Chapter 4

How Will Welfare Reform Affect Childbearing and Family Structure Decisions?

H. Elizabeth Peters, Robert D. Plotnick, and Se-Ook Jeong

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 agenda. 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. While 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 whether 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

While people have different opinions about when welfare's undesired side effects outweigh its beneficial impacts on poverty, the bigger the adverse responses, the stronger the case for reforms to improve the tradeoff.

1Similarly, 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 chapter.