“A good Samaritan should not be saddled with the legal obligations of another and we think the law should not with alacrity conclude that a stepparent assumes parental relationships to a child.”

Wisconsin Court, 1968, quoted in “The Modern American Stepfamily: Problems and Possibilities”
Mary Ann Mason (2008:240)

“I’m not the one doing the parenting”

Elizabeth Day On being a stepparent, Radio 4 Today Programme, 7 Feb 2023

Thank you

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