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# Family Cap Programs: The Future of Pennsylvania Welfare Reform

Robin Barngrover

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FAMILY CAP PROGRAMS: THE FUTURE OF PENNSYLVANIA  
WELFARE REFORM?

A Thesis

Submitted to the McAnulty College and  
Graduate School of Liberal Arts

Duquesne University

In partial fulfillment of the requirements for  
the degree of Master of Arts

By

Robin Barngrover

August 2010



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WELFARE REFORM?

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Approved April 16, 2010

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## ABSTRACT

### FAMILY CAP PROGRAMS: THE FUTURE OF PENNSYLVANIA WELFARE REFORM

By

Robin Barngrover

August 2010

Thesis supervised by Dr. Ann Marie Popp, Ph.D.

Welfare reform has been a highly debated topic since before the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and continues to be at the forefront of many policy makers' agendas. Although significant positive changes have occurred in welfare policy since PRWORA's adoption, welfare costs remain unwieldy. This study aims to review the controversial family cap program, already implemented in various states, to determine if it would be a beneficial step to reducing Pennsylvania welfare costs. The following consists of a discussion of previous national and state-level family cap research in order to determine a framework for the economic, social, and ethical arguments associated with implementation. National data is then used to develop regression models testing the relationship between family caps, welfare spending, and fertility. Despite family cap proponents' claims that caps reduce

welfare costs and birth rates for welfare recipients, my research shows that the anticipated benefits of family caps are generally inconclusive and largely affected by factors outside the control of the welfare program.

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## **Introduction**

The United States' welfare system has undergone dramatic changes since the Personal Responsibility and Work Opportunity Act (PRWORA) of 1996. Statistics show that welfare rolls and subsequent welfare budget expenses have decreased significantly. In Pennsylvania alone, the number of cash recipients decreased from 553,235 in January 1996 to 263,005 in January 2006 (US Dept. of Health and Human Services 2007). However, these statistics do not tell the whole story. Researchers continue to debate whether PRWORA was primarily responsible for the sharp decline in welfare recipients, or if extraneous factors such as the strong economy and low unemployment rates of the 1990s had a greater impact on welfare statistics (Besharov 2007). Because researchers cannot isolate PRWORA as the primary catalyst for these dramatic welfare changes, additional welfare reform research and policy/program updates are still relevant.

In 2006, Pennsylvania spent \$902 million on Temporary Assistance for Needy Families (TANF) cash benefits and in-kind services alone (US Dept. of Health and Human Services 2009). Despite the dramatic caseload reductions since the 1990s, welfare spending is still enormous. This expense, combined with the current weakening economy, rise of unemployment and uncertainty regarding the future of Social Security and Medicaid spending, makes further research on welfare reform a compelling issue. If there were a feasible way to reduce the amount of state and federal dollars spent on welfare benefits without unduly affecting the lives of welfare recipients, then this could lessen the taxpayer burden of funding social services and perhaps allow money to be filtered into other programs.

Family caps have been adopted by almost half of the United States as a means of reducing welfare expenses. Although the restriction of reproductive rights introduces a host of legal and ethical questions, welfare policy changes such as family caps limiting the number of children supported under the welfare system could not only reduce the number of welfare recipients, but also help to stop the cycle of dependence amongst many welfare clients. I want to explore the viability of state-mandated limits to the number of children supported financially under the welfare system. Does research show that family caps lead to statistically significant decreases in welfare spending? Is a financial disincentive really enough to affect reproductive trends? Are these programs ethical? Are there more viable alternatives to the family cap? While the restriction of reproductive rights is a controversial topic, I believe that the potential social and economic benefits make it worth exploring.

Statistics on welfare recipients are abundant, particularly since PRWORA in 1996. When looking at variables such as family caps and their effect on the number of welfare recipients in participating states, the Department of Public Welfare and Office of Family Assistance publish yearly reports by state and within states by race, family composition, education, and various other demographic variables. Using these statistics will help to determine whether family caps actually lead to reduced numbers of welfare recipients and expenses. I can then examine whether this policy should be implemented in Pennsylvania. Data including average cash spending per recipient, maximum cash benefits, family size, number of children in welfare households, poverty rates, birth rate, educational statistics, unemployment rate, and personal income will be collected from all

50 states. A regression model will then be completed in order to determine if family caps actually have a significant effect on welfare spending and fertility.

By examining this data and completing various statistical models and analyses, I should be able to determine the effectiveness of family caps in reducing welfare spending and recipient fertility. This study is unique because it combines independent quantitative research and data analysis with a discussion of the more personal and less easily measurable determinants of reproductive choices. After evaluating the past studies and current analyses, I will be able to make a policy recommendation to the Commonwealth of Pennsylvania.

## **Literature Review**

### *Welfare History*

Additional welfare reform is not possible without first reviewing current welfare policy. As stated earlier, the Personal Responsibility Act of 1996 instituted major changes in the welfare system, particularly dismantling the Aid to Families with Dependent Children (AFDC) program, and establishing Temporary Assistance for Needy Families (TANF). As included in the Social Security Act of 1935, AFDC's original title at its 1935 introduction was Aid to Dependent Children (ADC) and focused primarily on the children of widows and the disabled. Before the Social Security Act, social programs were mainly implemented and funded by private charities and churches, and services were generally limited to community residents. However, the overwhelming need created by the Great Depression quickly exhausted the funds of local charities and left

many people without a means of subsistence (Rose 1989). The government's response to this need was through development of federal assistance programs.

At its introductory stages, ADC payments were limited to the needy child only and the program made no mention of financially supporting the parent or guardian of the child, although a parent or relative must be made the payment name (US Dept. of Health and Human Service 2007). ADC's original goal was to support needy children *in* their homes, as the imagined recipients were widows and these widows were not expected to work outside of the home. Because a widow's financial difficulties were considered beyond her control, the early recipients of ADC were considered the "deserving poor" (Rose 1989:66). Government assistance was meant to enable women to maintain their familial roles of keeping house and raising children without the need for employment outside of the home.

Aside from ADC, the only other federal social insurance programs available at the time were Old-Age Insurance (OAI) and Unemployment Compensation (UC), both included with ADC in the Social Security Act of 1935. However, these programs initially excluded domestic and agricultural workers. This left a large segment of the population, particularly black men, without any means of public assistance if they were unable to work (Davies 1997:221). Although The Social Security Act was meant to provide a financial safety net for all Americans, the actual scope was quite limited. While federal programs were being initiated in the 1930s, it would take almost 30 years before the next major shift in social welfare policy. Changes in social norms and shifting views of poverty would lead to major expansion of social welfare programs.

In the 1950s, AFDC expanded to allow monetary payments to the mother or guardian of the needy child, but the largest change in AFDC benefits would not come until a decade later (US Census Bureau 1996). In the 1960s, President Lyndon Johnson championed the War on Poverty. Americans were increasingly exposed to the reality of poverty and economic inequality through media coverage of the growing Civil Rights movement and depictions of the clear disparity of wealth present in the United States. Johnson took advantage of this political climate to implement federal assistance programs such as Medicaid, Medicare, food stamps, and work initiatives (Peterson 1985). He also expanded AFDC to include cash payment for both the mother and father of needy children.

The liberalization of AFDC in the 1960's and 1970's is often cited as a main contributor to the unwieldy growth of the welfare system. Caseloads rose by 230 percent between 1963 and 1973 alone, and this increase was not attributed to a poor economy or high rates of unemployment like most rises in welfare rolls. Instead, research shows that the expansion of programs, improved ease of application and eligibility determination, and lessened social stigma were the main factors in welfare's rise in the 1960's and 1970's (Besharov 2007).

The next major shift in welfare policy came in the 1980s. President Ronald Reagan's viewed the welfare system as a hindrance to self-sufficiency. Based on the ideology that government assistance was at-odds with a capitalist society, he aimed to reconfigure the cash payment system of assistance (Karger and Stoesz 1993). One of the most detrimental changes to AFDC came from the Omnibus Budget Reconciliation Act (OBRA) of 1981. OBRA limited work-expense deductions, child care allowances, and

income disregards for employed welfare recipients, leading to a many ineligible families (Karger and Stoesz 1993). However, many families found that the expenses associated with working outside of the household did not amount to more income than AFDC benefits. For many recipients, OBRA arguably made welfare more financially prudent than employment.

Another major aspect of Reagan's welfare reform was the use of tax reductions in place of cash benefits. In theory, if low-income families were exempt from taxes and/or received tax rebates, this money could be used in lieu of cash benefits. However, the returns received from tax incentives were not equal to the amount of cash lost from AFDC ineligibility, leaving many low-income families in worse poverty than they had ever known (Karger and Stoesz 1993). The tax reconfiguration also led to the largest income disparity between rich and poor in recorded U.S. history and an unprecedented \$3 trillion budget deficit (Karger and Stoesz 1993).

One of the final major changes in welfare policy during the Reagan administration was the Family Support Act of 1988. As a provision of the Act, two-parent households were mandated to have one parent enroll in an unpaid job for 16 hours per week in exchange for benefits. Rather than encouraging employment, the policy made two-parent families unprofitable. If parents lived separately, the mother could receive benefits while remaining exempt from the work program while the father worked without any reduction in AFDC. The father could also potentially receive food stamps or other state and federal benefits without affecting the mother's AFDC. This policy change is often cited as one of the major disincentives for cohabitation amongst welfare parents.

By 1994, welfare rolls ballooned to around five million, up from 147,000 families in 1936 (Besharov 2007). Despite the increasing numbers, AFDC was widely criticized for failing to provide adequate income to meet basic needs without providing substantial work programs or incentives. In 1992, only 6.6 percent of AFDC recipients were employed, and most of these jobs were part-time (Rodgers 2005). Without feasible work-support programs, the decrease in cash benefits combined with work and childcare expenses made employment less profitable than welfare for most recipients. Most recipients of AFDC benefited financially by remaining unemployed and unmarried, and this is obviously not the intent of a successful welfare program.

By the 1990's, welfare policies and welfare program spending debates had reached a boiling point. One of the largest points of contention, aside from overall welfare spending, was the growing trend of single motherhood. Out-of-wedlock births accounted for 32.6 percent of the population in 1994, up from 3.8 percent in 1940 (US General Accounting Office 2001). While the ethics of out-of-wedlock childbirth are debatable, one issue is not: single mothers statistically cost the government more money than married women, particularly if they are younger than 18 when they give birth to their first child. Unmarried teenagers who give birth are more likely to receive welfare benefits and remain on assistance for more years than their older and/or married counterparts. A study completed by the Congressional Budget Office in 1990 also showed that three-quarters of unmarried mothers under the age of 18 received cash assistance from AFDC within five years of giving birth to their first child (US General Accounting Office 2001). Additionally, studies completed on AFDC recipients showed that children born out-of-wedlock were three times more likely to receive cash assistance

once they reached adulthood (US Department of Health and Human Services 1996). With the enormous growth of out-of-wedlock births and the inflating cost of welfare expenses, policy makers were poised for a change.

When President Clinton took office in 1992, he vowed to “end welfare as we know it” (Besharov 2007). His 1996 Personal Responsibility Act focused on three main goals for welfare reform: 1) reduce welfare dependence and increase employment; 2) reduce child poverty; and 3) reduce children born out-of-wedlock and reinforce marriage (Kim 2006). In order to accomplish these goals, PRWORA began by replacing AFDC with the TANF program. Under AFDC, most families were eligible for cash benefits as long as they met the financial and resources criteria. There were no time limits on benefits. PRWORA ended the “legal entitlement” to welfare, and stressed the importance of economic independence for welfare recipients (US General Accounting Office 2001:4). Rather than maintaining or supplementing the livelihood of the recipient, the new welfare system was designed as a means of breaking the cycle of dependency on government assistance by assisting welfare clients with employment and training activities. The schooling and/or job skills acquired while receiving TANF benefits was meant to foster self-sufficiency for both the recipient and, optimistically, their future generations.

Under TANF, recipients are subject to lifetime limits of five years, mandatory employment and training programs, and disqualification/sanction for failure to seek child support in single-parent families. Additionally, there is no disincentive for two-parent households as both parents can be eligible for inclusion in the grant. Although there has been debate over the extent of PRWORA’s role in achieving the aforementioned goals,

the results, whether attributed mainly to welfare reform, the strong economy, or both, have been substantial. Nationally, welfare caseloads have fallen by 56 percent since 1996, employment of single mothers increased by almost 50 percent, and the child poverty rate fell from 20.8 percent in 1995 to 17.8 percent in 2004 (Kim 2006). Welfare births out-of-wedlock have not decreased since PRWORA, but they have only risen by 2.4 percent from 1995 to 2003 (Kim 2006). Many theorists agree that while economics certainly played a large role in the decrease of welfare recipients, PRWORA also had a significant effect on the decline.

### *Family Cap Policy*

While PRWORA established minimum federal TANF guidelines concerning time limits and employment/training programs in order to meet its first two goals of reduced welfare dependence/increased employment and reduced child poverty, the optional family cap program was the only directive specifically aimed at discouraging out-of-wedlock births or encouraging marriage as stated in the third goal (Joyce 2004:475). The general idea behind a family cap plan is that any child conceived while the parent is receiving cash assistance will be excluded from the cash grant. To date, 24 states have adopted some sort of family cap program, ranging from total denial of cash benefits for children conceived while in the system to reduced additional benefits to a flat grant regardless of family size. However, Maryland and Illinois later rescinded their family cap, so only 22 states currently have intact family cap programs. Pennsylvania opted out of the family cap program entirely. However, a study of existing family cap programs

and their societal and economic effects could lead to the reformation of Pennsylvania welfare policy.

The philosophical idea behind family caps is that women should delay childbearing until they are financially stable and not dependent on state or federal monies to support their children. Many proponents of the family cap program believe that welfare recipients' norms are out of sync with the rest of America. The family cap policy is meant to change welfare recipients' definition of children from financial incentives to financial *responsibilities* (Jagannathan 2003). Following an economic model of fertility, one would assume that when the net cost of children increases, the demand for children will decrease (Dyer 2004:442). This decrease in children born onto welfare rolls should theoretically reduce welfare costs for states implementing caps. However, after extensive research and experiments, the results of the family cap plan are varied.

#### *National Family Cap Evaluation*

While the initial bulk of family cap research focused almost solely on state-level studies, more recent research has expanded beyond state-level analysis to include observational and experimental national-level studies and comparisons. One of the first and largest national family cap studies was published in 2001 by the United States General Accounting Office (GAO). Using data from July 2000 through September 2001, the purpose of the study was to establish how many families had been subject to a family cap, analyze their subsequent cash loss, and use previously published reports to establish family caps' effects on poverty, non-married births, and abortion rates (US General Accounting Office 2001:1). The GAO determined that despite declines in caseload

numbers and general welfare spending among family cap states, they could not establish a statistically significant relationship between family caps and poverty, non-married births or caseload reduction.

Despite the lack of significant relationships, the GAO did not suggest that family caps were ineffective in reducing poverty out-of-wedlock, childbirth, or caseload size. Instead, they focused on the difficulties associated with measuring family cap effects and the limitations of their research. The GAO states that one of their study's largest obstacles was the overwhelming number of welfare policies+ implemented in the last decade. With PRWORA's push for self-sufficiency and competing state-level initiatives, distinguishing family caps' specific effects was a major difficulty. Coincidental changes in societal norms, such as decreased birth rates in the 1990s, also lead to a muddled relationship between family caps and fertility/welfare spending (US General Accounting Office 2001:20).

Other major limitations named by the GAO were lack of information and inconsistent state reporting. States tended to focus their research and efforts on the employment and training initiatives associated with PRWORA rather than the goal of reducing out-of-wedlock births. The GAO authors speculated that states are more comfortable and confident in their abilities to improve employment rates since "more consensus exists about the role of government in helping welfare recipients become employed than about its role in influencing people's childbearing decisions" (US General Accounting Office 2001:24). This statement hints not only at the vast difference between states' responses to out-of-wedlock births, but also the intrinsic difficulty associated with fertility policy. Along with general lack of information, states also varied in their reports

to the GAO. Some states used the federal fiscal year data while others used the state's fiscal year data. Even more importantly, some states provided information on their entire TANF population, while others sent data from samples or only estimates. This inconsistent reporting could have led to inaccurate data analyses.

Overall, the GAO's primary policy recommendation to the U.S. Department of Health and Human Services was to "take steps to identify, encourage, and support additional studies that would increase the availability of information on how to prevent and reduce out-of-wedlock pregnancies and more fully support the goals of TANF" (US General Accounting Office, 2001:38). They neither confirmed nor denied the possibility of a relationship between family caps and reduced non-married births and caseload reduction. Rather, they suggested that future long-term studies may help to decrease the unwanted effects of other PRWORA-era welfare reform and fertility trends.

In order to test the GAO's suspicion that future studies may result in more concrete evidence of family caps' effectiveness, I researched a variety of subsequent family cap studies between 2001-present. One of the most substantial studies, "How Family Caps Work: Evidence from a National Study" was published in 2009 by Michael J. Camasso and Radha Jagannathan. Jagannathan had done previous research on New Jersey's family cap, but this study uses data from 1980 through 2000, incorporates all 50 states and uses several fertility variables, including general pregnancy rate, out-of-wedlock births, abortion rate, and illegitimacy percentages (Camasso and Jagannathan 2009). Many other family cap studies focus primarily on nonmarital births since this was specifically target of PRWORA, but they have expanded the definition of fertility. Control variables such as states' Medicaid policy enforcement, individual work reforms,

political climate, race, ethnicity, and various economic demographics were introduced in order to account for the numerous factors also affecting fertility behavior (Camasso and Jagannathan 2009). This study did not focus on welfare caseload reduction or decreased spending since this is an inferred consequence of decreased fertility.

Despite this study's use of increased time lines, national data, and numerous control variables, the exact effectiveness of family cap policies were generally inconclusive. The study shows that family caps have little effect on *pregnancy* rates, but that there is a relationship between family caps and non-marital birth rates. However, this relationship is not clear-cut. Camasso and Jagannathan report that:

Non-marital birth rates and illegitimacy ratios are lower and abortion rates are higher in states where the family cap is conditioned by larger-than-average populations of black women and Medicaid funding for abortion than those in states where these policies and population characteristics are absent. (2009, p. 419)

This finding leads the authors to question whether the availability of free and/or low cost abortion is skewing the results of the family cap analysis. Is there actually a relationship between family caps and fertility if women are getting pregnant at the same rate but show a decrease in actual birth rate? Additionally, with the presence of a large black population having a statistically significant effect on the fertility rates of capped women, one must question the influence of cultural norms and practices. Although this study does not find a significant and exclusive relationship between family caps and decreased fertility rates, it raises questions about the effectiveness of the family cap as a stand-alone program. The link between race and Medicaid programs with fertility decisions could help legitimize the call for less generalized welfare reform policies.

### *New Jersey Family Cap Evaluation*

One of the first states to implement a family cap policy, and perhaps the most widely researched, is New Jersey. The vast amount of quantitative and qualitative research on New Jersey's family cap makes it a valuable resource for any state considering family cap implementation. New Jersey's family cap program was signed into law under the Family Development plan of 1992, well before the adoption of PRWORA. This policy would later be supported under TANF, but would not be mandatory (Devere 1998). Under New Jersey's program, after a 10 month "grace period," any child born to a recipient of AFDC would be excluded from the cash grant. While the child could still be eligible for Medicaid and food stamp benefits, parents would no longer receive the additional \$102/month for the first child or \$64/month for any additional child. Policy makers believed that this disincentive would lead to decreased birth and thus lowered welfare caseloads and reduced spending.

On the surface, the New Jersey family cap policy appears to have been successful in its primary goal of limiting births, and thus limiting the output of cash assistance to welfare recipients. From October 1992 to December 1996, 14,000 births were averted, ongoing welfare clients showed a 9 percent decrease in birth rate, and new welfare clients showed a 12 percent decrease in birth rates (Levin-Epstein 1999:1-2). Many states used the statistics of these initial program studies to initiate their own family cap policies. However, there are many issues that must be taken into account when judging the failure or success of New Jersey's family cap plan.

While statistics show a decrease in birthrate for New Jersey and most family cap states, statistics do not necessarily show a direct relationship between family cap and

decreased birthrates. Researchers conceded that other issues, such as media coverage of the impending PRWORA policy adoption and miscommunication and incorrect information regarding the family cap policies may have led to inaccurate results. Clients may have been concerned with the proposed time restrictions or other upcoming, highly publicized PRWORA changes and rumors, and rethought their family planning accordingly. The results of family cap evaluations in both New Jersey and Arkansas showed that while there was a significant decrease in birthrate among capped families, the non-capped control groups experienced almost identical decreases in birthrate (Dyer 2004:443).

Another problem with many of the early family cap studies was contamination bias. Misinformation among welfare clients may have led to vast underreporting of newborns. A survey conducted in the first year of the New Jersey family cap program showed that 35% of clients subject to the family cap believed that their children would also be excluded from the Medicaid and food stamp budgets as well (Levin-Epstein 1999:4). Women who believe that their newborns will not be eligible for *any* benefits may not report the birth to their caseworkers at all, thus skewing the data.

### *Family Cap Challenges*

Along with the possibility of outside influence and internal confusion affecting the reliability of the statistics, the success of the any family cap policy must also be reviewed in light of varying ethical issues. For example, along with decreased birthrate, abortion rates among welfare clients skyrocketed. One of the first studies estimates 1,400 additional abortions between 1992 and 1996, which were directly related to the family cap policy (Levin-Epstein 1999:1). This is a huge criticism of New Jersey's family cap

program and a major concern for other capped states. Although New Jersey advocated increased family planning services and reproductive education available to clients, studies also showed that implementation of these optional family planning services differed greatly from county to county, and in many cases was a “suggested” topic during interviews, not part of the mandatory services or specifically included anywhere in manuals (Devere 1998). Clients were told to stop having children, but in many circumstances were not provided with adequate family planning education or resources. In lieu of birth control or abstinence, abortion was the most commonly used form of “family planning.” While abortion is legal in the United States, it is still a major issue of debate among American citizens. Although it was not the intended effect, policy makers need to ask themselves whether or not a decrease in birthrates among welfare clients is worth the increase in abortion and/or the negative publicity these results are bound to have.

In addition to the abortion controversy, the very legality of family cap programs has been questioned. Is it lawful for the state or federal government to restrict the reproductive behavior of welfare recipients? Is this a freedom protected by the Constitution? There have been many attempts to eliminate family caps in several states, particularly in New Jersey. In the case of *C.K. v. New Jersey Department of Human Services*, the plaintiffs argues that family cap programs were “infringing on the fundamental right to make private procreative choices through broad and intrusive means” (Smith 2000:181). Several other lawsuits made similar claims of family caps taking away the personal freedoms protected by the Constitution. However, the New Jersey judicial system has upheld and even lauded the family cap program in every

lawsuit to date. The district court in the *C.K. v. New Jersey Department of Human Services* case even went so far as to say, “The Family Cap, by maintaining the level of AFDC benefits despite the arrival of an additional child, puts the welfare household in the same situation of that of a working family” (Smith 2000:182). Aside from ruling that the family cap program was constitutional and not unduly coercive, the court expressed the opinion that family caps were “giving welfare recipients the same incentive as ‘working people,’ enhancing the role of individual responsibility, and strengthening and stabilizing families” (Smith, 2000, p. 183). While ethical questions still persist, family cap programs have thus far been supported by the court system.

Although family cap policies have so far been considered constitutional and proven successful in reducing the birthrate of welfare recipients, many opponents argue that family cap programs essentially stem from repressed racist and sexist notions. In response to developing family cap programs, former Justice Thurgood Marshall expressed fear that this policy would “wield its economic whip over disfranchised groups, forcing them to dance in response to the dominant group’s fantasies and phobias about its own Soul” (Smith 2000:181). The idea of America’s repressed fear is best explained through sociologist Wilfred Bion’s so-called “fight-flight” response to a group’s fear or anxiety. This fight-flight response mirrors a kind of scapegoat mentality where group leaders will project their anxiety and fear onto a common enemy (Morgan 2006:224). In the case of the family cap programs, it has been argued that the increasing population growth of minority groups, particularly blacks, has led the white majority to seek means of limiting their reproduction in order to maintain control. Because the majority of welfare recipients are black and Hispanic, white policy makers have been

accused of targeting this low income group, operating on the guise that family caps are intended to decrease welfare cost and encourage employment. However, as sociologist Gareth Morgan states, “Time and energy tend to be devoted to fighting or protecting the group from the perceived danger rather than taking a more balanced look at the problems that are evident in the situation” (Morgan 2006:224).

The family cap program has also been criticized as an unnecessary form of societal domination. In this case, it is domination of rich over poor and whites over minorities. The traditional dominance of white men over blacks and women is ingrained in American history. Although women and minorities now technically have the same rights and freedoms as white men, many Americans still unconsciously subscribe to the ideal that white men, specifically our politicians and lawmakers, have the right to impose their judgment or will onto others (Morgan 2006:294). The power of rich over poor is also strengthened by our capitalistic culture. The American dream is that anyone can rise up and make a happy and financially successful life for themselves if they work hard enough. If a person is unable to support themselves financially, they must be *unwilling* to work or pull themselves out of poverty. This prevalent idea makes it easy for the rich to dominate the poor, particularly in a capitalistic society. However, this role of domination has been criticized as trivializing the issue of reproductive rights and reducing welfare clients to the role of children incapable of handling their own lives. Despite traditional roles, poverty does not necessarily warrant control over the reproductive rights of welfare recipients.

Despite the seemingly unanswerable questions of morality surrounding the family cap, one fact remains: Pennsylvania’s welfare spending is enormous and out-of-wedlock

births are still growing. While Pennsylvania's population is only 40 percent larger than New Jersey's, Pennsylvania's TANF cash output is over 400 percent higher, with New Jersey spending \$78 million in 2006 and Pennsylvania topping out at \$393 million (US Department of Health and Human Services 2009). These numbers do not even include in-kind services or administrative expenses. Additionally, New Jersey TANF recipients' out-of-wedlock births in 2006 totaled 787, or less than 1 percent of their TANF population. Pennsylvania TANF recipients' out-of-wedlock births in 2006 totaled 29,040, or over 12.5 percent of their TANF population. However, the family cap program may offer Pennsylvania the chance to reduce the overwhelming cost of TANF assistance benefits and curb the trend of out-of-wedlock births among welfare clients.

### *Misconceptions*

While policy makers continue to debate the effectiveness of family cap programs in reducing the fertility of welfare recipients and decreasing spending, a greater question remains: what influences the fertility trends and reproductive choices of lower-income women? Family cap policies work on the assumption that the threat of decreased (or at least not *increased*) cash assistance will be sufficient motivation for a woman to limit family size, particularly by reducing out-of-wedlock children. This model presumes that issues as personal and complicated as reproductive choices can be influenced by a black-and-white economic formula (Miller 1996). However, there are much greater indicators of fertility and family make-up than income alone.

While there have been many statistics published about increased out-of-wedlock births, particularly in lower socioeconomic populations, it is important to review the

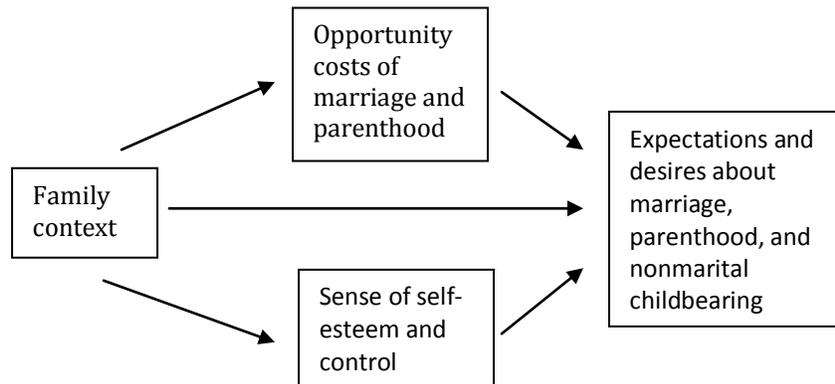
social and cultural explanations of this trend rather than just the economic consequences. Studies have shown that many girls' intentional teen pregnancies are attributed to "desire for unconditional love and their need for attention and respect from the community" (Horvath-Rose 2008:121). In some communities, particularly amongst black and urban teens, having children is seen as a rite of passage into adulthood. While the "American dream" standards of adulthood; college degree, prosperous employment, marriage, homeownership, savings and financial security may be out of reach, teenagers and young adults without the economic or educational means to meet the aforementioned goals can still assert their adulthood and independence through childbearing. In their discussion of gender roles amongst black and white families, sociologists Shirley A. Hill and Joey Sprague theorize about common responses of black men in lower socio-economic climates when they find themselves unable to achieve many of America's cultural norms:

Even at an early age, these barriers lead many poor young Black men to express their 'masculinity' by rejecting the importance of conventional norms like getting a good education and focusing on sexuality or 'cool pose' as alternative sources of esteem. Male denigration then becomes common, especially in low-income Black communities, where men are often viewed as irresponsible and unreliable. (1999, pp. 484-485)

When men and women in depressed socioeconomic settings lack the means to achieve the normative goals in society, they make their own ends.

In a study of fertility and marriage determinants among high school seniors, Robert D. Plotnick discusses a three-pronged framework used to explain and predict teens' thoughts and goals concerning marriage, child birth, and nonmarital childbirth.

**Figure 1: Teen Determinants of Expected Marriage and Parenthood**



**Source:** Robert D. Plotnick: *Adolescent Expectations and Desires about Marriage and Parenthood: 2007. Journal of Adolescence, p. 944*

According to this theory, there are three main perspectives which influence a teen's attitude towards marriage and childbearing. The first is *family context*, which states that the socioeconomic status, values, cultural background, and gender socialization of a child's family will shape the child's future familial goals and expectations (2007:945). For instance, children from single-parent homes are more apt to anticipate nonmarital childbirth and/or childbirth at an earlier age. Children raised in a married, two-parent household, are more likely to expect marriage and delayed childbearing. Family members' education levels and income also affect children's expectations. More specifically, the lower the income and education levels, the more likely the child is to expect out-of-wedlock and/or early childbearing. Children's norms are often molded by their earliest and most immediate surroundings, so family members' characteristics and actions will shape their response to societal norms. Family context is an important part of Plotnick's theory because it has an effect on both of the other prongs as well.

The second prong of Plotnick's theory is the *opportunity cost* perspective. This perspective maintains that teens internally weigh the time and effort needed to complete "human capital investment activities" such as graduating from high school, attending college or trade schools, seeking employment, building personal relationships before they decide to marry or have children (2007:945). If a young person expects that they will earn an advanced degree, be a homeowner, have a successful career, or a variety of other status markers, they will be less likely to expect early and/or out-of-wedlock childbirth. Plotnick goes on to state that even without concrete goals, children with higher academic achievement will also be less likely to agree with or expect early and/or unwed pregnancy. As stated earlier, a person's opportunity cost perspective is heavily influenced by their family context, as well as peer and community relationships.

The final prong of Plotnick's perspective theory centers on a person's *senses of self-esteem and personal control*. He states that teens with high self-esteem and internal locus are more likely to delay childbirth and less likely to have children out-of-wedlock (2007). A person may also have a greater ability to offset negative family context when they believe that they have control over their decisions. If a teen accepts that they are responsible for determining their life path rather than following in the footsteps of a family member or peer, they are less likely to become a parent at a young age (whether married or not).

While Plotnick's theory revolves around the *expectations* rather than the actions of teens, his research shows that expectations are generally accurate predictors of future actions. For example, in a 2000 study of racially and ethnically diverse teens enrolled as high school seniors, he found that 20-22 percent of black students expected or desired a

nonmarital birth, as well as 12-15 percent of Hispanics and 6-8 percent of non-Hispanic whites (2007:958). This trend is present in actual outcomes as well, albeit with higher rates: among adult women in the United States, 77 percent of black women, 40 percent of Hispanic women, and 33 percent on non-Hispanic whites are unmarried at the birth of their first child (2007:858). Family cap policies are reactive measures, aimed at influencing behavior after a woman has already entered welfare rolls, which do not address issues concerning culture, education, ambition, or self-worth. If Plotnick is correct in his family context, opportunity cost, and self-esteem perspectives, one might assume that the income disincentives associated with family caps would not be able to override the more personal and complex factors associated with childbearing. Family caps also fail to consider the marked difference in childbearing trends between certain racial, ethnic, and socioeconomic groups.

While the aforementioned perspectives help to explain the decision-making factors behind why teens are having children at a younger age and out-of-wedlock, it does little to explain why many welfare recipients and women of lower socioeconomic standing never marry. One theory put forth by sociologists Deborah Roempke Graefe and Daniel T. Lichter focuses on the financial incentives and disincentives associated with marriage, particularly for low-income women. They argue that “marriage is increasingly a ‘luxury good’ that is often outside the economic reach of low-income couples” (2008:480). Women have no incentive to marry a poor man with limited education and either no employment or earning subsistence wages. In many circumstances, a single mother living without her child’s father can reduce her expenses by receiving higher welfare and in-kind benefits without risking the cost of divorce or

expense of another household member. Welfare becomes “an income alternative to marriage among economically disadvantaged nonmarital birth mothers” (Graefe 2008:480).

Along with the income disadvantages often associated with marrying an unemployed or under-employed man, a woman may also find herself at a marital disadvantage once she has had a child out-of-wedlock. According to economic models of marriage, men and women bring certain traits to the relationship table, much like a candidate at a job interview. A potential spouse may take into consideration attributes such as education, employment, attractiveness, personality, and resources. If a woman already has a child from another marriage, particularly a child without support from the biological father, she is often times categorized as a less-desirable marriage candidate. One could assume that the woman would already have considerably more expenses and time restraints than a childless woman, and may also have fewer job opportunities or education, particularly considering growing childcare expenses in the U.S. Even including higher-income women, studies show that unwed mothers are about 50 percent less likely to ever marry as other women (Graefe 2008:481). Among nonmarital birth mothers that do eventually marry, they have a significantly higher chance of marrying a low-educated man than childless women (Graefe 2008).

The economic model of marriage for women in lower-socioeconomic groups appears to have a delicate and precarious relationship with Plotnick’s perspectives theory. It seems that a variety of cultural and personal attributes shape a woman’s decision and attitudes towards nonmarital childbirth, and her subsequent actions help to determine her likelihood of marriage. Although income may be a decided factor in a woman’s decision

to marry her baby's father or to marry in the future, the role of family caps in effecting marital trends seems uncertain. One could argue that frozen cash assistance benefits may discourage a woman from living apart from her baby's father. If welfare does not increase with him outside of the household, then a woman may be more likely to cohabitate with and perhaps eventually marry her baby's father. However, monetary disincentives are certainly not the only or even the strongest motivation in a person's decision to marry or to have children out of wedlock. The stereotypical image of "welfare queens" becoming rich on taxpayers' dollars is simply a fallacy.

### **Methods of Research**

#### *Data*

In evaluating the family cap policy, I will utilize secondary data sources and collect state statistics from federal government websites. From the U.S. Department of Health and Human Services, I will collect statistics and information about each state's welfare program including family cap status, average amount spent per welfare recipient, average number of children in welfare families, total cash spending, maximum cash benefits and average welfare family size. From the U.S. Census Bureau, I collected statistics on the general population of each state including percentage of states' population receiving welfare benefits, states' population at or below poverty level, average state family size, birthrate, education levels, personal income per capita, and region. From the U.S. Department of Labor, I have gathered the unemployment rates for each state.

### *Source of Data*

The data utilized in this research are from federal government sources. While individual state data was initially sought, the reports were inconsistent. For example, while many states reported their cash and in-kind expenses separately, some combined both federal and state monies paid towards cash and in-kind programs, making it difficult to differentiate which funds were coming from federal versus state sources. In the interest of consistency, this research is focused only on federal TANF cash and in-kind payouts, not state-funded disability cash assistance or supplemental assistance programs. Any additional programs or monies provided by individual states would compromise the data set, so state data was unusable if the cash sources were indecipherable. These varied methods of organization and diverse terminology used to illustrate cash data led to confusion among variables, particularly in the discussion of welfare cash benefits. Because of limited time available for deciphering language and policy discrepancies, federal resources were utilized in order to maintain clarity and consistency. Therefore, using the federal government as the source of the data ensured that all necessary data was available, the statistics were calculated using the same formula and the timeframe was consistent across states and type of statistics. Due to a lag in reporting government statistics, the statistics utilized in this research project are from 2006.

### *Research Population*

The population for this research project consists of all 50 states. There is no sample for the research as this is a population study. The availability of federal data and the ability to use the entire population eliminates the risks involved with sampling such as

gathering a biased sample or making incorrect assumptions about a population based on a sample of answers. There is a greater likelihood of error when a sample is used. U.S. territories were not included in this research because they are generally not included in federal welfare statistical reports. While some of the demographic information was available, reliable welfare statistics were not readily available.

### *Variables*

The data will be used to determine whether family caps contribute to a decrease in welfare spending, fertility rates, and/or size of welfare population in each state. For this research project, the dependent variables are welfare spending, welfare fertility rates, and welfare population. Welfare spending is represented by the variable welfare spending per recipient. This variable was calculated by dividing each state's total cash welfare spending by its total number of welfare recipients. Total cash welfare spending includes each state's annual spending on cash payouts as well as in-kind services in order to form the variable total welfare budget. In-kind services vary from state to state, but include payments for child care services, education and training programs, transportation, clothing allowances, and other job-related expenses for cash recipients. Medicaid and food stamp expenses are not included in the variable total welfare budget. Total welfare budget and number of welfare recipients was found in the U.S. Department of Health and Human Services' (HHS) Eighth Annual Report to Congress (US Department of Health and Human Services 2009). Welfare fertility rates are represented by the variable children in welfare family, which is defined by HHS as the average number of cash recipient children in welfare households in 2006 (US Department of Health and Human

Services 2007). HHS does not specify the children's relationship to the head of household, meaning that the children in the welfare household may not necessarily be the children of the payee. The head of household in the welfare family could be an adult sibling, foster parent, or even family friend payee rather than an actual parent. Data specifically related to the head of household's biological children could not be obtained through federal or state data sources on a consistent level, so this was the closest available representation of number of children in welfare families. When examining the effect of family caps on welfare mothers' fertility, it should be kept in mind that the children reported in the federal statistics are not necessarily the mother's biological children. Welfare population is represented by the variable welfare population. This is defined as the percentage of states' population receiving cash payout and/or cash in-kind benefits. These statistics were gathered by dividing the number of state cash/in-kind recipients by the total state population as reported by the U.S. Census (US Bureau of the Census 2006).

The independent variable is the family cap policy, which is measured as a dummy variable indicating whether the state has implemented a family cap policy, where 0 = no, and 1 = yes. This data was obtained from the National Conference of State Legislators (2009). The control variables include total welfare budget, maximum cash benefit, welfare family size, state population, population at or below poverty level, state family size, birth rate, population with high school diploma or GED, unemployment rate, income per capita, and region. Maximum cash benefit is defined as each state's highest cash payout allowed for a family of three and was taken from the Eighth Annual Report to Congress (US Department of Health and Human Services 2009). Welfare family size is

defined as the average number of cash recipients per welfare household in 2006. Although welfare “family” could involve blood relations, it more broadly encompasses all adult and child cash recipients under one cash budget (US Department of Health and Human Services 2007). Poverty level is defined as the percentage of each state’s population living at or below the poverty level and was obtained from the U.S. Census Bureau’s website (US Bureau of the Census 2007). State family size is measured as the average family size of each state and was obtained from the U.S. Census Bureau (US Bureau of the Census 2008). Birth rate is defined as the number of live births per 1000 women and was gathered from the U.S. Census Bureau (US Bureau of the Census 2008). Population with high school diploma or GED is defined as percentage of people 25 years and older who have graduated from high school or received GEDs. This information was obtained through the U.S. Census Bureau (US Bureau of the Census 2007). Unemployment rates are measured as the percentage of each state’s population who are unemployed. This data was gathered from the Department of Labor website (2008). Income per capita is defined as the average income earned by individuals in 2006 and was obtained from the U.S. Census Bureau (2008). Region describes the part of the country in which the state is located according to the U.S. Census. Each of the four region variables was transformed into a dummy variable where 0=no, the state is not located in the named region and 1=yes, the state is located in the named region.

### *Research hypotheses*

The research and null hypotheses are as follows:

H<sub>1</sub> – States with intact family cap policies will have lower welfare cash spending than non-family cap states.

H<sub>0</sub> – Family caps have no effect on states' welfare cash spending.

H<sub>2</sub> – Welfare recipients in family-cap states will have lower fertility rates than welfare recipients in non-family cap states.

H<sub>0</sub> – Family caps have no effect on welfare recipients' fertility rates.

H<sub>3</sub> – States with intact family cap policies will have smaller welfare populations than non-family cap states.

H<sub>0</sub> – Family caps have no effect on welfare population size.

The analysis will begin by calculating descriptive statistics including means, medians, and standard deviations for each variable. Next, T-Tests will be completed in order to test the strength of the hypotheses. The purpose of the T-Test is to determine if there is a relationship between the independent and dependent variables. T-Tests compare the means of dependent variables in order to determine if a statistically significant difference exists between means of family cap versus non-family cap states. This determination will establish whether or not the results can be generalized to the entire population. For each of the dependent variables, Kolmogorov-Smirnov (K-S) tests were completed and compared with the variables' histograms in order to verify that its distribution was roughly normal. Normal distribution helps to ensure the accuracy of the T-Test results. Levene's tests are also completed in order to determine if there is equal

variance between two groups, in this case family cap and non-family cap states. If there is unequal variance between groups, the results cannot be generalized to the population.

After the T-Tests are completed for the three dependent variables, a correlation analysis will be completed with all continuous variables. The correlation helps to determine whether there is a relationship between the dependent and independent variables and will also identify any multicollinearity between independent variables and control variables. If there is a strong relationship between variables, some may need to be reviewed so as to not compromise the regression. For this research, the multicollinearity threshold for removing variables will be 0.60. Once the necessary variables are removed, the remaining variables will be used to complete the multivariate regression analyses. This will determine if family caps are associated with lowered welfare spending per recipient, fertility, and percentage of states' population receiving welfare benefits. The R Square score of each model will help to determine what percentage of the variance within the dependent variable can be explained by the independent and control variables. The F score will establish the statistical significance of these findings. Our B scores will show which variables had the strongest effect on welfare spending, fertility and welfare population. The t Significance scores will show which of the predictors had a statistically significant t-test effect on the dependent variable.

## Results

### *Univariate Analysis*

The dependent variables in this study are: welfare spending per recipient, children in welfare family, and population on welfare. Welfare per recipient is a continuous variable representing the average dollar amount of cash welfare benefits spent per recipient. The mean is \$6433.67, the median is \$4933.29, and the standard deviation is \$5943.73. This disparity between the mean and median is representative of a large outlier. Wyoming's total welfare budget in 2006 was \$22 million for only 518 recipients. This equates to \$42,471.04 spent per recipient. As comparison, the second highest per-recipient state was New York, who averaged \$12,876.19 per recipient. However, rather than sacrificing a valid answer from a small sample, I chose to log the variables in order to reduce the effects of the outlier. Once the data was logged, it showed a mean of 3.72 and a median of 3.69. Children in welfare family is a continuous variable representing the average number of children per welfare household. Answers range from 1.10 to 2.00. The mean is 1.76 and the standard deviation is 0.139. Population on welfare is a continuous variable which represents the percentage of the population receiving cash welfare benefits. Answers range from 0.10% to 2.9% with a mean of 1.19% and a standard deviation of 0.633%.

Family cap is the independent variable. It is a continuous dummy variable where 0 = no, the state does not have a family cap policy in place and 1 = yes, the state has a family cap policy. 28 states have no family cap, while the remaining 22 states have some form of family cap in place. The mean is 0.44 and the standard deviation is 0.501.

The control variables consist of total welfare budget, maximum cash benefit, welfare family size, state population, population at or below poverty level, state family size, birth rate, population with high school diploma/GED, unemployment rate, income per capita, and the region variables Northeast, Midwest, South, and West. Total welfare budget is a continuous variable with budgets ranging from \$22 million to \$5.67 billion. The mean is \$460.26 million and the standard deviation is \$943.64 million. Maximum cash benefit is a continuous variable ranging from \$170 to \$923, with a mean of \$420 and a standard deviation of \$161.84. Welfare family size is a continuous variable ranging from 1.80 to 3.30 people. The mean is 2.65 and the standard deviation is 0.387. State population is a continuous variable ranging from 515,004 to 36,457,549 with a mean of 5,976,399 and standard deviation of 6,662,000 people. Population at or below poverty level is a continuous variable ranging from 7.8% to 21.10% with a mean of 12.92 and a standard deviation of 3.052%. State family size is a continuous variable ranging from 2.84 to 3.60, with a mean of 3.13 and a standard deviation of 0.175. Birthrate is a continuous variable ranging from 42 to 83.2 with a mean of 55.6 and a standard deviation of 7.529. Population with a high school diploma/GED is a continuous variable ranging from 78% to 90.7% with a mean of 85.5% and a standard deviation of 3.671%. Unemployment rate is a continuous variable ranging from 2.5% to 6.9% with a mean of 4.4% and a standard deviation of 1.004%. Income per capita is a continuous variable ranging from \$27,028 to \$50,762, with a mean of \$35,308.66 and a standard deviation of \$5140.93.

The four region variables were originally one nominal region variable where 1= Northeast, 2= Midwest, 3= South, and 4= West. For the original variable, the range was

1-4 with a mode of 3 (South). Region was then split up into 4 dummy variables where 0=no, the resident does not live in the named region and 1=yes, the resident does live in the named region. The mean of Northeast is 0.18, the mean of Midwest is 0.26, the mean of South is 0.30, and the mean of West is 0.26 (Table 1).

#### *Family Cap/Welfare Spending per Recipient T-Test*

The objective of the T-Test of the dependent variable welfare spending per recipient and the independent variable family cap is to test the directional hypothesis ( $H_1$ ): States with family cap policies in place will have lower welfare per recipient spending than non-family cap states. Once our hypothesis is tested, we will be able to determine whether the presence of a family cap is associated with welfare per recipient spending.

Before the T-Test is completed, certain assumptions must be met. The distribution of the dependent variable should be normal. This is evaluated through the frequency data/histogram, and through the Kolmogorov-Smirnov (K-S) test. Evaluation of the histogram shows that the welfare per recipient variable's distribution is positively skewed due to an outlier. In order to alleviate this skewed distribution, the welfare spending per recipient variable was logged. The K-S test's Asymp Sig (1-tailed) was 0.06. Because this number is greater than 0.05, we must accept the null hypothesis, which assumes that the distribution of the dependent variable is normal. After logging the welfare spending per recipient variable, the second assumption of normal distribution is met.

The second assumption is that the variance between the two groups (family cap and non-family cap) should be relatively equal. This is determined through Levene's test, which analyzes the difference in variance between 2 groups. The Sig score for Levene's test was 0.004. Because this number is less than 0.05, we must assume heteroscedasticity, which states that there is unequal variance between family cap and non-family cap states. Once we have determined the heteroscedasticity, we examined the Sig (1-tailed) in the "equal variances not assumed" row. The T-Test for logged welfare per recipient showed a Sig (1-tailed) score of 0.08. Because this is greater than 0.05, we must accept the null hypothesis that there is no relationship between family cap status and logged welfare per recipient, and therefore the results cannot be generalized to the population (Table 2).

#### *Family Cap/Children in Welfare Family T-Test*

The objective of the T-Test of the dependent variable children in welfare family and the independent variable family cap is to test the strength of the non-directional hypothesis ( $H_1$ ): There is a relationship between family cap implementation and states' number of children in welfare households.

Based on the frequency data/histogram for children in welfare family, the distribution is roughly normal. The K-S test showed an Asymp Sig (1-tailed) value of 0.122. Because this number is greater than 0.05, we accept that the distribution of the dependent variable is normal. Because the histogram and the K-S test agree, the assumption of a normal distribution is met.

The homoscedasticity assumption was evaluated by Levene's test. The sig score for the Levene's test was 0.049. Because this number is less than 0.05, we must assume heteroscedasticity. Once we determined the heteroscedasticity, we examined the Sig (1-tailed) in the "equal variances not assumed" row. Because the Sig (1-tailed) score of 0.034 is less than 0.05, we have support for our research hypothesis.

The T-Test Sig score shows that the data is statistically significant and can be generalized to the population. In reviewing the substantive significance, we see that there was only a difference of 0.0757 children between family cap and non-family cap states, with non-family cap states averaging 1.789 children in 2006 and family cap states averaging 1.714. However, because the range for children in welfare families is so limited, one would expect the mean difference to also be small. The results should not be discounted.  $\eta^2$  equaled 0.069, meaning that we have only a 0.69% chance of fewer mistakes made estimating the number of welfare children in a state when family cap status is known (Table 2).

#### *Family Cap/Population on Welfare T-Test*

The objective of the T-Test of the dependent variable state welfare population and the independent variable family cap is to test the non-directional hypothesis ( $H_1$ ): There is a relationship between family cap implementation and states' percentage of population receiving cash assistance.

Based on frequency data and histogram for population on welfare, the distribution of the dependent variable was normal. The K-S test showed an Asymp Sig (1-tailed) value of 0.087. Because this number is greater than 0.05, we accept that the distribution

of the dependent variable is normal. Because the histogram and the K-S test agree, the second assumption of normal distribution is met.

The homoscedasticity assumption was evaluated by the Levene's test. The sig score for Levene's test was 0.286. Because this number is greater than 0.05, we must assume homoscedasticity. Once we have determined the homoscedasticity, we examined the Sig (1-tailed) in the "equal variances assumed" row. The T-Test for welfare population showed a Sig (1-tailed) score of 0.064. Because this is greater than 0.05, we must accept the null hypothesis that there is no relationship between family cap status and states' percentage population receiving cash benefits, and therefore the results cannot be generalized to the population (Table 2).

### *Correlation Analysis*

Before running the regression models, a correlation analysis was completed. The correlation review showed mixed results. Correlation of children in welfare family and family cap resulted in a Pearson's R score of -0.273. This was significant at the 0.05 level (1-tailed). Logged welfare spending per recipient and welfare population did not show statistically significant correlations with family cap. Logged welfare per recipient had a Pearson's R score of 0.217 and welfare population had a Pearson's R score of -0.219.

The correlation matrix raised concerns regarding the multicollinearity between several variables. The South dummy variable was highly correlated with maximum cash benefit and population with high school diploma/GED. Population at or below poverty level showed multicollinearity with population with high school diploma/GED and income per capita. However, after running several models with and without these

correlated control variables, the decision was made to include them in the regression analyses. In comparing the models with and without the correlated variables, there was no meaningful difference in model estimates. However, because the multicollinearity makes it difficult to achieve statistical significance due to inflation of the standard error, the following regression models should be interpreted conservatively (Tables 3.1 and 3.2).

#### *Linear Regression- Welfare Spending per Recipient*

The first regression model employed used the dependent variable logged welfare spending per recipient, the independent variable family cap and control variables welfare population, population at or below poverty level, population with high school diploma/GED, unemployment rate, income per capita and region. This combination of variables led to an R Square score of 0.59, which means that 59% of the variance in welfare per recipient is explained by the independent and control variables. Our F score was 0.00, which means that the model is statistically significant.

Coefficient Table B showed that family caps did not have a statistically significant effect on logged welfare spending per recipient. For the control variables, only welfare population and income per capita showed significant results. For welfare population, states can expect a 0.203 unit decrease in logged welfare spending per recipient for every one percent increase in the welfare population. Income per capita showed that logged welfare spending per recipient would decrease by 0.00002 units for every dollar increase in income per capita (Table 4).

### *Linear Regression- Children in Welfare Family*

The second regression model employed the dependent variable children in welfare family, the independent variable family cap and control variables birth rate, population with high school diploma/GED, income per capita, maximum cash benefit, population at or below poverty, and region. For the region dummies, South was the reference category. Model 2's R Square score was 0.28, which states that 28% of the variance in children per welfare household is explained by the independent and control variables. Our F score showed a value of 0.115, which means that the model is not statistically significant.

Only family cap and the Midwest region variable had a statistically significant effect on children in welfare family. States with family cap plans can expect to average 0.091 fewer children in welfare households than non-family cap states. Compared with the South, living in the Midwest increases the number of children in welfare families by 0.119. Both were statistically significant at the 0.05 level (Table 5).

### *Linear Regression- Welfare Population*

The third regression model included the dependent variable welfare population, the independent variable family cap and control variables unemployment rate, population with high school diploma/GED, income per capita, maximum cash benefit, and population at or below poverty. For the region dummies, South was the reference category. Model 3 had an R Square score of 0.418, which states that 41.8% of the variance in cash population is explained by the independent and control variables. Our F score showed a value of 0.005, which means that the model is statistically significant.

Family caps did not have a statistically significant relationship with welfare population. However, population with high school diploma/GED had a statistically significant effect on welfare population. For every percentage increase in HS diploma/GED, the welfare population decreases by 0.086%. This was significant at the 0.05 level. All three region variables showed statistical significance at the 0.01 level. Compared with living in the South, living in the Northeast increases welfare population by 0.891%, living in the Midwest increases cash population by 0.776%, and living in the West increases welfare population by .506% (Table 6).

## **Discussion**

### *Findings*

One of the most problematic aspects of my research was multicollinearity. This was not surprising since one would expect variables related to welfare to have a strong correlation with one another. Variables related to welfare policy, such as average cash payout, unemployment rates, education level, and personal income will not relate exclusively to family caps. They are influenced by one another, and their relationships inflate the standard error, effectively decreasing the likelihood that the family cap will show a statistically significant relationship with the dependent variable. However, the increased difficulty of reaching statistical significance strengthens the validity of relationships that do reach statistical significance. For example, the regression analysis showed that family caps have a statistically significant effect on the number of children receiving cash benefits. Although the actual mean difference in children between family cap and non-family cap states was small, the increased standard error allows for a more confident acceptance of that relationship.

After researching numerous family cap studies spanning almost two decades, the generally inconclusive results of my data analysis were not surprising. Like the GAO's family cap study, my research found that although welfare spending and welfare population size decreased with the presence of a family cap, the results were not statistically significant. However, it is difficult to rule out the possible effect of family caps because there are so many outside influences at work. Working on a smaller scale than Camasso and Jagannathan, I used all 50 states and attempted to incorporate control variables in the hopes that this would address outside influences. However, the high degree of multicollinearity led to mainly non-significant results. The results showing a statistically significant relationship between family caps and number of children in welfare households partially mirrored a portion of Camasso and Jagannathan's fertility data. They reported that the presence of family caps led to decreased non-marital births. Although our variables differed, both studies show a statistically significant relationship between family caps and fertility trends.

In the family cap regression models, both the number of children in welfare family and welfare population were decreased with the presence of a family cap. Although only the relationship between family caps and children in welfare families was statistically significant, the standard error for welfare population was four times higher than that of children in welfare families. This increased standard error, most likely due to multicollinearity, decreased the likelihood of achieving statistical significance. However, it is worth noting that the model still showed a link between family caps and decreased welfare population. As past family cap researchers have asserted, the difficulty in isolating welfare variables and eliminating multicollinearity makes it increasingly

difficult to achieve statistical significance. The relationship between family caps and welfare population should not necessarily be discounted due to the lack of statistical significance.

While family caps led to decreased children in welfare families and decreased welfare population, model 1 showed that family caps led to *increased* logged welfare spending per recipient. While I had anticipated nonsignificant relationships, I did not anticipate this reversed relationship between family caps and welfare spending. Aside from interference caused by multicollinearity and logged data, the reversed relationship may be influenced by the lack of implementation distinction for family caps. More specifically, my research did not compare differences in welfare spending before and after family cap implementation. Because timelines are not taken in to consideration, it could be that some states adopted family caps *because* their welfare spending per recipient was so large. Rather than family caps affecting states' spending, there may be occurrences where excessive spending led to the adoption of a family cap. Although the spending trend may be decreasing since implementation, this may not yet be apparent in the 2006 data.

### *Limitations*

One of the major limitations of this study is the availability of data. Many individual states lack comprehensive and consistent statistics from year to year, and the data is not easily accessible from most state websites. States also use varying terms to describe TANF benefits and programs, leading to difficulty in distinguishing federal funds from state supplemental payments and programs. Since this study focused purely

on federal benefits, deciphering the individual state's data was too unwieldy. While federal data is more plentiful and reliable, it generally lacks information on state evaluations and detailed specifics for in-kind services, which would be helpful in assessing family cap programs and welfare spending.

Another difficulty in this study was in finding national family cap evaluations. Although there was abundant information on New Jersey's family cap, there were very few large-scale comparative studies. Reviewing the findings and recommendations of national family cap studies may have given me more direction and a larger pool of comparison for my research.

### *Future Research*

While reviewing the relationship between welfare spending per recipient and family caps, I found myself questioning why a stronger relationship did not exist. One untested theory I contemplated was the effect of partial family caps on states' spending. Family caps policies come in one of three forms: flat cash grants regardless of family size, partial increases for each child born into a capped family, or total denial of cash benefits for new children. I would be interested to see if the prohibitive degree of family caps shows a discernable difference in both child welfare population as well as subsequent state spending. Does the degree of benefit reduction have an effect on recipient fertility? If non-family cap states are still interested in adopting caps, perhaps an evaluation of effectiveness according to programs' stringency would be beneficial.

Another course of study might delve deeper into the effects of race, ethnicity, class, and cultural background on fertility behavior. If financial disincentives are not

enough to affect childbearing trends, what are the alternatives? Many studies of family cap programs focus on quantitative data rather than observational studies or surveys of recipients and low-income women and families. If family caps have not been conclusively linked to decreased childbirth amongst welfare recipients, perhaps a different social initiative is in order. Perhaps personal behavioral trends would be better explored on a micro-level rather than macro-level studies. Additionally, if family caps do not decisively lead to decreased welfare spending, what programs or policies could be initiated to address both out-of-wedlock birth and increased welfare budgets? Evaluations of the success of state-level programs promoting family planning or education initiatives could lead to recommendations for federal expansion.

### *Policy Recommendations*

Based on this study, my primary policy recommendation is that more research is needed before Pennsylvania adopts a family cap. Current and prior research indicates that factors such as recipient demographics and supplementary welfare policies have a greater effect on fertility and welfare spending than family caps. It would be imprudent to adopt a policy without first evaluating the needs and trends of Pennsylvania's recipients. I would suggest that a statewide survey of recipients be completed in order to gauge opinions on fertility trends, work initiatives, and priorities. Although welfare policy cannot be shaped solely on recipients opinions, surveys may help policy makers to identify the strongest motivators of women's reproductive choices. Family caps rest on the assumption that financial motivators are strong enough to affect birth trends, but there may be other avenues to encourage delayed births.

My second policy recommendation is to focus future welfare reform policy on recipients' children. If theorists believe that social norms and expectations are developed long before adolescence, it would be practical to involve children as part of their parents' welfare educational programs. TANF requirements and/or goals for self-sufficiency could include enrolling children in after-school or mentoring programs. Many TANF-required training programs include seminars on the importance of keeping children healthy. They focus on the significance of scheduled vaccines and maintaining regular doctor and dentist appointments. While children's health is undeniably important, perhaps TANF literature and training could expand this focus to the importance of completing school work, maintaining satisfactory grades, and building relationships with teachers and faculty.

Even beyond welfare policy, schools in low-income and urban neighborhoods could adopt programs stressing not only the importance of self-improvement, but the *benefits* of doing well in school and completing an advanced degree. Children should see education as the route to financial freedom and adulthood rather than a chore or punishment. Teachers and mentors should encourage discussions about careers and opportunities so that children recognize that alternatives to poverty exist. Children spend the majority of their day in school, so perhaps this early and consistent exposure could help to shift their expectations for adulthood.

### *Conclusion*

Family cap policies have been a major issue of contention among welfare policy makers. While they have the potential to decrease states' welfare spending and

encourage responsible family planning practices, implementation raises major concerns. From a savings perspective, the bulk of family cap research on welfare spending has been inconclusive. While many studies have pointed to interference from supplementary welfare programs or inadequate state record keeping, the bottom line is that no conclusive data exists showing a clear relationship between family caps and decreased welfare spending. Perhaps the most troublesome aspect of family cap policies is the inherent personal nature of reproductive choices. A woman's decision to marry or have children cannot be determined by economic variables alone. Without understanding the complex determinants of childbirth and family structure, a policy maker cannot expect to affect a woman's choices.

Although I do not discount the potential economic and social advantages of family caps, I believe that substantial research is still needed before additional states adopt such policies. Perhaps states without family caps should look to more specialized family planning and educational initiatives rather than family cap adoption. Research clearly shows that children develop norms and ideals about adulthood, employment, and reproductive possibilities early in life, and these expectations often lead to action. Promoting responsible family planning and reducing children born onto welfare rolls may be possible without financially punitive caps.

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## Appendix

**Table 1: Descriptive Statistics for Study Variables**

<b>VARIABLES</b>	<b>MEASUREMENT</b>	<b>MEAN</b>	<b>STANDARD DEVIATION</b>
<b>Welfare Spending Per Recipient</b>	In \$ Dollars	6433.67	5943.73
<b>Children in Welfare Family</b>		1.756	0.139
<b>Population on Welfare</b>	%	1.191	0.633
<b>Family Cap</b>	0=no, 1=yes	0.440	0.501
<b>Total Welfare Budget</b>	In \$ Millions	460.26	943.64
<b>Maximum Cash Benefit</b>	In \$ Dollars	420.00	161.84
<b>Welfare Family Size</b>		2.650	0.387
<b>State Population</b>	In Millions	5.976	6.662
<b>Pop at or Below Poverty</b>	%	12.916	3.052
<b>State Family Size</b>		3.134	0.175
<b>Birth Rate</b>	Per 1,000 Women	55.598	7.529
<b>Pop w/HS Diploma or GED</b>	%	85.502	3.671
<b>Unemployment Rate</b>	%	4.400	1.004
<b>Income Per Capita</b>	In \$ Dollars	35,308.66	5,140.93
<b>Northeast</b>	0=no, 1=yes	0.18	0.388
<b>Midwest</b>	0=no, 1=yes	0.26	0.443
<b>South</b>	0=no, 1=yes	0.30	0.463
<b>West</b>	0=no, 1=yes	0.26	0.443

**Table 2: T-Test Analysis Results**

<b>DEPENDENT VARIABLES</b>	<b>MEANS WITHOUT FAMILY CAP</b>	<b>MEANS WITH FAMILY CAP</b>
<b>Logged Welfare Per Recipient</b>	3.675	3.783
<b>Children in Welfare Family</b>	1.789	1.714*
<b>Population on Welfare</b>	1.312%	1.036%

\* = significant at 0.05 level

\*\* = significant at 0.01 level

\*\*\* = significant at 0.001 level

**Table 3.1: Correlation Analysis**

	Family Cap	Logged Welfare Spending	Children in Welfare Family	Welfare Pop	Max Cash Benefit	Pop at/ below Poverty	Birth Rate
Family Cap	-						
Logged Welfare Spending	.217	-					
Children in Welfare Family	-.273*	-.238*	-				
Welfare Pop	-.219	-.498**	.223	-			
Max Cash Benefit	-.266*	.330**	.043	.309*	-		
Pop at/ below Poverty	.013	-.476**	.062	.066	-.565**	-	
Birth Rate	.043	-.025	.183	-.204	-.147	.113	-
HS/GED Pop	-.179	.374**	-.030	-.071	.557**	-.771**	.037
Unemployed Population	-.008	-.274**	.004	.365**	.055	.406**	-.082
Income per Capita	.079	.514**	-.088	.023	.498**	-.707**	-.255*
Northeast	-.101	.135	-.305*	.253*	.396**	-.357**	-.550**
Midwest	.026	-.086	.256*	.127	.046	-.162	.127
South	.211	-.198	-.108	-.294*	-.617**	.574**	-.010
West	-.158	.175	.123	-.041	.252*	-.125	.365**

\* = significant at 0.05 level

\*\* = significant at 0.01 level

\*\*\* = significant at 0.001 level

**Table 3.2: Correlation Analysis**

	HS/GED Population	Un-employed Pop	Income per Capita	Northeast	Midwest	South	West
Family Cap							
Logged Welfare Spending							
Children in Welfare Family							
Welfare Pop							
Max Cash Benefit							
Pop at/ below Poverty							
Birth Rate							
HS/GED Population	-						
Unemployed Population	-.398**	-					
Income per Capita	.353**	-.126	-				
Northeast	.197	.021	.523**	-			
Midwest	.322*	-.046	-.080	-.278*	-		
South	-.698**	.171	-.348**	-.307*	-.388**	-	
West	.234	-.151	-.014	-.278*	-.278*	-.388**	-

\* = significant at 0.05 level

\*\* = significant at 0.01 level

\*\*\* = significant at 0.001 level

**Table 4: Regression Analysis of Logged Welfare Spending per Recipient (N=50)**

<b>VARIABLES</b>	<b>B</b>	<b>SE</b>
Family Cap	0.072	0.055
Population on Welfare	-0.203***	0.051
Pop at or below Poverty	0.009	0.020
Pop with HS/GED	0.014	0.015
Unemployment	0.011	0.031
Income Per Capita	0.000***	0.000
Northeast	0.067	0.116
Midwest	0.039	0.099
West	0.118	0.092
R <sup>2</sup>	0.590	
F	6.395***	

\* = significant at 0.05 level

\*\* = significant at 0.01 level

\*\*\* = significant at 0.001 level

**Table 5: Regression Analysis of Children in Welfare Family (N=50)**

<b>VARIABLES</b>	<b>B</b>	<b>SE</b>
Family Cap	-0.091*	0.041
Birth Rate	0.000	0.003
Pop with HS/GED	-0.013	0.010
Income Per Capita	0.000	0.000
Maximum Cash Benefit	0.000	0.000
Pop at or below Poverty	-0.003	0.014
Northeast	-0.078	0.083
Midwest	0.119*	0.067
West	0.061	0.069
R <sup>2</sup>	0.280	
F	1.724	

\* = significant at 0.05 level

\*\* = significant at 0.01 level

\*\*\* = significant at 0.001 level

**Table 6: Regression Analysis of Welfare Population (N=50)**

<b>VARIABLES</b>	<b>B</b>	<b>SE</b>
Family Cap	-0.150	0.167
Unemployment	0.143	0.092
Pop with HS/GED	-0.086*	0.043
Income Per Capita	0.000	0.000
Maximum Cash Benefit	0.001	0.001
Pop at or below Poverty	-0.008	0.060
Northeast	0.891**	0.326
Midwest	0.776**	0.274
West	0.506**	0.276
R <sup>2</sup>	0.418	
F	3.189**	

\* = significant at 0.05 level

\*\* = significant at 0.01 level

\*\*\* = significant at 0.001 level