

CAPS ON KIDS

FAMILY CAP IN THE NEW WELFARE ERA

A FACT SHEET

FEBRUARY, 1999

Center for Law and Social Policy

CLASP

States with Family Cap Policies

Arizona	Florida	Maryland *	North Carolina	Virginia
Arkansas	Georgia	Massachusetts	North Dakota	Wisconsin *
California	Idaho **	Mississippi	Oklahoma *	Wyoming
Connecticut	Illinois	Nebraska	South Carolina *	
Delaware	Indiana *	New Jersey	Tennessee	

* Indiana, Oklahoma, and South Carolina provide capped families with vouchers to purchase goods and services for the newborn or reallocate the cash award to third parties (as in the state of Maryland).

** Idaho and Wisconsin provide “flat grants” under which the amount of assistance does not vary with individual family size.

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Caps on Kids is based on *Excluded Children: Family Cap in a New Era*, a more comprehensive review of family cap research and developments. To order a copy, visit CLASP’ web page (www.clasp.org) or call CLASP Publications (202-328-5140).

Caps on Kids was made possible by the support of the Henry J. Kaiser Family Foundation.

CAPS ON KIDS

FAMILY CAP IN THE NEW WELFARE ERA

Traditionally, a family's welfare grant modestly increases when a baby is born; for example, the increment is 80 cents per day in Mississippi to \$3.50 per day in California. In 1992, New Jersey became the first state to change this practice by "capping" the family's grant. Today, 23 states are implementing some type of "family cap" or "child exclusion" policy which typically precludes the family from receiving the incremental grant increase. By limiting families' access to this increment, policymakers have sought to reduce birth rates and encourage "personal responsibility."

The 1996 federal overhaul of welfare law creates an entirely new policy context. Previously, families could access assistance for as long as they qualified and many participants were not subject to work requirements. Today, federal welfare is restricted to a life-time limit of 60 months of assistance for the entire family; it also generally requires that the head of household work within 24 months. In other words, while family cap policies sought to *limit* a family's grant, the 1996 welfare law *eliminates* federal assistance for the entire family after 60 months of cumulative receipt. Thus, it is possible to view the family cap as a vestige of a defunct welfare law.

Evaluation data from early implementation states is mixed. New Jersey's final findings are the first and only to indicate that the family cap achieved the intended goal of decreasing births among welfare recipients; however, the decrease in births is accompanied by an increase in abortions and the denial of the traditional grant increase for many newborns.

DEFINING THE FAMILY CAP

"Family cap" and "child exclusion" typically refer to denial of the traditional grant increment that reflects the addition of an infant to the family. Under the typical family cap,¹ if an additional child is conceived after the family begins to receive welfare, the family does not receive the traditional incremental increase; instead the family's grant is "capped" and the child "excluded" from the grant increase.² The typical cap exempts those children *conceived* before the mother became a recipient (children born during the first 10 months of receipt can receive benefits) as well as those who are conceived through rape or incest. Most states also exempt the firstborn children of minor parents.³

- # **“Family cap” and “child exclusion” also refer to other approaches to restrictions on the grant amount.** Connecticut and Florida allow the family to receive a part of the traditional incremental increase (about 50%). Georgia denies the traditional incremental increase but does permit benefits, under certain circumstances, to increase up to the maximum level of the family size prior to the birth of the child.⁴ Vouchers are provided to families in lieu of the cash increment in three states-Indiana, Oklahoma, and South Carolina; Maryland provides the cash increment to a third party for administration.⁵ Two states-Idaho and Wisconsin-have “flat grants,” which typically provide the same grant amount to all families, regardless of family size.⁶

A NEW ERA OF POLICY DEVELOPMENTS

- # **The federal law is silent on family cap.** The 1996 federal welfare law’s block grant, the Temporary Assistance for Need Families (TANF), is silent on the subject of family cap. Prior to TANF, a state needed federal approval to implement a family cap since the policy deviated from federal law; under the new block grant, however, a state may implement a family cap or may terminate a family cap without federal approval.⁷
- # **Grants are now time-limited.** While family cap policies sought to *limit* a family’s grant, the 1996 welfare law *eliminates* federal assistance for the entire family after 60 months of cumulative receipt. To the extent that a state views a limited grant as a means to influence the timing of childbearing, a state can now consider the elimination of federal grant assistance as having potentially greater impact.
- # **Grants are now work-focused.** While family cap policies sought to send a “message” that women will not receive a grant increase that might enable them to stay home, states can now require mothers with very young children to participate in “work first” activities in order to receive assistance.⁸
- # **Time-limited welfare led Kansas to end its family cap.** In light of the new federal time limits, the state of Kansas decided not to implement its family cap policy stating,

“Since the purpose of the family cap is to assure adults do not continue having children in order to receive increased public assistance, the 5-year time limit does an effective job curtailing such practice.”
- # **New legislation introduced in Congress would preclude federal TANF funding to states**

with a family cap policy. In June 1998, Congressman Chris Smith (R-NJ) and cosponsors introduced H.R. 4066, “a bill to prohibit States from imposing a family cap under the program of Temporary Assistance to Needy Families.” The Congressman will re-introduce the measure in 1999. Smith’s interest is driven by research indicating the family cap increases abortion; the Congressman is also concerned about an increase in poverty.

- # **New legislation filed in New Jersey would repeal the state’s family cap policy.** The effort to repeal the family cap is being undertaken in the first state in the nation to experiment with a family cap policy.

A NEW ERA OF RESEARCH

- # **Evaluations of the impact of the family cap on birth rates offer two scenarios: ⁹ It either fails to reduce the birth rate *or* it reduces the birth rate while increasing the abortion rate *and* denying a cash increment to newborns:**

- < Experimental research from Arkansas found no statistically significant difference in birth rates between the experimental and control groups.¹⁰ The finding may be due to the relatively small sample size (less than 400 participants).¹¹
- < A trend analysis¹² that considered multiple variables in New Jersey estimates that between October 1992 and December 1996 the family cap led to roughly:
 - \$ 1,400 abortions incurred that otherwise would not have been performed.
 - \$ 14,000 births averted that otherwise would have occurred.
- < According to New Jersey state records, between May 1993 and June 1998 the family cap resulted in 28,000 newborns in poor families denied an incremental grant increase.

- # **Research on the influence of the family cap on childbearing attitudes indicates a common belief that the policy has little attitudinal impact:**

- < In Arizona, many of the interviewed caseworkers felt that few if any welfare recipients have more children just to increase their grants.
- < In Delaware, most caseworkers felt that the cap would unlikely influence client’s childbearing decisions. They believed the benefit of the cap would be to reduce government expenditures.
- < In Indiana, welfare staff did not think that the cap policy was an effective deterrent to

childbearing and did not feel that an average \$60 decrease in recipients' cash grants would affect a behavior change.

- < In Arkansas, virtually all recipient mothers-95% of control group members and 100% of experimental group members-said that they would not have another child in order to get additional benefits.
- < In New Jersey, less than 40% of respondents in a client survey cited a loss of additional incremental grant benefits as a reason for avoiding pregnancy.

Data on family cap and contraceptive use suggest two scenarios: the cap policy may have had relatively little impact or it may increase contraceptive utilization.

- < In New Jersey, the data suggest greater contraceptive use among the experimental than the controls. For example, experimentals were 21% more likely to use contraceptives compared to controls (the comparison was among new cases).
- < In Arkansas, nearly 80% of all fertile mothers who responded to a survey reported no changes in the type of birth control method used since the date when the cap policy was instituted.

New brain research has demonstrated that well-being during the first few years of life is essential for future growth and development. These studies reveal that poor children are more likely to be exposed to the risk factors that can inhibit normal brain functioning and development during this critical period.¹³ In part as a response to the brain research, the National Governors' Association is working to "convey the importance of investing in a child's first three years to legislators, parents, business, and other members of the [communities] who can become partners in our effort to give children a better start in life."¹⁴

FAMILY CAP AND CHILD WELL-BEING

In 16 states, family cap policies have resulted in more than **83,000** children being capped. This figure which is already greater than the current combined total recipient caseloads of Arkansas, Delaware, North Dakota, and Wyoming, most likely significantly understates the number of capped children in the country because:

- < Some family cap states do not count the number of capped children;
- < Some family cap states do not report counts of capped children during the state's entire

- implementation period;
- < Some family cap states do not count capped children statewide but rather report data from their waiver demonstration, which was limited to certain families;
- < Some states-including California, the state with the largest TANF caseload-have only recently implemented a family cap policy;
- < Many family cap states do not report complete counts of affected children. In these states, capped children who leave welfare are lost to the count. That is, if 100 children were capped in a given year.

Evaluations have not yet measured the effect of the family cap on child well being. While several of the early evaluations polled recipients regarding their perceptions of child well-being, none have offered statistical findings regarding child well being. Future analysis may offer such insights.

- < Over half of the recipients polled in New Jersey believe the family cap hurts children by withholding welfare benefits.
- < Researchers in Delaware plan to examine indicators of children's health, education and development; and a report is expected on a client survey in Indiana that examined such measures of child well-being as rates of reported child abuse and neglect, and the proportion of children in good health.

FAMILY CAP AND STATE POLICY CHOICES

The new welfare era of life-time limits on assistance and work requirements should invite a review of existing family cap policies. They may merely be a vestige of the old order. While the final findings from New Jersey indicate the family cap reduced birth rates it did so while increasing abortions and denying a grant increment to 28,000 newborns. Other new research links poor developmental outcomes to early childhood poverty. Accordingly, we urge states to revisit their existing family cap policies. States can proceed in a number of ways:

- < **Terminate an existing family cap.**
- < **Evaluate the effects of the state's time limit policy on birth rates.**
- < **Evaluate the effects of the state's work requirements on birth rates.**
- < **Restrict the cap to a pilot population.**
- < **Limit economic consequences through use of third party payments or vouchers.**

- < **Invest in expanded family planning services.**
- < **Invest in non-coercive family planning services outreach.**

EVALUATION RESOURCES

Arkansas Welfare Waiver Demonstration Project: Final Report. C. Turturro, B. Benda, and H. Turney. (Little Rock: University of Arkansas at Little Rock, School of Social Work, June 1997).

Evaluation of the Arizona EMPOWER Welfare Reform Demonstration: Interim Implementation Status Report. G. Mill, R. Kornfeld, L. Peck, and A. Werner (Cambridge, MA; ABT Associates, Inc., August 1997)

The A Better Chance Demonstration: Report on First Year Site Visits. D. Fein and T.S. Thompson. (Bethesda, MD: Abt Associates, Inc., August 1996)

An Interim Report on the Impact of New Jersey's Family Development Program (1996); The Recipient's Perspective: Welfare Mothers Assess New Jersey's Family Development Program and The Family Cap; The final research findings were issued in three reports: *Cost-Benefit Analysis of New Jersey's Family Development Program: Final Report; A Final Report on the Impact of New Jersey's Family Development Program: Results from a Pre-post Analysis of the AFDC Case Heads from 1990-1996* and *A Final Report on the Impact of New Jersey's Family Development Program Experimental-Control Group Analysis* (New Brunswick, NJ: Rutgers University, 1998).

NOTES

1. The terminology itself is controversial. For example, some states prefer “family cap” but object to “child exclusion” because the child is not excluded from benefits available to the family -the family is simply ineligible for an incremental increase. Another state may object to both terms: such is the case with Maryland, which provides a “child specific benefit” administered through a third party.

2. A family cap can also include a range of other related policy choices. For example, states can treat income from child support and earnings differently for families that are capped. Some states allow families to retain *all* child support income for the capped child and do not count this income in determining TANF eligibility or payments. A few states allow families to keep more earnings to cover some of the expenses for the capped child. States, however, are not to distinguish capped children for purposes of calculating assistance under such programs as Medicaid, WIC, or food stamps. With regards to work requirements, states may distinguish between capped and non-capped families. Since TANF (and prior to TANF under federal waiver), some states lowered the age-of-child criteria that triggers a work requirement for families with capped children. For example, in Massachusetts under TANF, the work program requirement is triggered at six years for families with non-capped children, but decreases to three months for families with children born subject to the cap.

3. Four states -Arkansas, California, Mississippi, and Delaware-apply the family cap to newborns of minor teen parents who receive cash benefits as members of an assistance unit. As of January 1, 1999, Delaware plans to implement a provision that applies to the babies of all minor teen parents.

4. “For example, if the TANF benefit for a caretaker and one child is reduced from \$235 (family maximum for two) to \$200 because of a child support payment, the birth of a second child under the cap policy may increase the benefit amount to \$235. In this case example, the benefit cannot be greater than the family maximum for two even after the birth of the second child. However, the birth did result in an increase of benefits.” (Georgia Department of Human Resources.)

5. In Oklahoma, the voucher can only be used for items of necessity for newborns until the age of 36 months. Indiana has not yet implemented its voucher system, which would provide vouchers equal to 50% of the customary increment.

6. The flat grant does not increase in amount when the family size increases. For this reason, some view a flat grant as having the same potential effect as a family cap. For example, a maximum grant of \$276 is provided to all families in Idaho regardless of family size (though families are allowed to keep some income from any earnings as well). However, the purpose of a flat grant may be rooted more in administrative simplification or in accomplishing other policy objectives. For example, in Wisconsin, the amount of the flat grant is predetermined by the assigned work category (e.g., “community service jobs” or “transitional placements”) rather than by the size of the family.

7. States can continue or terminate their waivers. States that continue a family cap under waiver are no longer required to continue the evaluation that was a requirement of each approved waiver.

8. A state has the ability to mandate participation in a work program as soon after childbirth as it chooses. A mother who fails to participate in mandated activities can be sanctioned. The 1996 law does not allow the state to sanction a mother who fails to participate if she can demonstrate that she was unable to secure child care for a child under the age of six. While she may not be sanctioned for this reason, the time-limit clock still ticks.

9. CLASP compiled evaluations, other reports, and data from the original 14 states with federal waivers. Seven are conducting (or have completed) an evaluation of their family cap policy.

10. In Arkansas, capped families had, on average, 0.16 births as compared to control group members, who averaged 0.14 births during the five-year waiver period.

11. The smaller a study sample, the larger the difference must be between the control and experimental groups in order to reach statistical significance. In the Arkansas study, research on birthrates was limited to a 10% random sample of the full study group. Thus, for the birthrates analysis, the number studied was 184 in the experimental and 182 in the experimental group.

12. The final evaluation report by Rutgers University provides dramatically different conclusions than a draft of the report which received wide press coverage. The draft report found the same trend as the final report: births decreased (not at a statistically significant level) and abortions increased; however, the draft found that abortions increased more than births decreased -- in other words, the decrease in births was achieved through abortions. The final report's trend analysis finds that for every abortion, 10 births were averted. For a review of some issues raised by the final report see CLASP's "Open Questions: New Jersey's Family Cap Evaluation" at www.CLASP.org

13. J.L. Aber, APoverty and Brain Development in Early Childhood, *A Child Poverty News & Issues* 7(1), 1997.

14. National Governor's Association, *The First Three Years: A Governor's Guide to Early Childhood* (Washington, DC: July 1997).