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ABSTRACT

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How Will Welfare Reform Affect Childbearing and Family Structure Decisions?

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Abstract

How will welfare reform affect family structure and childbearing decisions? To address this question we summarize changes in key elements of welfare policy as well as changes in closely related policies on child support enforcement and sex education and family planning programs. Drawing on a conceptual framework that highlights how incentives created by public policy can affect demographic behaviors, we conclude that, as Congress intended, reform has shifted welfare's incentives in directions that encourage marriage and discourage nonmarital pregnancy and childbearing, childbearing while on welfare, divorce, living independently from relatives, and avoiding child support responsibilities. We review the empirical evidence about welfare's effects on demographic behavior, including nonmarital childbearing, abortion, sexual activity, contraceptive use and pregnancy among teenagers, marriage and divorce, single parenthood, living arrangements, and nonresident parenting behavior. The general tenor of this evidence is that behavioral effects consistent with theoretical expectations and policymakers' intentions do exist. Their magnitudes are small or uncertain. A tentative but reasonable "bottom line" is that one should not expect welfare reform to dramatically alter low-income Americans' demographic behavior; but one can expect it to have modest effects in the directions desired by policymakers. There is little or no evidence about how several important aspects of recent reform are likely to affect demographic behavior. More definitive assessments of reform's effects on such behavior will require substantial additional research.

How Will Welfare Reform Affect Childbearing and Family Structure Decisions?

For more than 30 years welfare policy has occupied a prominent place on the federal agenda. During the past decade it also rose to the fore of states' policy agendas. Concern that welfare encouraged undesirable behaviors has animated much of the debate. Critics of welfare as we knew it often argued that the program's eligibility and benefit rules reduced work, encouraged divorce, delayed remarriage, induced single mothers to live independently from relatives, allowed absent parents to evade child support responsibilities, and induced other choices that resulted in more poor families and children. Perhaps the greatest concern was that welfare encouraged nonmarital childbearing, especially among poor teenagers.

To a large degree these beliefs motivated and shaped the landmark 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, PL 104-193) as well as related state legislation. As a result, recent welfare reform has emphasized traditional family values. These include the importance of marriage, avoidance of nonmarital childbearing, and promoting the responsibility of nonresidential fathers to provide financial and emotional support for their children. The language from section 101 of PRWORA is clear:

The Congress makes the following findings:

> . . .
>
> (2) Marriage is an essential institution of a successful society which promotes the interests of children.
>
> (3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.
>
> ...The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women.
>
> ...The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented.
>
> ...Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 103(a) of this Act) is intended to address the crisis.

Many states repeat this language in legislation they enacted following passage of PRWORA.

The critics correctly observed that welfare created incentives for undesirable demographic choices. Though such incentives are hardly welcome, they are unintended but unavoidable side effects of any effort to reduce poverty via assistance channeled mainly to single parents with children. The crucial policy question, then, is not, do these incentives exist? Rather, it is, how strongly do individuals react to the incentives? If welfare has little effect on family structure, childbearing, or responsible parenting, its benefits accomplish the goal of improving the living standards of needy families. But if it has large adverse effects on these and other demographic behaviors, it helps create some of the poverty it is intended to relieve and risks the long-term life chances of children raised in single-parent families (McLanahan and Sandefur, 1994). Large effects will also raise questions about the moral legitimacy of welfare.[1]

People have different opinions about when welfare's undesired side effects outweigh its beneficial impacts on poverty, but the bigger the adverse responses, the stronger the case for reforms to improve the trade-off. The dilemma posed by this trade-off is clear. Most people want to help poor children, who can hardly be held responsible for their poverty. But what if too much help or the wrong kind of help leads parents to act irresponsibly and unduly increases program costs? Rules that curtail public subsidies to irresponsible behavior risk hurting the children by undercutting the basic missions of welfare programs—providing a minimally decent standard of living and helping families obtain essentials such as food, housing, and medical care. The dilemma makes for sharp debates about the role of government in relieving poverty and how best to structure welfare programs.

How likely is it that the provisions of Temporary Assistance for Needy Families (TANF), the welfare program created by PRWORA to replace Aid to Families with Dependent Children (AFDC), will reduce welfare's undesired effects on demographic behaviors? To address this question, we first provide a conceptual framework that highlights how incentives created by public policy can affect demographic

behaviors. The framework points out why the effects of policy incentives can differ for men and women, and the potential consequences of such gender differences on demographic outcomes.

The framework uses a rational decision-making approach in which financial incentives are the primary variables of interest. Clearly, many other factors influence intensely personal decisions about childbearing, family structure, and responsible parenting. The framework does not try to capture all those influences. Rather, it emphasizes that, other things equal, financial incentives can make a difference, even for demographic behavior. To isolate the likely impact of financial incentives, the analyses address how the *changes* in incentives produced by PRWORA will tend to affect behavior.

We next summarize changes in key elements of welfare policy such as eligibility rules, benefit levels, and the treatment of recipients' earnings. We describe novel elements of recent reforms such as time limits on receipt of welfare, family caps, and minor-parent provisions, as well as changes in child support policy, an important complement to welfare policy. We draw on the conceptual framework to identify how those changes have altered the factors that women and men may consider when making demographic choices.

We then review the evidence about welfare's effects on demographic behavior, including nonmarital childbearing, abortion, sexual activity, contraceptive use and pregnancy among teenagers, marriage and divorce, single parenthood, living arrangements, and nonresident parenting behavior. In view of the evidence, we assess the likelihood that the changes in incentives produced by PRWORA will influence family structure and childbearing decisions of low-income men and women in the directions intended by Congress.[2]

There is a substantial, if not always conclusive, body of research on how some aspects of welfare policy affect demographic behavior. Little or no research exists on the behavioral effects of other aspects, particularly those introduced in the past few years. This lacuna leads us to make recommendations for future research to help policymakers better understand the links between welfare policy and childbearing and family structure.

A FRAMEWORK FOR UNDERSTANDING HOW WELFARE POLICY AFFECTS DEMOGRAPHIC BEHAVIOR

We begin by describing a standard framework in which women are the primary decision-makers about fertility, marriage, living arrangements, and other demographic behavior. We then discuss more recent theoretical approaches that consider men as decision-makers.

Fertility

The standard economic model of fertility posits that women weigh the costs and benefits (both monetary and nonmonetary) of bearing a child and choose to do so when the benefits outweigh the costs. The decision depends, in part, on how much income is available to help support the child and how much current and future income is forgone by having a child rather than staying childless, maintaining current family size, or waiting until a later period.

Income to support a woman and her children can come from a number of sources, including her own earnings, transfers from her child's grandparents, income from the resident father, income from the nonresident father, and government welfare payments. Each source of income is "characterized by a set of rules that constrain fertility, marriage, and work opportunities" (Rosenzweig, 1999). Given these constraints, women choose the outcome (no birth, nonmarital birth, marital birth) that yields the greatest utility. Income from government welfare is conditional on having a child and is primarily available to single women. Thus the standard model suggests that increases in welfare benefits reduce the cost of bearing a child out of wedlock and increase the attractiveness of that option.

Childrearing is time-intensive. Its main opportunity cost is the earnings that are forgone as a result of staying out of the labor force or reducing work hours to care for the child. Thus, opportunity costs of children are lower for women whose earnings potential is lower because of poor education or lack of experience. This suggests that welfare policies that increase education, require work, or otherwise help increase women's earnings are likely to reduce fertility.

Welfare eligibility rules discourage grandparents and nonresident fathers from openly providing support, because the mother's benefits are reduced a dollar for each dollar received from relatives above a minimum amount. In addition, if grandparents and nonresident fathers treat welfare income as a substitute for their own transfers to the mother, increases in welfare benefit levels reduce incentives for interfamily transfers. These incentives are relevant to our discussion because some recent welfare policies have attempted to increase support from these other sources. For example, policies requiring nonresident fathers to pay child support and those requiring a teen parent on welfare to continue to live with her parents might have the unintended effect of increasing the resources available to nonmarried mothers on welfare, and thus increase her incentives for nonmarital childbearing.

Although the discussion above focuses on planned fertility, unplanned fertility is common. Data for 1994 show that 49 percent of all pregnancies and 78 percent of pregnancies among teen and never-married women were unintended or mistimed (Henshaw, 1998). Policies that promote abstinence education and contraceptive use and those that increase the availability of abortion services can directly reduce the number of unintended pregnancies and births by improving knowledge or access to the means to control fertility. Other policies that punish nonmarital childbearing or reduce government subsidies to single-parent households can indirectly reduce unintended pregnancies and births. This would occur if women are forward-looking enough to anticipate these consequences and, in response to increases in the cost of unwanted births, alter behavior to reduce the risk of pregnancy. This last point blurs the distinction between intended and unintended births, because it suggests that factors that increase (decrease) the cost of children will tend to reduce (increase) both intended and unintended births.

Akerlof, Yellen, and Katz (1996) argue that greater availability of abortion and female contraception decreases the incentive to obtain a promise of marriage if premarital sexual activity results in pregnancy. This alternative model concludes that, by making the birth of the child the physical choice of the mother, marriage and child support become social choices of the father.[3]

Nonmarital childbearing involves choice about marriage as well as fertility (Parnell et al., 1994). A consensus is emerging that changes in marriage propensities are the primary factor underlying the large increase in nonmarital fertility over the last 40 years (Bachrach, 1998). During the early 1960s, a little more than half of women with nonmarital pregnancies married prior to the birth. By the late 1980s that proportion had fallen to about a quarter (Bachu, 1995).

The economic and social resources available for childrearing after a legitimating marriage compared with those available to the mother if she does not marry may affect marriage behavior (Parnell et al., 1994). Government aid may affect economic incentives for marriage, especially when the economic prospects of either parent are limited and the aid is given only to single parents.

Recent theoretical work has argued that in populations with an imbalanced sex ratio, men and women with poor labor market opportunities may have permanently low marriage rates and high rates of nonmarital childbearing under some conditions (Willis and Haaga, 1996; Willis, 1999). The theory suggests that nonmarital childbearing will be most prevalent when women are in excess supply, when they have sufficient income to support a family on their own, and when the gains to marriage are small because men's incomes are low. A welfare system that provides an alternative source of support for mothers, which is most relevant for women with poor earnings prospects, may contribute to nonmarital childbearing. For the same reason, welfare reform that reduces the resources available to unmarried mothers may reduce nonmarital fertility. Neal (1999), building on Wilson's (1987) theory of low marriage rates among inner-city blacks, emphasizes the interaction of welfare policy and marriage market conditions. He proposes that when there is a shortage of marriageable men (i.e., men holding good jobs), reductions in welfare benefits would reduce the number of single parents, but not increase marriage rates (the relevant alternative being to remain single and childless). When marriageable men are more available, reductions in welfare benefits would cause women to substitute marital childbearing for nonmarital childbearing.

Marriage and Other Household Living Arrangements

The living arrangements of single mothers are diverse. London (2000) reports that in 1990, 12 percent cohabited, 62 percent lived independently, 16 percent lived with their parents, and 11 percent were in other shared living arrangements. Economic theory suggests that decisions about marriage, cohabitation, living independently, and living with relatives or in other shared arrangements depend on the relative benefits and costs of the alternatives. A number of factors are relevant here. Living with others reduces per capita living expenses. This motivation may be particularly salient to low-income families. However, as the average standard of living has increased over time, individuals can attain a minimally acceptable standard of living without having to incur the loss of autonomy and privacy that comes with shared living arrangements (Michael, Fuchs, and Scott, 1980). Government subsidies for single-parent households, therefore, help to support the demand for autonomy.

Cohabitation constitutes an alternative to marriage and single motherhood (Moffitt, Reville, and Winkler, 1998). Much of the increase in nonmarital childbearing in the last two decades reflects increases in cohabitation of unmarried parents (Bumpass and Lu, 2000). The motivations for marriage outlined above could apply equally to the benefit-cost calculations affecting the choice to cohabit. The extent of cohabitation among welfare families can also be influenced by welfare's eligibility rules. Since the 1968 Supreme Court ruling that struck down the "man in the house" restrictions, family units in which either a stepfather or a male cohabitator unrelated to the children is present are eligible for AFDC. The earnings of the cohabiting male are generally treated more leniently than are those of the stepfather (Moffitt, Reville, and Winkler, 1998). These rules create financial incentives for cohabitation.

Although there are many similarities between cohabiting and marriage relationships, one important difference is the degree of permanency. Bumpass and Lu (2000) report that 54 percent of unions that begin with cohabitation (including those that result in marriage) end within 5 years. Thus, the decline in marriage discussed earlier reflects not so much a decline in joint living arrangements, but rather a decline in the permanency and formality of those arrangements. Recent emphasis on paternity

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establishment is one effort to impose a legally binding relationship, if not between the two parents, at least between the father and child.

The discussion of marriage and cohabitation makes it clear that women are not the only decision-makers. This statement is, of course, true not only for decisions about whom to live with but for fertility choices as well. Recent research has begun to focus on incentives for men and the interactions between men's and women's desires (Thomson, 1997; Willis, 1999).

The simplest models look at incentives for men and women independently. The problem with this approach is that since the outcome is a joint one, it is difficult to make predictions when the incentives go in opposite directions. For example, this problem arises in analyzing how child support affects women who are not involved with the welfare system. Stronger child support enforcement makes it more feasible financially for women to divorce or bear a child out of wedlock, but has the opposite incentive for men. We cannot predict whether stronger child support enforcement would increase nonmarital childbearing or reduce it.

More sophisticated frameworks explicitly model the joint decision-making process. This "household bargaining model" literature has primarily been applied empirically to two-parent households and decisions about investments in children (see Lundberg and Pollak, 1996, for a review). Fruitful extensions would include models of childbearing decisions joint with choices about the household structure in which to raise the children.

Responsible Parenting

Desire for children has traditionally been one of the strongest motivations for marriage. Economic theory characterizes children as a public good within marriage (Weiss and Willis, 1985). Because both parents can enjoy the child, there is twice the benefit for the same cost. However, Weiss and Willis point out that the motivations for investing in children can change when children do not live with both parents. The nonresident father does not get as much out of each dollar invested in the child because he cannot

control how his child support is spent. This is particularly a problem when the parents are antagonistic toward one another and when the father does not see his child very often (Argys and Peters, 1999).

The relationships among child support payments, father-child interactions, and child well-being are complex. The literature suggests that both types of nonresident father involvement—money and time—are positively related to child well-being when conflict between parents is minimal (Hetherington et al., 1982; Hess and Camara, 1979). If time and money reinforce each other, then policies that increase payments will increase fathers' incentives to spend time with their children. Similarly, policies that ensure fathers' rights to visitation and other forms of involvement can increase incentives to make child support payments. When the parents' relationship is conflicted, increases in father-child contact might exacerbate the conflict. Father-child contact is likely to have less positive consequences in such cases. Cooperative parenting, even between parents who do not live in the same household, is best for children (Rutter, 1971).

This discussion stresses the importance of the mother-father relationship as a mediator of the father-child relationship. It also suggests that policies that more clearly define the rights and responsibilities of both parents, increase perceptions of fairness, and minimize adversarial procedures may lead to an environment that facilitates continued responsibility on the part of the nonresident father. Although there is very little quantitative research that examines the relationship between government policies and cooperative parenting, a number of qualitative studies have documented the importance of parents' perceptions about the fairness of specific policies (Waller and Plotnick, 1999; Lin, 1998).[4]

Although fertility, living arrangements, and responsible parenting have been discussed separately, it should be clear that these are jointly determined outcomes. Because children are less costly to raise in two-parent families, decisions about the timing of childbearing will depend, in part, on the supply of eligible partners in the marriage market. Similarly, the desire for marriage will depend on the cost of raising children and how that cost is allocated across men and women. Thus, policies that have incentive effects on one demographic behavior are likely to have spillover effects on other behaviors.

CHANGES IN DEMOGRAPHIC INCENTIVES CREATED BY THE 1996 WELFARE REFORM AND THEIR LIKELY EFFECTS ON BEHAVIOR

This section discusses the specific changes instituted by PWRORA and the behavioral incentives inherent in those policies. For each type of policy change, we review the existing empirical evidence about the impact of these policies on demographic behavior. According to one architect of the 1996 reform, the core elements of the new welfare policy regime include ending the federal entitlement to cash welfare, strong work requirements, tougher sanctions for failing to meet work requirements, and a 5-year time limit on benefits for most recipients (Haskins, 1999). Welfare has become a transitional program with cash aid provided in return for work or work-related activities and, in some cases, other behavioral expectations (Danziger, 2000). At the same time, many states have made it more attractive to combine work and welfare by allowing recipients to keep a larger portion of their earnings. These changes have greatly reduced the likelihood that a single mother will become a nonworking welfare recipient or receive assistance for an extended period.

The combined effect of these changes has made welfare less attractive than it was a decade ago relative to other options facing poor families. Hence, the gains to any demographic behavior that allows an adult to qualify for welfare are lower in the postreform period than earlier. It is through this mechanism that the core reform elements aimed at increasing work and reducing time on welfare may indirectly influence demographic behavior.

PRWORA allows states greater leeway in setting eligibility and benefit rules. It also strengthens child support enforcement provisions, particularly in the areas of paternity acknowledgment and collection of obligations (Garfinkel et al., 2000). These and some other aspects of PRWORA directly affect childbearing and family structure incentives. Table 1 summarizes how major provisions of the welfare system that existed in the late 1980s compare with those of the post-PRWORA system and offers our assessment of how the policy changes altered welfare's demographic incentives. Whether the shifts in incentives identified in Table 1 actually change behavior depends on how strongly men and women

TABLE 1
Recent Changes in Welfare and Child Support Policy and Their Effects on Incentives That Affect Demographic Behavior

Welfare Policy Provision	Nature of Provision in Late 1980s	Nature of Provision in Late 1990s	Effect of Policy Change on Women's Demographic Incentives	Effect of Policy Change on Men's Demographic Incentives
1 Maximum monthly real cash benefit [a]	$495	$421	Reduces adverse incentives	Reduces adverse incentives
2 Family cap (No incremental benefit)	None	22 states have a family cap	Less incentive for childbearing while on welfare	Marital childbearing while on welfare. Less incentive for unwed fatherhood
3 Time limits	None	Time limits in 49 states and DC	Reduces adverse incentives	Reduces adverse incentives
4 Requirements for work and work-related activities	Some requirements. Many exemptions, weak implementation, weak sanctions	Tougher requirements and sanctions	Reduces adverse incentives	Reduces adverse incentives
5 Treatment of earnings	High proportion of earnings "taxed" via cut in benefits	Earnings "tax" is lower	Generally increases adverse incentives but reduces fertility incentives while on welfare	Increases adverse incentives
6 Eligibility of 2-parent family with unemployed parent	Eligible in DC and about half of states, with other restrictions on eligibility	Eligible in 48 states and DC. Fewer additional restrictions on eligibility	Reduces incentive for divorce. Increases incentive for marriage	Reduces incentive for divorce. Increases incentive to marry a welfare recipient
7 Minor-parent provision (Eligibility of unwed mothers under age 18)	No special rules	Must live with adult relative. [b] Must attend school if no high school degree. [c]	Mixed incentives for unwed motherhood	May reduce incentive for unwed fatherhood
8 Child support enforcement	Significant federal effort to establish and enforce child support obligations	Stronger legislation and administrative mechanisms to enforce child support obligations. Better success at doing so	Increases or has no effect on incentive to divorce; ambiguous effect on incentive to marry; reduces incentive for unwed motherhood; uncertain effect on responsible parenting	Reduces incentive to divorce; ambiguous effect on incentive to marry; reduces incentive for unwed fatherhood; uncertain effect on responsible parenting
9 Helping low-income men meet child support responsibilities	No programs	Scattered programs and experimentation	Encourages marriage and cohabitation	Encourages marriage and cohabitation of men residing apart from their children
10 Family planning, sex education programs	Teen family planning services; STD, HIV, and contraceptive education in public schools	More services and education activities; $250 million for abstinence education; state bonuses for declines in nonmarital childbearing	No direct effect on incentives; may reduce nonmarital childbearing via other routes	No direct effect on incentives; may reduce nonmarital childbearing via other routes

[a]Median state's maximum cash benefit for family with 1 parent and 2 children, in constant 1998 dollars.
[b]Or may live in some other adult-supervised living arrangement.
[c]In addition, in many states all welfare parents are required to send their minor children to school or otherwise be involved in their children's education.

respond to the changed incentives. If the responses are small, even large changes in incentives may have minor impacts on behavior.

There is a substantial body of research on how welfare affects childbearing and family structure behavior. We draw on the information in this work to assess the likelihood that PRWORA and related policy changes will influence the family structure and childbearing decisions of low-income men and women in the directions intended by Congress. Because of the lag in data collection and the time required to conduct rigorous research on social behavior, nearly all of this research analyzes how AFDC affected demographic behavior. The inferences drawn from this work must be tempered by the realization that the implementation of PRWORA or the moral tone surrounding its enactment and administration may have subtly changed the way incentives affect these behaviors. If so, findings based on behavior when AFDC existed may not exactly carry over to the post-PRWORA welfare regime. Some of the most recent research has analyzed the demographic effects of the waivers from federal welfare requirements that some states implemented before 1996. Many of these waivers anticipated provisions incorporated into PRWORA and adopted more widely in the post- PRWORA period. Thus studies based on state differences in welfare waiver provisions may better predict the impact of PRWORA. Table 2 summarizes the available empirical evidence.

Benefit Levels

The top row in Table 1 shows that the real value of the monthly cash welfare benefit fell 15 percent between 1988 and 1998. This change, which was not part of PRWORA but simply reflected decisions of most state legislatures to not raise benefits in line with inflation, has made welfare less attractive. To the extent that the availability of welfare benefits induces women to be more willing to become unwed mothers, bear more children, divorce, not remarry, or cohabit, or to establish a separate household to qualify for or remain on assistance, the decline in real benefits has discouraged such choices.

A vast number of empirical studies examine this issue (Table 2, row 1). A major review (Moffitt, 1998, p. 68) concluded that "the evidence does support some effect of welfare [benefits] on marriage and

TABLE 2
Empirical Evidence on How Changes in Welfare and Child Support Policy Provisions Are Likely to Affect Demographic Behavior

	1	2	3	4	5	6
Change in Policy Provision	**Nonmarital Fertility**	**Abortion**	**Abstinence, Contraceptive Use, and Pregnancy**	**Female Headship, Marriage, and Divorce**	**Other Shared Living Arrangements**	**Father Involvement**
1 Decline in real cash benefit	Reduces nonmarital births	No effect [b]	Reduces risk of pregnancy [a]	Reduces female headship and divorce, increases marriage	Reduces probability of shared living arrangements relative to independent living[b]	Mixed results
2 Family cap (No incremental benefit)	Probably reduces nonmarital births	No effect [a]	Reduces pregnancies[a]	No effect[a]	No evidence	No evidence
3 Time limits	Mixed results[a]	No evidence	No evidence	No effect[b]	No evidence	No evidence
4 Tougher work requirements and sanctions	No effect[a]	No evidence	No evidence	Mixed results[a]	No evidence	No evidence
5 More lenient treatment of earnings	No effect[a]	No evidence	No evidence	Reduced female headship[a]	No evidence	No evidence
6 Expanded eligibility for 2-parent families with unemployed parent	Decreases teen nonmarital birth ratio[a]	No evidence	No evidence	Increases marriage, decreases divorce	No evidence	No evidence
7 Minor-parent provision	Mixed results[a]	No evidence	No evidence	No effect[a]	No evidence	No evidence
8 Stronger child support enforcement	Associated with fewer nonmarital births	No evidence	No evidence	Associated with lower remarriage rates and lower divorce rates	No evidence	Increases father involvement
9 Helping low-income men meet child support responsibilities	No evidence	No evidence	No evidence	No evidence	No evidence	No evidence
10 More family planning and sex education programs	No direct evidence, see column 3	No evidence	Helped reduce sexual activity and pregnancies, improve contraceptive use.	No evidence	No evidence	No evidence

[a]Conclusion is based on one empirical study, hence must be viewed cautiously.
[b]Conclusion is based on two empirical studies, hence must be viewed cautiously.

fertility, although the magnitude of the effect remains in question." Nineteen studies covered in Moffitt's review specifically looked at nonmarital childbearing. Eleven of them found significant and positive effects of AFDC benefit levels for either blacks or whites. Since his review appeared, a few new studies on the topic have been published. Hoffman and Foster (2000) find higher benefits strongly associated with more nonmarital childbearing among women aged 14 to 22, but the effects are mainly confined to 20- to 22-year-olds. Hudson (2000) finds higher benefits strongly associated with more nonmarital childbearing among white women aged 14 to 29, but no effect for black women aged 14 to 29. Horvath-Rose and Peters (2001a) find virtually no effect of benefits on state nonmarital birth ratios.

The evidence implies that the declines in real welfare benefits have tended to reduce nonmarital childbearing. How much of a reduction in nonmarital fertility has resulted from the decline in benefits is unclear, though likely small. Unsurprisingly, factors other than welfare benefits play a much larger role in determining the level of nonmarital fertility.

Studies have also looked at how welfare benefits affect choices about marriage, divorce, cohabitation, and other household living arrangements. Until recently, research on female headship accounted for the vast majority of the literature on this topic. The reason for this emphasis was partly because of lack of information in most data sets about the biological and legal relationships among household members. For example, it was often difficult to determine whether a child was living with a biological father or stepfather or whether two adults were cohabiting or just sharing housing. Lack of longitudinal or retrospective data about the timing of marriage, divorce, and childbearing also limited earlier analyses, making it difficult to determine whether female headship occurred as a result of divorce or nonmarital childbearing.

The majority of studies done prior to the mid-1990s found small but significant relationships between welfare benefit levels and female headship, marriage, or divorce (Moffitt, 1992, 1998). However, a substantial minority found insignificant or mixed effects. Moffitt (1998, p. 75) concludes that "the

majority finding itself is weakened by the sensitivity of the results to the methodology used and to numerous other differences in specifications across studies."

Studies conducted since Moffitt's review find similarly mixed results. Blackburn (2000) reports small negative effects of welfare benefit levels on the probability of remarriage for never-married white women, but the effects for black unmarried women were unexpectedly positive. Grogger and Bronars (2001) show that higher welfare benefits lead never-married white mothers to delay marriage, while never-married black mothers with higher benefits have a subsequent birth more quickly. Dickert-Conlin and Houser (2000) estimate a significant effect of AFDC and food stamp benefits on the incidence of female headship for whites, but find no significant effect for blacks. Their results are also sensitive to the empirical specification.

Since the mid-1990s many studies on this topic have focused on more detailed types of household living arrangements. The primarily focus of most of these studies is to estimate the impact of changes in welfare eligibility rules or differential benefit levels for different family types rather than benefit levels themselves. We discuss these studies later in the paper.

A topic that has received more attention from policymakers than from researchers is how welfare benefit levels might affect incentives for fathers to pay child support or to maintain other types of involvement with their children. Theory suggests that higher support for children from public sources would reduce incentives for fathers to pay child support. In recognition of that adverse incentive, policymakers have required mothers who apply for welfare to cooperate with the child support enforcement agency in establishing child support awards. In addition, states generally reduce welfare benefits dollar for dollar when child support is received. Both of these child support policies have been strengthened over time. Thus to measure the effect of welfare benefit levels on fathers' payment of child support, we also need to consider the child support system. Studies of this topic (Table 2, row 1) have found some weak evidence of a negative relationship between AFDC benefit levels and the levels and existence of child support awards (Argys et al. 1996; Argys and Peters, 2000a, b). As is not surprising

given the complicated policy interactions described above, the results are not completely consistent across the studies.

Family Cap Provisions

"Family cap" provisions reduce or eliminate the incremental increase in welfare benefits for mothers who bear another child while on welfare. No state had a family cap in the late 1980s (Table 1, row 2). States introduced them in the early 1990s via the waiver process. PRWORA did not require family caps but did allow states to enact them. As of 1999, 22 states had some form of family cap, and 15 of those states had implemented a family cap prior to the passage of PRWORA. Both unmarried mothers and two-parent families on welfare face stronger financial incentives to avoid having additional children than they did in the late 1980s. Incomes of unmarried men who do not live with their children are unaffected by a family cap, but incomes of children they may father are reduced, so this provision has increased their incentive to avoid nonmarital fatherhood. In addition, the not-so-subtle moral message of a family cap—people should not have children they cannot afford without government support—may help discourage childbearing among welfare recipients and may also change men's attitudes about the desirability of fathering more children out of wedlock.

Research on the family cap (Table 2, row 2) has burgeoned recently. Several studies have tried to infer the impact of a family cap indirectly by examining whether the size of the incremental AFDC benefit a mother on welfare would have received if she had another child was related to her subsequent childbearing behavior (Acs, 1996; Fairlie and London, 1997; Robins and Fronstin, 1996).[5] A positive relationship would suggest that a family cap, which typically sets the incremental benefit to zero, would reduce childbearing among women already on welfare. These studies generally find no relationship between incremental benefits and fertility. But a recent study by Hudson (2000) reports a significant positive relationship for whites.

Four studies have looked directly at the relationship between family cap waivers and fertility. Since a cap both signals social disapproval of nonmarital childbearing and imposes a financial penalty, its

effects may be stronger than those inferred from analyses of incremental benefits. Using data from vital statistics, Horvath-Rose and Peters (2001a, b) find the presence of a family cap in a state has a consistently negative and strong effect on nonmarital birth ratios and rates. The results apply to both blacks and whites, and to teens and nonteens. Using data from the Current Population Survey, Mach (2001) also finds consistent evidence that women receiving welfare have lower fertility if they live in a state that has implemented a family cap. Mach's is one of the few studies to include data from after the passage of PWRORA.

An experimental study of the New Jersey waiver (Camasso et al., 1998) reported lower fertility among women subject to the cap, while an experimental study of Arkansas's waiver (Turturro et al., 1997) found no effect. Both of these state evaluations suffer from problems of implementation and analysis. Our best guess from this research is that a family cap probably depresses subsequent childbearing among welfare recipients. The size of this effect is uncertain.

Theory predicts that welfare benefits would affect pregnancy and abortion in opposite directions—that is, lower benefits reduce incentives to become pregnant and increase incentives for terminating pregnancy through abortion. Policymakers, on the other hand, would like to see reductions in nonmarital pregnancies and births without increases in abortion. The limited research on welfare benefits/family caps and abortion/sexual activity/contraceptive use (Table 2, columns 2 and 3) provides some evidence that is consistent with this policy goal. The effects of lower welfare benefits on nonmarital childbearing appear to operate primarily through declines in pregnancy and not through increases in abortion. The maximum benefit is positively related to teenagers' risk of pregnancy (Levine, 2000).[6] The incremental benefit is positively related to actual pregnancy among welfare recipients (Argys, Averett, and Rees, 2000). In contrast, abortion is related to neither the maximum benefit (Blank et al., 1996; Matthews et al., 1997) nor the incremental benefit (Argys , Averett, and Rees, 2000).[7] The limited evidence and the particular difficulty of analyzing abortion behavior (Klerman, 1998) mean that one should view these conclusions as tentative.

Time Limits and Work Incentives

PRWORA made important changes in welfare's eligibility rules (Table 1, rows 3–7). The most widely publicized was the establishment of time limits on welfare receipt (row 3). No state can use its federal welfare funds to assist a family that has already received 60 months of assistance.[8] States may exempt 20 percent of the caseload from this limit for "hardship." PRWORA allows states to set shorter limits and about half have done so. Time limits function much like the decline in real benefits in terms of their effect on incentives. By lowering welfare's long-run financial return, time limits reduce women's incentives to make demographic choices that enable them to qualify for or remain on welfare.

PRWORA requires all adult recipients to be working or involved in work-related activity (e.g., remedial education, skills training, job search) within 24 months of receiving benefits, or sooner if the state determines they are ready. Most states require work or work-related activity immediately upon receipt of benefits. States have considerable discretion in defining whom they may exempt from this requirement and how they sanction noncompliance. Work requirements and sanctions were also part of welfare policy in the late 1980s, but welfare recipients have faced stronger requirements and sanctions since enactment of PRWORA (Table 1, row 4).

Prior to PRWORA, welfare recipients always had the option of working, but it was clearly not the preferred choice. Only a small fraction of recipients—less than 7 percent in 1992—were employed (U.S. Department of Health and Human Services, 2000). Work often didn't pay because welfare benefit reduction rules imposed a 100 percent tax on earnings above a certain amount. In addition, work frequently meant having to pay for child care, further reducing the financial gains from working.[9] PRWORA's stronger work requirements and sanctions for noncooperation with those requirements have clearly made welfare less attractive to recipients, other things equal. These tougher aspects of PRWORA, therefore, also reduce women's incentives to make demographic choices that enable them to qualify for or remain on welfare.

Because so few men are likely to establish single-parent households and receive welfare, the decline in benefits and imposition of time limits and work requirements have had little effect on the income men can expect from different marital, living arrangement, and childbearing choices. However, because these changes have made welfare less attractive to women, they have reduced the amount of welfare income that needy children can expect to receive. If men care about the well-being of their children or potential children even if they do not live with them (Weiss and Willis, 1985), then declines in expected income going to those children will reduce men's incentives to live apart from them and to have children out of wedlock. Thus, the changes in these aspects of welfare policy have also reduced adverse demographic incentives for men.

To encourage work, PRWORA allowed states to change the way earnings are treated (Table 1, row 5). Many responded by increasing the amount of earnings that is disregarded when welfare benefits are computed and lowering the implicit marginal tax rate on earnings above the disregard. These changes increase the net income a family can attain while remaining on welfare and the mother's "after tax" wage rate. Other things equal, they thereby increase women's incentives to qualify for welfare, and so may induce childbearing and family structure choices that increase the number of single-mother families. However, increasing the net wage raises a welfare mother's opportunity cost of childrearing, which reduces her incentive to have more children while receiving benefits. Thus the net effect of more generous earnings disregards is uncertain. Because enhanced work incentives increase potential income for children on welfare, the same logic as above implies an increase in men's incentives to make demographic choices that expand the number of single-mother families.

A number of studies have estimated the impact of work requirements, time limits, and enhanced earnings disregards on welfare caseloads and work behavior (Council of Economic Advisers, 1999), but only a few studies have examined the effects of these types of policies on demographic behavior such as marriage, female headship, and nonmarital childbearing. Schoeni and Blank (2000) provide evidence that waivers raised the probability of marriage for women with low education, but they do not distinguish

which type of waiver a state adopted. Horvath-Rose and Peters (2001a) also find that having a welfare waiver in a state reduced nonmarital childbearing. However, in the three studies that include different types of welfare waivers as separate policy variables, there is not a consistent relationship between time limits and work requirement waivers and demographic outcomes (Horvath-Rose and Peters, 2001a; Rosenbaum, 2000; Fitzgerald and Ribar, 2001). All three studies report effects for some types of work requirement, time limit, or termination waivers, but the results are mixed and sometimes of the "wrong" sign, and the mechanism by which waivers might affect behavior is unclear.

Eligibility for Two-Parent Families

For many years welfare benefits were restricted to single-parent families with children. Critics charged that this restriction gave incentives for women to divorce or not marry. In 1961 Congress allowed states to offer AFDC to two-parent families if one adult was unemployed, subject to other restrictions. By the late 1980s only about half the states had set up an AFDC-UP (unemployed parent) program. The Family Support Act of 1988 required all states to establish an AFDC-UP program by 1990. PRWORA relaxed this requirement, but 48 states and the District of Columbia have continued their two-parent programs (Table 1, row 6). Moreover, most states have eliminated or loosened restrictions on eligibility, such as one that denied aid if the primary earner had a weak record of work attachment.

Greater eligibility of two-parent families clearly would reduce incentives for parents to divorce to obtain income support for their children. This change would especially tend to affect families with young husbands, who may have weak work histories. Greater access to welfare for two-parent families would also make a woman on welfare less reluctant to marry a low-income man, because the new unit could still receive benefits. For the same reason, this change would make a low-income man less reluctant to marry a current recipient because the new unit could still receive benefits. For an unmarried couple without children that experiences a nonmarital pregnancy, eligibility for two-parent families provides an incentive to marry before the birth.

Policies to encourage marriage and discourage divorce by extending eligibility for cash welfare to two-parent families go back to the negative income tax (NIT) experiments of the late 1960s and early 1970s (Table 2, row 6). One of the surprising and controversial results from those experiments was that extending benefits to two-parent families increased rates of marital dissolution (Hannan, Tuma, and Groeneveld, 1977). Cain and Wissoker (1990) reanalyzed the data and disputed those findings. Although the negative effect of the NIT on marriage became insignificant in this reanalysis, it did not find that the NIT encouraged marriage, as was intended. Similarly, several studies of AFDC-UP in pre-PRWORA years found little or no effect of the program on marriage (Winkler, 1995). Moffitt et al. (1998), however, found significant positive effects of AFDC-UP when jointly modeling marriage and welfare receipt. Two recent studies using variations in welfare waivers also found a correlation between expanding eligibility for AFDC-UP and marriage. Hu (2000) finds that AFDC-UP families subject to California's welfare waiver (which reduced the restrictions needed to qualify for AFDC-UP status) were more likely to stay married than control-group families not subject to the treatment.[10] Similarly, Horvath-Rose and Peters (2001a, b) found that nonmarital fertility ratios were lower in states that had expanded AFDC-UP eligibility as part of a welfare waiver.

Recent welfare reform experiments in Minnesota and Canada extended benefits to two-parent families. Unlike the existing AFDC-UP program, which often reduces benefits by a dollar for each dollar of the father's income, these programs treated the father's income more generously. Gennetian and Miller (2000) find that Minnesota's reform increased marriage among those who were single welfare recipients at the start of the program and decreased divorce among families who were receiving AFDC-UP benefits at the start. They attribute these effects to increases in families' incomes, rather than to a reduction in marriage disincentives of the AFDC system, because the reform increased marriage even among those who left welfare and did not encourage marriage to the child's biological father. The Canadian experiment increased marriage in New Brunswick, but decreased marriage in British Columbia (Harknett and Gennetian, 2000). Overall, the evidence about the effect of expanding AFDC-UP eligibility is mixed.

A related policy issue is the treatment of income of adult household members other than the biological parents of the child in determining welfare eligibility. Hutchens et al. (1989) find that the probability of living in a subfamily was slightly smaller in states that paid lower benefits to mothers living in subfamilies. Moffitt et al. (1998) report that the welfare rules in many states encourage cohabitation by ignoring in-kind contributions (e.g., rent payments) in calculating household income for welfare eligibility. Their analysis shows only weak evidence that AFDC rules affect cohabitation. London (2000) finds that women living in states that penalize shared living arrangements are less likely to live in a three-generation household than to live independently. However, a stricter treatment of contributions of other household members did not decrease the probability of cohabitation relative to independent living. Evenhouse and Reilly (1999) distinguish cohabitation or marriage to the child's biological father from cohabitation or marriage to an unrelated male. They find that higher welfare benefits reduce the probability of living with the biological father compared with living with an unrelated male or living in a one-parent, one-adult family.

Though a consensus is emerging that welfare benefits significantly affect female headship decisions, there remains a debate about the size of the effect, the mechanisms through which it acts, and the consequences for child well-being. The evidence about differential incentives for cohabitation, other shared living arrangements, and marriage has not been well sorted out.

Minor-Parent Provisions and Behavioral Requirements for Minor Children

Prior to PRWORA, eligibility rules for young unmarried mothers were no different than for any other parent (Table 1, row 7). PRWORA's minor-parent provision mandates that states deny benefits to unmarried mothers under age 18 unless they live with their parents, another adult relative, or in some other adult-supervised living arrangement. To the extent that some young women might become unwed mothers to qualify for aid that allows them to set up independent households, this policy change eliminates an incentive for nonmarital childbearing. On the other hand, if eliminating this source of government support induces parents to provide more resources to young daughters who become unwed

mothers (primarily through the required sharing of living arrangements), incentives for nonmarital childbearing might increase. For a man who anticipates living in the household set up by the young unmarried woman he impregnates and sharing her welfare income, PRWORA's residency rule may discourage him from becoming an unwed father. PRWORA also requires minor unwed mothers without high school degrees to attend school as a condition of eligibility. This policy raises some young women's nonfinancial costs of nonmarital childbearing but has no effect on men's incentives to avoid unwed fatherhood.

PRWORA allowed states to impose other behavioral requirements on welfare parents to remain eligible for assistance. As of 1999, 34 states required minor children of welfare parents to attend school or the parents to be involved in their children's schooling in some other way. To the extent this policy improves the education and, hence, long-run earnings ability of girls in welfare families, it will help reduce both marital and nonmarital fertility in the next generation. Horvath-Rose and Peters (2001a, b) find that the minor-parent provision has an unexpected positive effect on nonmarital childbearing, but this result is sensitive to the specific model that is estimated. They also find no significant effect of education requirements (aimed at either minor parents or minor children) on nonmarital childbearing.

Child Support Provisions

Since 1975 federal policy has steadily moved toward widespread establishment and stronger enforcement of absent parents' child support obligations. PRWORA continued this effort by strengthening administrative mechanisms for establishing paternity and collecting child support obligations, and making it more difficult to receive welfare before first cooperating with the child support enforcement agency to try to obtain a child support order (Table 1, row 8).

Child support policy creates incentives that may affect several demographic choices related to the obligation to pay support or the entitlement to receive it (Garfinkel et al., 2000). Stronger support enforcement increases the expected financial costs of divorce and nonmarital fatherhood to men, who

typically are the absent parents, but symmetrically lowers the costs for women. The net effects on divorce and nonmarital childbearing are ambiguous.

If the woman is likely to go on welfare if divorce or a nonmarital birth occurs, welfare's rules about how much child support passes through to the custodial parent change the situation. In the late 1980s a mother on welfare was allowed to keep only the first $50 of child support each month. The rest went toward reducing public spending on welfare. One may reasonably conclude that child support policy during that period provided, at most, a small financial incentive for women to divorce or have a child out of wedlock, but strong disincentives for men. PRWORA allowed states to eliminate the $50 "pass-through." Although 16 states kept the pass-through and two states even increased it, the majority eliminated it (Primus and Castro, 1999). At the same time, PRWORA's provisions to improve child support enforcement have made divorce and nonmarital fatherhood more costly to men. On net, PRWORA has thereby strengthened incentives against divorce and nonmarital childbearing among low-income couples.

Provisions to improve enforcement have an ambiguous effect on women's marriage decisions. Increased child support income may allow her to search more thoroughly for a husband and may generate more and better offers of marriage. Yet it may lower her chances of marriage by raising the quality of her minimally acceptable offer and extending the duration of her search. Women with higher child support payments have less need of the additional income marriage provides. The effect of stronger child support enforcement on marriage incentives and prospects for men is the reverse of the effect on women, so it, too, is ambiguous.[11]

Better child support enforcement will increase the likelihood that absent parents are financially responsible for their children. Whether it will improve other aspects of parenting is unclear since its impact appears to depend, in part, on the quality of the relationship between the parents.

Analyses of the relationship between child support enforcement (Table 2, row 8) and nonmarital childbearing consistently show that in the pre-PRWORA period, states with stronger enforcement of child

support obligations had lower rates of nonmarital childbearing (Case, 1998; Garfinkel et al., 1998a; Plotnick et al., 1999; Plotnick et al., 2001). Thus, we can expect PRWORA's provisions that further toughen enforcement to discourage this behavior.

A literature on how child support policies affect marriage and divorce decisions is emerging (Garfinkel et al., 2000). Nixon (1997) explicitly analyzes the effect of child support policies on divorce. She finds that women living in states with stronger child support policies have small but significantly lower probabilities of marital dissolution. This effect is larger for women who have characteristics associated with a higher likelihood of welfare receipt. This result is consistent with the earlier discussion predicting that the divorce disincentive for men due to the cost of paying child support is likely to outweigh the divorce incentive for women due to the benefits of receiving child support, especially for women more likely to go on welfare.

Beller and Graham (1985) try to account for the possibility of reverse causation (a mother's remarriage may affect the incentives for fathers to pay child support) by analyzing the relationship between initial child support awards and remarriage. The study finds that having a child support award does not seem to affect remarriage, but the size of the award does—women with larger than average awards are less likely to remarry. Hu (1999) also finds that child support discourages marriage. Bloom et al. (1998) find that stronger child support enforcement reduces the likelihood of a father's remarriage.

Father involvement in families (Table 2, column 6) has received increasing attention among the public, policymakers, and academics, but there is still considerable debate about its meaning and how to measure it. Child support policy has historically emphasized the role of providing economic support. More recently, policymakers have explicitly acknowledged the importance of fathers providing emotional support, as well.

A large number of studies have analyzed the impact of child support policies on child support awards and payments. Results generally show that improved enforcement efforts have had a modest effect on increasing payments. The largest effects have been for never-married mothers and for welfare

recipients (Garfinkel et al., 1994, 1998b, 2000; Argys, Peters, and Waldman, 2001; Freeman and Waldfogel, 2001).

Because of data limitations, researchers measure emotional support by the amount of contact a father has with his children. Although numerous studies document a positive correlation between child support payments and father-child contact, few attempt to identify the causal effect of this relationship. Argys and Peters (2001a, b) ask whether child support and paternity-establishment policies affect the degree to which fathers maintain contact with their children born outside of marriage. They find that paternity policies increase the likelihood that paternity is established, and predicted paternity establishment, in turn, increases the likelihood that fathers will have contact with their children in later years.

Child support's effect on nonmarital fertility, household living arrangements, and father involvement has received far less attention than has welfare benefits. However, PRWORA made child support policy a major part of welfare reform. The evidence so far indicates that child support may have fewer negative unintended consequences than public assistance. Child support appears to stabilize families and curtail nonmarital births, and for those families that do experience a disruption (or a nonmarital birth), child support policies increase both monetary and nonmonetary support from the absent parent.

Many unmarried fathers of children on welfare have low skills, lack stable employment, and do not have sufficient income to pay child support without further impoverishing themselves or their current families (Sorensen, 1997). As more intense efforts to collect child support have run up against this reality, states have begun experimenting with programs (Table 1, row 9) to help noncustodial fathers negotiate the child support system (Martinez and Miller, 2000). The programs provide employment and training services to help increase fathers' earnings, peer support sessions to help men deal with paternal responsibility and negotiate sustainable coparenting arrangements, and information on how the system

works (e.g., how to modify support orders). Though not part of PRWORA, these programs have become part of the post-PRWORA policy landscape and are likely to expand.

Because these programs are in their infancy and details of their design and implementation are still evolving, there is little basis for theorizing about their effects on demographic behavior (see Barnow et al., 1997, for an evaluation of some of these fatherhood initiatives). To the extent such programs improve participants' earnings capacity, their ability to maintain good relationships with women, and their attitudes about paternal responsibility and marriage, men will become more attractive marriage partners. They may become more motivated to reside with their children, which would encourage them to either marry or cohabit with the children's mother. The programs might also affect other demographic behaviors as well. Developments in this emerging area of social policy bear close watching.

Family Planning and Sex Education Programs

The last row of Table 1 considers programs to directly reduce teen nonmarital childbearing. These are not conventionally regarded as part of welfare policy, but PRWORA included provisions on such matters. It appropriated $250 million to fund abstinence education programs for school-age children. All but one state are now sponsoring such programs. PRWORA also set up bonuses for states with the largest declines in nonmarital childbearing. In addition, the number of states supporting education in public schools about STD, HIV, and contraception has increased since the late 1980s. These efforts all aim at increasing information about the possible consequences of sexual activity and how to avoid unwanted pregnancies, as well as skills for doing so. Some seek to change young persons' views about appropriate sexual behavior. Relative to earlier years, these government efforts would tend to shift behaviors away from those that result in nonmarital childbearing.

Kirby's (2001) comprehensive review discusses the impacts of adolescent pregnancy prevention programs ranging from curriculum-based sexuality education programs to multicomponent programs with both sexuality and youth development components (Table 2, row 10). Abstinence-only approaches to teen pregnancy prevention have received much attention and federal support (Wertheimer et al., 2000). Kirby

argues that evidence of their impacts is not conclusive because of limited research and lack of rigorous evaluations. No evaluation of an abstinence-only program has found any overall impact on sexual behavior.

Some, but not all, contraception and HIV education programs appear to be effective in delaying initiation of sex, decreasing frequency of sex and number of partners, and increasing contraceptive and condom use. Some impacts lasted as long as 31 months. Given the magnitude and duration of their impact, they may reduce teen pregnancy. Few studies actually measured the impact on pregnancy rates.

Family planning services have become more available to teens in recent years (Wertheimer et al., 2000). Nonexperimental studies suggest that family planning clinics have prevented many adolescent pregnancies and births. Kirby argues that methodological limitations of these studies call the accuracy of their specific findings into question, though he does not dispute the presence of significant effects. Overall, the evidence suggests that the expansion of family planning and sex education activities accompanying welfare reform is likely to have reduced risky teen sexual behavior and, hence, nonmarital childbearing.

CONCLUSION

As Congress intended, PRWORA and state welfare reform legislation have shifted welfare's incentives in directions that encourage marriage and that discourage nonmarital pregnancy and childbearing, childbearing while on welfare, divorce, living independently from relatives, and avoiding child support responsibilities. Perhaps more important than these shifts in incentives is the impact of the welfare reform debate and the moral message in PRWORA on the attitudes and values of teens and young adults (Haskins, 1999). The national debate evinced much agreement that nonmarital births had negative consequences. Many politicians and other public figures argued strongly that it was wrong to have children outside of marriage. This discourse may have influenced young people's beliefs about engaging in behaviors that can lead to pregnancy and parenthood.[12]

The general tenor of available research on how economic incentives affect childbearing, family structure, and responsible parenting behavior is that behavioral effects consistent with theoretical expectations and policymakers' intentions do exist. Their magnitudes are small or uncertain. A tentative but reasonable "bottom line" is that we should not expect welfare reform to dramatically alter low-income Americans' demographic behavior, but can expect it to have modest effects in the directions desired by policymakers.

The empirical basis for this assessment is not nearly as solid as we would like. There is little or no evidence about how time limits, tougher work requirements, more lenient treatment of earnings, the minor-parent provision, and programs to help low-income men meet their child support responsibilities affect any of the demographic behaviors analyzed in this paper. On the other hand, there is extensive evidence about the links between benefit levels and demographic behavior (Table 2, row 1). There is less extensive but still substantial evidence about the impact of the family cap, eligibility of two-parent families, and child support enforcement on important demographic outcomes (Table 2, rows 2, 6, and 8) and the impact of family planning and sex education programs on adolescent sexual behavior (Table 2, row 10). The evidence about differential incentives for cohabitation, other shared living arrangements, and marriage has not been well sorted out.

The limited information on several elements of recent reform is understandable. The waiver process of the early and mid-1990s and PRWORA added program elements that never existed in AFDC, such as time limits and the minor-parent provision. Because of the lag in data collection and the time needed to carry out careful research, findings on these elements' effects are just beginning to emerge. More definitive assessments of their effects on all the outcomes in Table 2 will require substantial additional research.

Research has not directly addressed how some changes in family structure affect child well-being. We know that children raised by married biological parents are generally better off than those raised by a single parent (McLanahan and Sandefur, 1994). But if welfare increases incentives to cohabit or to live in

a three-generational household, is that good or bad for children, relative to living in an independent female-headed household? If welfare increases incentives for marriage to a stepparent, what are the consequences for children? These crucial questions, too, remain for future research.

Endnotes

[1]Similarly, if welfare has small disincentive effects on recipients' work effort, nearly all the benefits raise their families' standards of living and reduce poverty, and American values about the importance of work are upheld. But if it leads to large earnings reductions that offset much of the income it provides, its net antipoverty impact would be small. Welfare's work disincentives have received at least as much attention as their demographic effects, but they are not the focus of this paper.

[2]Interstate migration, another demographic behavior that received wide attention in welfare policy debates, is beyond the scope of this paper. The Earned Income Tax Credit and Medicaid are other major components of the safety net for low-income families. Provisions of both may affect demographic outcomes. Though both programs interact in important ways with TANF, because PRWORA did not change them, this paper does not consider their effects on demographic behavior.

[3]This analysis was developed to model why the sexual revolution of the 1960s may have produced a rapid increase in nonmarital childbearing. The ideas may still apply to contemporary changes in abortion and contraception.

[4]See Argys et al. (1996) and Argys and Peters (1999, 2001b) for empirical studies showing how child support guidelines, welfare, and paternity policies are related to the incidence of cooperative versus noncooperative child support awards.

[5]The key difference between these studies and those discussed above is a focus on the effect of the incremental benefit, rather than the total benefit.

[6]The author defines risk of pregnancy as being sexually active in the past 3 months and no contraceptive use at last intercourse.

[7]Camasso et al. (1998), however, did find that abortion rates increased among black welfare recipients who were subject to the New Jersey family cap.

[8]Child-only cases are exempt from the time limit.

[9]Under AFDC, states were required to guarantee child care to recipients who needed it to work or to participate in education and training. PRWORA dropped this requirement, although it does allow states to grant work exemptions if adequate child care cannot be found. It also requires that at least 70 percent of a state's Child Care Development Fund (CCDF) block grant be used to provide child care assistance to current welfare recipients, those transitioning off of welfare, and families at risk of becoming dependent on TANF (U.S. Department of Health and Human Services, 2000).

[10]California's welfare waiver included a number of additional provisions, so it is not possible to isolate the effect of the UP provisions.

[11]Men obligated to pay support may be more anxious to marry women with earnings, but their obligation makes them less attractive as marriage partners.

[12]The body of research on how social norms and individual attitudes affect demographic behavior is relevant for understanding the possible impact of the moral dimensions of recent reform (see Thornton, 1995). Space limitations preclude us from discussing this literature.

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