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background

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Welfare Reform and Children

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Welfare Reform & America's Children

When Working Pays Off *Children do better if family income increases*

Some approaches to welfare reform are better than others when it comes to the well-being of children, according to studies of early reform programs.

Children fare best when welfare-to-work programs lift families out of poverty, sometimes by supplementing the earnings of low-paid parents with cash or other supports. Without these provisions, welfare-to-work programs often fail to improve family income, leaving children at risk for the bleak outcomes associated with poverty.

The impact of different approaches to welfare reform taken across the nation looms as an important policy consideration in 2002, when Congress debates the reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Unfortunately, reform was aimed totally at adults, so a full understanding of how reform affects poor children remains elusive some five years after state and federal policies were redrawn to limit benefits, reduce dependency on public support, encourage employment, and cut government welfare costs.

Recent studies, however, shed some light on the question. Among the most extensive is a series of studies by the Manpower Demonstration Research Corporation based on the experiences of early welfare reform initiatives in several states that adopted common features found today, such as mandatory work rules and time limits on benefits.

No evidence was reported that

suggests welfare-to-work policies seriously diminish children's health, development, and overall well-being. On the other hand, no significant gains were reported among children whose parents moved from welfare to work.

Family Income Matters

Family income and employment are not benign influences. Changes in either, or both, can affect resources that influence children's health, safety, and development.

Income consistently predicts a child's academic and cognitive performance. Studies also find that low-income children are more likely to have behavior and health problems than children of more affluent families.

Poverty is associated with many problems, including low birth weight; delayed physical, cognitive, and social development; school dropout; and teenage pregnancy. The chances of children experiencing such problems are greater the longer they live in poverty and the

Some Families Stay Poor

Among early welfare-to-work programs, unemployment fell, but family income barely budged, leaving many children living in poverty even after their parents found jobs.

earlier in their lives they experience it.

It is poverty, not receiving welfare, that is associated with such problems. For example, families who leave welfare and poverty before their children are 3 years old have children whose cognitive ability is higher than children from families who leave welfare but remain poor and children from families who do not leave welfare or poverty.

Another influence, parental employment, is an important consideration when trying to assess the impact of welfare reform policy on children of welfare-to-work families.

How a mother's employment affects her children depends on a number of factors: characteristics of her job, quality of child care, and whether family resources increase or decrease. Low paying, routine jobs that offer little autonomy tend to erode a mother's emotional well-being, which, in turn, can influence her child's development. Working unconventional

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hours and having to adjust to frequently-changing work schedules also make it difficult for parents to manage work and family responsibilities.

Shrinking Welfare Rolls

The 1996 federal reform legislation brought profound changes to welfare, capping three decades of efforts to move low-income Americans into the workplace and cut their dependence on once-guaranteed government subsidies and benefits.

Key features of the law include mandatory employment and a five-year lifetime limit on cash welfare assistance. Each state adopted reform legislation based on the law.

Several state initiatives include provisions that try to ease the transition from welfare to work by offering cash earnings supplements, relaxing earnings restrictions on food stamps and other benefits, and providing other supports, such as child care subsidies.

Pennsylvania does not offer cash earnings supplements. But child care subsidies are available, and some working families may be eligible to retain Medicaid coverage and a percentage of their food stamps. For example, a single mother who works full time for \$8 an hour and has two children under age 6 would receive Medicaid, \$94 worth of food stamps each month, a \$258-a-month Earned Income Tax Credit, and child care subsidies.

If reducing Temporary Assistance for Needy Families (TANF) caseloads is the sole measurement, welfare reform has been a resounding success. Under reform legislation, TANF replaced Aid to Families with Dependent Children as the chief welfare cash subsidy. TANF Between August 1996 and June 2000,

the nation's TANF caseloads fell 53% to 5.8 million cash subsidy recipients, according to the U.S. Department of Health and Human Services.

Pennsylvania's TANF caseload dropped 56% during the same period.

And with mandatory work provisions in place, nearly all state welfare reform programs report higher employment rates among poor families.

Outcomes Tied To Income

Unfortunately, the shift from welfare to work doesn't always improve family income. Early welfare-to-work programs in 11 states, for example, reported that reductions in welfare, food stamps, and other benefits matched or exceeded earnings gains in most cases.

Not surprisingly, children fare better when welfare reform programs try to lift low-paid working families out of poverty by supplementing low earnings with cash and offering other supports.

Studies of welfare programs in six U.S. states and two Canadian provinces

that featured earnings supplements report the following outcomes:

- **School.** Achievement scores improved 10% to 15% among children whose families left welfare with the help of earnings supplements.
- **Behavior.** Most programs reported only slight reductions in problem behavior. But in Minnesota, the Family Investment Program saw an improvement of 10% on an index that assesses problem behaviors, such as bullying and cheating.
- **Health.** Few programs evaluated health outcomes. But available data suggest programs neither improve or degrade children's health.

Without earnings supplements and other supports to ease the transition to mandatory jobs, families were less likely to escape poverty. Although the outcomes of children did not significantly worsen, they did not show any notable improvement in measurements of behavior, health, or school performance.

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