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## **NEW JERSEY EXPERIMENT SHARPLY CUTS ILLEGITIMATE BIRTHS AMONG WELFARE MOTHERS**

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**R**ecent evidence from a carefully monitored New Jersey state experiment shows that limiting the value of welfare benefits can have a dramatic impact in reducing illegitimate births among women on welfare. In the experimental program, a four percent reduction in the dollar value of monthly welfare benefits was found to cause a 29 percent decrease in future illegitimate births among women enrolled in the Aid to Families with Dependent Children (AFDC) program.

In all states—except New Jersey—AFDC mothers who have additional children while on welfare receive an automatic increase in welfare benefits. But in 1992, black Democratic Assemblyman Wayne Bryant won passage in the New Jersey legislature of an innovative welfare reform known as the “family cap.” Under the family cap, mothers already enrolled in AFDC no longer receive an automatic increase in AFDC benefits after giving birth to additional children. The family cap went into effect in October 1992 with a ten-month grace period. Thus the limitation on benefits applied to children born after August 1993.

To launch the program, New Jersey required a waiver from federal regulations, and this was granted by the U.S. Department of Health and Human Services (HHS). In accordance with HHS guidelines, New Jersey evaluated the effects of the family cap policy with a controlled scientific experiment using random assignment. In the controlled experiment, AFDC recipients were randomly assigned to two different groups: an “experimental” group, which was subject to the family cap benefit limitation, and a “control” group that was exempt from the limitation. This procedure permits a scientific evaluation of the behavioral effects of the family cap by comparing the experimental group subject to the cap with the control group exempted from the policy.

In the New Jersey experiment, mothers in the control group received benefits according to conventional welfare policy, with a net increase of \$44 in monthly welfare benefits for each additional childbirth. By contrast, mothers in the experimental group were subject to the new family cap; they did not receive an increase in AFDC benefits when they gave birth to additional children. The impact of the family cap on the value of welfare benefits for AFDC mothers was quite small. The \$44 benefit increase eliminated by the family cap constituted only 4 percent of the total monthly welfare benefits received by the average AFDC mother in New Jersey.

Despite its modest impact on the dollar value of welfare benefits, the family cap policy was found to have a substantial effect in reducing out-of-wedlock births among AFDC recipients. During the first 10 months after the cap went into effect (from August 1993 to June 1994), births among AFDC mothers subject to the family cap were significantly lower than births to AFDC mothers in the control group who were exempt from the cap.

During the ten-month period after August 1993, 5.46 percent of AFDC single mothers in the experimental group bore children out of wedlock, compared with 6.75 percent of mothers in the control group exempt from the cap. Thus, welfare mothers under the cap had nearly one-fifth fewer illegitimate births than did welfare mothers in the exempt group.

The New Jersey evaluation, moreover, indicates that these figures actually underestimate the effect of the family cap policy. Although the random assignment of individuals into "experimental" and "control" groups eliminated most demographic differences between the two groups, small differences remained. Differences in former marital status, schooling, ethnicity, and other factors indicate that the experimental group (subject to the family cap) was composed of individuals who were more likely to have children out of wedlock than the control group. (For example, mothers in the experimental group had a slightly lower education level and included somewhat more black women than did the control group—both of these factors have been found to increase the probability of out-of-wedlock births.) After compensating for relevant demographic differences between the control and experimental groups, the New Jersey evaluation found that the family cap actually had resulted in a 29 percent reduction in illegitimate births among New Jersey welfare mothers.<sup>1</sup>

Critics of the family cap claim that the policy has not caused an actual reduction in the number of illegitimate births but merely a delay in welfare mothers reporting births to the welfare office. The critics assert that since mothers subject to the family cap no longer receive higher AFDC benefits upon the birth of an additional child, the absence of this reward makes the mothers less prompt in notifying the welfare bureaucracy of births.

However, under the family cap AFDC mothers still have a strong financial incentive to notify the welfare bureaucracy of any child birth. The family cap limits only AFDC benefits; mothers on AFDC in New Jersey and subject to the cap still receive increased Food Stamps and Medicaid benefits for each additional child born. Therefore, each AFDC mother still has the incentive to notify the welfare bureaucracy of a child's birth in order to ensure the child's enrollment in these other welfare programs. Examination by New Jersey officials of the ten months of data available reveals a drop in the number of actual births, due to the cap, not merely a delay in birth reporting.

The New Jersey family cap was based on the moral principle that the welfare system should reward responsible rather than irresponsible behavior. Proponents maintained that it is both irresponsible and immoral for unmarried women already on the public dole to have additional children and to expect the taxpayers to give increased welfare to support those children. With the family cap, New Jersey proposed to stop rewarding such irresponsible behavior. Few expected the modest limit on benefits to result in a significant drop in births to welfare mothers. The fact that the experiment has caused a surprisingly large drop in illegitimate births, and hence in welfare dependency, enhances the case for the policy.

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<sup>1</sup> Adjustment for demographic differences between the two groups was performed by the standard statistical technique of multivariate regression analysis.