Family cap provisions and changes in births and abortions

TED JOYCE\textsuperscript{1,4}, ROBERT KAESTNER\textsuperscript{2,4}, SANDERS KORENMAN\textsuperscript{1,4} & STANLEY HENSHAW\textsuperscript{3}

\textsuperscript{1}Baruch College, The City University of New York, New York, NY 10010, USA; \textsuperscript{2}University of Illinois at Chicago, Chicago, IL 60607, USA; \textsuperscript{3}The Alan Guttmacher Institute and \textsuperscript{4}The National Bureau of Economic Research, Cambridge, MA 02138, USA

\textbf{Abstract.} As part of welfare reform efforts in the 1990s, 23 states implemented family caps, provisions that deny or reduce cash assistance to welfare recipients who have additional births. We use birth and abortion records from 24 states to estimate effects of family caps on birth and abortion rates. We use age, marital status, and completed schooling to identify women at high risk for use of public assistance, and parity (number of previous live births) to identify those most directly affected by the family cap. In family cap states, birth rates fell more and abortion rates rose more among high-risk women with at least one previous live birth compared to similar childless women, consistent with an effect of the family cap. However, this parity-specific pattern of births and abortions also occurred in states that implemented welfare reform with no family cap. Thus, the effects of welfare reform may have differed between mothers and childless women, but there is little evidence of an independent effect of the family cap.

\textbf{Keywords:} Abortions, Births, Welfare reform

\textbf{Introduction}

A primary motivation for state and federal welfare reform was the high rate of non-marital fertility and economic dependence among single mothers. State waivers in the early 1990s gave states authority to implement policies to reduce the need for public assistance. The state waivers were followed by national welfare reform legislation, the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which adopted many state initiatives and ended the guarantee of long-term cash assistance to single mothers. Components of welfare reform such as time limits, work requirements and sanctions for non-compliance, higher earned-income disregards, and increased child care subsidies were all intended to encourage employment and economic self-sufficiency. Time-limiting benefits and requiring work also increase the cost of childbearing among welfare recipients or potential recipients, and thus may lower the incidence of non-marital birth.
Despite the intentions of policymakers, PRWORA contains few provisions designed specifically to reward marriage or to penalize non-marital fertility. Only the family cap, which permits states to deny or reduce cash assistance for additional births to current recipients, operates directly on fertility incentives. In this paper, we analyze the association between family cap provisions and births and abortions. Our analysis is distinct because it is the only econometric study of the effect of the family cap that analyzes both birth and abortion rates among women at risk for public assistance. Most previous analyses of the effect of welfare reform on fertility behavior have examined only births (Dyer & Fairlie 2004; Fein 1999; Hovarth-Rose & Peters 2001; Joyce et al. 2003; Kaushal & Kaestner 2001; Kearney 2004; Mills et al. 2001). Broadening the analysis of the effects of welfare reform to include abortions as well as births provides additional information on changes in reproductive behavior associated with welfare reform. For example, a fall in birth rates associated with the family cap may be accompanied by a rise in abortion rates (Camasso et al. 2003; Jaganathan & Camasso 2003). Moreover, the fall in birth rates should be expected to exceed the rise in abortion rates since women affected by welfare reform may also decrease sexual activity or increase contraceptive effort in order to control fertility.

We also estimate the effects of the family cap on pregnancy resolution. Specifically, we investigate whether the fraction of pregnancies that are terminated, henceforth the abortion ratio, increased with the family cap. We recognize that the abortion ratio cannot identify changes in sexual activity and contraception in response to the family cap. However, the abortion ratio has one distinct advantage over measures of birth and abortion rates: it is measured entirely from vital statistics; no population estimates are required for its construction. Therefore, we are able to calculate the abortion ratio and examine the effect of the family cap for small populations with a high proportion of members likely to be affected by the family cap. In addition, pregnancy resolution is of interest because rates of unintended pregnancy and abortion are high among unmarried women. Henshaw (1998) estimates that 75 percent of all pregnancies to teens, and 75 percent of all pregnancies to unmarried women are unintended.

In multi-state studies of the family cap, most researchers have used between-state variation to identify effects of the family cap. Controls for other aspects of welfare reform are included in the regressions or the study period is limited to the pre-TANF years (Dyer & Fairlie 2004; Hovarth-Rose & Peters 2001). A potential limitation of this strategy is