Children and Welfare Reform: Analysis and Recommendations

Children do best when they grow up in low-conflict families, with parents who are married to each other and who earn enough to meet their family’s needs. The evidence on this is strong and widely accepted. The challenge for our nation’s welfare system is to determine how best to help children in families that do not have the support of both parents and that do not have enough income. About half the children born in the 1980s will spend some time in a single-parent family before age 18. More than one-third will spend some of their childhood living in poverty.

The federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, sought to reduce the number of children growing up in poor, single-parent families by promoting marriage and requiring mothers to move from welfare to work. This journal issue examines not only whether the programs implemented since reform accomplished these goals, but also whether they benefited children. Such an examination is especially timely as Congress begins to debate reauthorization of the federal welfare reform law (which expires in September 2002) and as an economic downturn changes the prospects for families striving for greater self-sufficiency.

This article reviews the main themes of the journal issue by summarizing what the new social policy landscape looks like for children, how low-income children are faring in this new landscape, and how welfare programs and related support services might be restructured to better promote children’s well-being. The 1996 law essentially transformed U.S. welfare programs into employment programs. Riding the wave of a strong economy, these new programs successfully moved many mothers from welfare to work, and improved many children’s lives as a result—many, but not all. Even in very prosperous times, some families were unable to overcome their barriers to employment, and many families who found employment still needed additional supports to help make ends meet. As the economy weakens, the need for supports is likely to grow.

Reauthorization of the federal welfare reform law offers a critical opportunity to reexamine the goals of reform. If the ultimate goal of promoting work and marriage is not just to end families’ dependence on government benefits, but also to improve disadvantaged children’s chances for success in life, then more attention must be paid to structuring programs for low-income families in ways that promote positive child development and well-being. This is important not only for the children themselves, but for all of society, as we all pay the costs of educational failure, increased crime and violence, and reduced worker productivity—costs that inevitably result when children fail to get the nurturing and supports they need to achieve their potential.
The New Social Policy Landscape since Reform

Passage of the federal welfare reform law in 1996 brought many changes to the broad array of programs serving low-income children and their families, as detailed in the article by Greenberg and colleagues in this journal issue. Prior to reform, all children in poor families that met state eligibility criteria were entitled to assistance under the Aid to Families with Dependent Children (AFDC) program, although many states set the threshold so low that only the poorest families qualified. The federal government reimbursed states for at least half the cost of providing this assistance, with no cap on expenditures. AFDC receipt also assured ready access to other benefits, such as Medicaid and food stamps. Families who participated in AFDC-related work programs were provided with child care assistance, but these programs were often underfunded and involved only a fraction of eligible families. Most mothers receiving AFDC payments stayed home and cared for their children themselves.

Program structures, priorities, and funding streams all changed dramatically with passage of the 1996 law. The AFDC program was replaced with a block grant to the states called Temporary Assistance for Needy Families (TANF). Funding levels for TANF were based on states' historical expenditures under AFDC. Families' entitlement to assistance ended, and the links between cash assistance and other benefits and services were severed. Instead, the law gave states increased flexibility to design their own welfare programs and support services for low-income families. At the same time, the law's focus, as indicated by its title, was to increase parental responsibility and work, and a major theme was to move families off welfare and into employment. Thus, families receiving TANF cash assistance had to meet several important new rules, such as more stringent work requirements, sanctions for noncompliance, and time limits. The law also increased funding for child care to facilitate mothers' employment, and strengthened the child support enforcement program to help ensure that fathers would contribute to the support of their children.

Two other key themes in the 1996 law were promoting marriage and reducing out-of-wedlock births. Provisions of the law that addressed these goals focused primarily on allowing more liberal eligibility criteria for two-parent families and imposing more stringent requirements on unmarried minor teen parents. The law also called on the U.S. Department of Health and Human Services to establish a strategy for preventing out-of-wedlock teen pregnancies, and provided new funding for abstinence education and bonuses for states with the highest reductions in out-of-wedlock births.

The law changed benefits and services for low-income children in other ways as well. For example, it restructured two significant funding streams for prevention of child maltreatment and services to reunify families split apart by child abuse or neglect, potentially reducing the total amount of funding for such programs. The law also modified the definition of childhood disability, restricting children's eligibility for assistance from the Supplemental Security Income (SSI) program. An estimated 100,000 children lost their eligibility under the new definition in 1996, and another 70,000 adolescents lost benefits when eligibility redeterminations were conducted between 1997 and 2000. Finally, the law restricted legal immigrants' eligibility for many services and benefits, including cash assistance, food stamps, and Medicaid. Some restrictions on legal immigrants have since been lifted, but most remain ineligible for food stamps, and those entering the country after passage of the law are ineligible for nearly all federal benefits for five years.

The changes that resulted from the 1996 law could affect poor children in many ways, both directly and indirectly. For the most part, however, the underlying premise of the law was that children would benefit from seeing their parents leave welfare and go to work. In fact, as noted in the article by Chase-Lansdale and Pittman in this journal issue, many lawmakers expected the promotion of job preparation, work, and marriage to improve parenting practices and child well-being, as well as reduce dependence on government benefits. It appears, however, that the links between reform efforts, improved parenting, and positive child outcomes are not as simple or straightforward as envisioned.
How Low-Income Children Are Faring

Overall, low-income families have fared well since reform, both economically and structurally. Poverty rates have declined, and fewer children are being raised in single-mother households. The primary goal of the 1996 law was to end families’ dependence on government benefits, and efforts to address this goal have been very successful. Bolstered by the strong economy of the 1990s and policies that help “make work pay,” such as the earned income tax credit (EITC) and expanded health insurance programs for low-income children, many families moved off welfare and into jobs. In August 1996, 4.4 million families were receiving cash assistance. As of September 2000, the number of families receiving cash assistance had declined by half, to just 2.2 million.

The dire predictions made by some critics when the law was passed—that the number of homeless and destitute families would skyrocket, and that there would be a massive migration of children from welfare to foster care—have not materialized. Yet even in a strong economy, many families who left welfare were struggling, and many remaining on the rolls faced serious barriers to employment. What can be gleaned from the research about how low-income children are faring since welfare reform in terms of their economic well-being, family structure, and daily life experiences is summarized below.

Economic Well-Being and Its Implications

Welfare reform policies clearly have helped many poor families take advantage of economic opportunities over the past five years and move successfully from welfare to work. More than half the families no longer receiving cash assistance are working, and the combination of earnings and other work supports has boosted the incomes of most single-mother families. Poverty rates declined from 14% in 1996 to 11% in 2000, and child poverty rates also have fallen, from 21% to 16%.

Recent findings from evaluations of welfare-to-work demonstration programs point to the importance of increasing family economic resources to improve children’s outcomes. Although these demonstrations were implemented before reform, they included many features similar to those enacted in the 1996 law, such as work requirements, time limits, and financial incentives to work. Results show that, for the most part, families’ participation in these programs had no widespread impacts on children. When impacts were found, some were positive and some were negative, but most were weak. Even when programs resulted in more positive impacts, the children in these families still lagged behind national norms for positive child development. Nevertheless, some patterns have emerged that reinforce the theory that increasing families’ employment and income is good for children.

As discussed in the article by Zaslow and colleagues in this journal issue, children in families participating in programs that increased employment and income tended to do better in school and have fewer behavioral problems than children in families not participating in the programs. Positive impacts were found most often among school-age children. Programs with the most positive impacts on children were those that increased families’ employment and income through earnings supplements without a mandatory work requirement, such as in an early version of the Minnesota Family Investment Program.

In addition to having positive impacts on children, programs that increased both employment and income through incentives without a mandatory work requirement also had small but significant impacts on the parenting practices of mothers who participated. (See the article by Chase-Lansdale and Pittman.) Compared with nonparticipant mothers and those required to work 30 hours a week, long-term recipient mothers participating in these programs had lower levels of depression and harsh parenting. These mothers were also more likely to marry if single, more likely to stay married if married, and less likely to experience domestic violence. According to Chase-Lansdale and Pittman, the critical factor leading to these positive impacts appears to be that the mothers could work less than full time and still benefit from income gains compared with mothers not participating.

When programs helped families gain jobs but did not increase their income, the evaluations of the pre-reform welfare-to-work demonstrations found few impacts on children. The impacts that did occur were mixed. Children in participant families tended to score
higher on assessments of their cognitive skills, but also to receive more reports of behavioral problems, compared with children in families not participating in the programs. When programs resulted in families making no economic progress or experiencing a setback, the effects on children tended to be negative across all types of outcome measures.

Thus, when families move from welfare to work without an increase in income, the impacts on children are less likely to be positive. Unfortunately, this is likely to be the case for many families leaving welfare since reform. As described in the article by Zedlewski in this journal issue, many families leaving welfare for work enter low-paying jobs with no employer-provided benefits, and about 40% of families that have left welfare are not working. Economic resources have declined among many of the poorest families due to the loss of benefits such as welfare and food stamps. Census Bureau data show that between 1995 and 1997, total annual resources for the poorest 10% of single-mother families declined by $814, on average, from $5,687 to $4,873; among the next poorest 10%, resources declined by $319, from $11,584 to $11,265.

The decline in economic resources among poor families is especially sobering because it occurred during a period of sustained economic growth. Following the attack on the World Trade Center on September 11, 2001, jobs have been disappearing rapidly in manufacturing, services, and transportation—especially low-wage jobs, the types of jobs that welfare recipients would likely fill. During October and November 2001, more than one million jobs were lost, and according to the U.S. Bureau of Labor Statistics, the increase in the jobless rate has been particularly severe for blue-collar workers. Thus, until the economy rebounds, many more poor families are likely to experience declines in their economic resources.

**Family Structure**

Family structures for low-income children appear to be changing for the better, although any link to welfare reform policies is dubious, as noted in the commentary by Haskins in this journal issue. Between 1995 and 2000, the percentage of children living with both married parents continued to decline among families above 200% of poverty level, but the percentage remained unchanged, at about 50% among children in families below 200% of poverty. In addition, the percentage of low-income children living with a single mother declined slightly, from 34% to 33%, whereas the percentage living with a mother and a cohabiting male increased from 5% to 6%. Also, teen births have continued to decline over the past decade. Between 1990 and 1997, the teen birth rate decreased from 60 to 52 per 1,000 women ages 15 to 19.

To the extent that fewer children are being raised by teen parents and single parents, child well-being is likely to have improved. As discussed in the article by Huston in this journal issue, both adolescent and single parenting are associated with lower educational and occupational attainment by mothers and higher developmental risks for children. Young and single mothers are at high risk of poverty and generally provide less stimulating and supportive home environments than those provided by older and married mothers. Although experimental evaluations have found few impacts on young children's development linked to single parenting, other studies of older children have found that adolescents with single mothers are at greater risk of dropping out of school than are adolescents living with both biological parents.

However, the data suggest that many single mothers are not rearing their children alone. As discussed in the article by McLanahan and Carlson in this journal issue, 41% of all nonmarital births in the early 1990s occurred to cohabiting couples. In what McLanahan and Carlson refer to as “fragile families,” many unmarried parents are working together to raise their children, either by sharing a household or maintaining frequent contact. Such father involvement is important—both financially and emotionally—to children's development.

Single-parent families, especially those with no male present, are much more likely to be poor, and the children are more likely to suffer adverse effects on their development and well-being. In 1998, for example, the poverty rate for female-headed families with children was 39% compared with 8% for male-present families with children.

In addition, positive father involvement, particularly by fathers who live with their children, has been linked
to less frequent behavioral and emotional problems among children and adolescents, including delinquency, substance use, anxiety, and depression. Moreover, a recent analysis of several studies found that increased father involvement—such as father-child closeness and authoritative parenting—was associated with significant gains in children’s academic achievement and reductions in behavioral problems.

Thus, evidence of increased involvement of males in single-mother households might be a positive indicator for child well-being—with three important caveats. First, it is the presence of fathers, not unrelated males, that is linked to positive effects on children. For example, studies have found that children’s school performance and behavior generally do not improve if their mother marries someone other than the biological father, even though family income is, on average, substantially greater. Second, many low-income families are coping with conflict and domestic violence. In one large study of welfare recipients, for example, 28% reported having been abused by an intimate partner in the previous year. To have positive impacts on children, increased male presence must not bring increased family conflict or domestic violence. Finally, cohabiting couples’ relationships are more vulnerable than those of married couples, and if the relationship ends, father-child contact is more likely to diminish.

Children’s Daily Lives
The movement of mothers from welfare to work has brought significant changes to the daily lives of many children. As increasing numbers of low-income mothers move into jobs, young children are spending more hours in nonmaternal care, and older children are likely to be spending more time unsupervised. At the same time, many low-income children live in families who are receiving welfare, yet are not participating in a welfare-to-work program. For some, the situation is temporary, but for others, the reasons for lack of participation are likely to persist for some time. In other cases, children’s families are not working, but they are not receiving welfare or other benefits due to such reasons as loss of eligibility, sanctions, or time limits. Little information exists on how children in these families are faring.

Children in Families Moving from Welfare to Work
As discussed in Huston’s article, welfare policies designed primarily to change the economic and personal behavior of parents can impact the nature and quality of the environments where children spend their time, at home, at school, and in the community. Changes in children’s environments in turn can affect their development. Considerable evidence documents the links between each of these factors, but the connections are complex. Policies that require low-income mothers to work could have a number of different impacts—either positive or negative—on children’s environments and thus their development and well-being. Therefore, where and how low-income children spend their time while their mothers work warrants greater attention.

Low-income families’ access to subsidies is a key factor in their decisions about where their children spend time during work hours. As a result of changes to child care programs stemming from the 1996 welfare reform law, total federal and state funding for child care for welfare and working poor families has increased dramatically, from $2.8 billion in 1995 to $8.0 billion in 2000. Federal and state spending on preschools and after-school programs has also grown. The movement of mothers from welfare to work, together with this increased funding for child care, has changed the daily environments of many low-income children.

Infants and Toddlers
Infants and toddlers need safe, high-quality child care if they are to benefit from their mothers moving from welfare to work. Under reform, states are encouraged to require single parents on welfare to seek work when they have a child as young as one year old, and can require single parents of even younger children to participate in welfare-to-work programs. As a result, 16 states now have work requirements for single parents with children under age one. In 11 states, parents with children as young as 12 weeks old are required to participate in work activities. Survey data gathered in 1997 indicate that among families with children under age three, low-income working mothers rely mostly on the other parent or a relative for care, whereas a greater percentage of higher-income families rely on formal center-based care, a family child care home, or a nanny.
The research literature is mixed about whether requiring mothers of young children to work has positive or negative effects on the children. On the one hand, some evidence suggests that when a family’s income increases, young children benefit, especially young children living in families below poverty level. On the other hand, other studies indicate that parent–child interaction may be harmed when infants spend extended lengths of time in child care.

What seems to emerge from these studies is that while increased income is likely to have positive impacts on young children, the effects of nonmaternal child care can be either good or bad depending on the quality of care, the number of hours in care, and the quality of maternal care provided in the home as the alternative. Evaluations of prereform welfare demonstrations found few impacts on the youngest children studied, suggesting that infants and toddlers may not be affected by their families’ participation in welfare-to-work programs as much as expected. The data are limited, however. Further research concerning the impacts of different types of care on young children is needed.

Preschoolers
Preschoolers, especially those from low-income families, appear to benefit from high-quality child care centers—that is, child care characterized by caregivers who are sensitive, responsive, and talk frequently with the children, and a setting that is well-stocked with a breadth of learning and play materials. Low-income children ages three to five who were placed in high-quality centers did better on school readiness scores than children in home-based settings. It has been estimated that at least one million preschool-age children moved into new child care settings between 1996 and 1998 following changes under welfare reform. Studies indicate that the majority of welfare families rely on informal arrangements when they begin to participate in work activities, yet as discussed in the article by Fuller and colleagues in this journal issue, families moving off welfare and into more stable, full-time employment are more likely to choose centers and family child care homes over less formal care providers, such as relatives or neighbors.

Total hours of care, stability of care, and type of care all can affect children’s development, but the quality of care appears to have by far the greatest influence. For example, some evidence indicates that preschool children spending long hours in care may be more aggressive, assertive, and defiant than children spending less time in care. Studies also show, however, that children who benefit from high-quality daily interactions in their child care settings tend to display better cognitive and language development, school readiness, and early school achievement, compared with children in settings with less engaged caregivers. Although the effects of child care are modest overall compared to the stronger influence of the home environment, high-quality care has been found to be especially effective in improving outcomes for children growing up in poverty or facing other family-based risks.

School-Age Children
Moreover low-income school-age children could benefit from participation in structured after-school activities. Although the number of programs is increasing, many low-income school-age children still are likely to be left in self-care while their mothers work.

As a result of greater availability of child care subsidies tied to welfare reform, as well as other initiatives to create more and better after-school programs for youth, an increasing number of low-income school-age children are attending structured programs after school while their mothers work. For example, in 2001, nearly $850 million in federal funding was provided for the 21st Century Community Learning Centers initiative, a program designed to provide expanded learning opportunities for school-age children in a safe, drug-free, supervised environment. Tens of thousands of other after-school programs are offered by schools, youth organizations, religious groups, and local governments throughout the country.

Moreover, studies suggest that school-age children can benefit from time spent in structured after-school activities, as opposed to self-care. In one study, for example, low-income first and third graders who spent more time in self-care were less socially competent and received lower academic grades in sixth grade, compared with low-income children who spent less time on their own. After-school activities can provide children

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with opportunities to explore new skill areas, discover their talents, and build self-esteem. After-school programs also can serve as a safe haven in neighborhoods where crime rates are high and the time after school can expose children to deviant peers, illegal activities, and violence.

Although data are limited, there is some evidence that in families with mothers moving from welfare to work, an increasing number of school-age children may be left home alone. Prereform data indicate that working poor families were more than twice as likely to leave their school-age children in self-care than were nonworking poor families (15% versus 8%).

Adolescents
Potential effects on adolescent children received virtually no attention during the debates leading to welfare reform. The tacit assumption seemed to be that adolescents would be affected less than younger children by what their parents might be required to do. However, as summarized in the article by Zaslow and colleagues, evaluations of prereform welfare-to-work demonstration programs generally found negative impacts for this age group, even in programs that increased families' employment and income, and that had positive impacts on younger children. (For an overview of each of the programs evaluated, see Box 1 in the article by Zaslow and colleagues.) For example, in the Minnesota Family Investment Program, a higher percentage of mothers rated their adolescent children's school performance below average compared with ratings of adolescent children by control group mothers. In Canada's Self-Sufficiency Project, mothers enrolled in the program reported that their children had more school behavioral problems, and adolescents themselves reported more smoking and drinking. And in the Florida Family Transition Program, adolescent children in the program group were more likely than those in the control group to have been suspended from school or to have been rated lower on school achievement.

The reasons for these negative impacts are unclear. Possible explanations range from an erosion in parenting quality and monitoring to an increase in adolescent responsibilities within the household. However, these findings reflect only three studies. Additional data for this age group from other evaluations are due to be released in early 2002, which may help to clarify how teens are being affected by reform.

Children in Families Not Moving from Welfare to Work
Families not participating in welfare-to-work activities account for over two-thirds of the welfare caseload, on average, nationwide. Some of these families are subject to work requirements and are not participating. But more than half the caseload comprises two major categories of families not subject to work requirements: families with adults who are exempt from requirements for “good cause,” and families with no adult recipients in the household, referred to as “child-only” cases. Because neither of these types of families is required to participate in welfare-to-work programs, they receive little attention from program administrators or researchers, and as a result, not much is known about how the children in these families are faring.

“Good Cause” Exemptions
Among the two million adults on welfare nationwide during fiscal year 1999 (on average, per month), 28% were not required to participate in either work or education activities. Most were exempt for “good cause,” such as having poor health or a disability, caring for a household member with a disability, being advanced in age, being the victim of domestic violence, not being able to find suitable child care, or caring for a young child. Use of exemptions varies widely among states. For example, Arizona and Vermont exempted more than 75% of their adult recipients from work requirements in 1999, whereas Nebraska and Oregon exempted fewer than 20%.

Exemptions can protect vulnerable families from sanctions and time limits, but they also may remove any sense of urgency about providing families with the services they need to overcome their problems. When families are struggling with barriers that affect family functioning as well as employability, the risk to children can be great. In households coping with serious problems such as substance abuse and maternal depression, some children are resilient and do fine, in general, however, children in such households are at increased risk for harmful consequences. As discussed in the commentary by Guerra in this journal issue, without intervention, such families can sometimes spiral downward to
domestic violence, child neglect or abuse, and removal of children from the home. The majority of children in the foster care system are from families on welfare.

Studies have found that the screening tools used by welfare offices to identify serious family problems, and the services provided to address these problems, are inadequate. Moreover, though many families are exempted only temporarily, others may remain so indefinitely, awaiting services that are in short supply. Aside from the fact that children in these families continue to receive benefits, little is known about their well-being.

“Child-Only” Cases
In 1999, about 770,000 families (29% of the total caseload) were “child-only” cases, down from a peak of 978,000 cases in 1996. Because these families receive cash payments only for the child, not the adults in the household, they are not subject to work requirements or time limits. Child-only cases are created when adults are ineligible to receive benefits, such as when children are not living with their parents and the caretaker adults are ineligible, when parents receive SSI benefits, or when citizen children are living with noncitizen parents.

Some researchers have suggested that child-only cases may require intensive interventions to address families’ problems, but these cases generally are not being screened to identify such needs. As with children in families with exemptions, little is known about the well-being of children in families receiving child-only benefits.

Children in Families Disconnected from Benefits
Welfare caseloads have declined rapidly. This would be a cause for celebration if all the families no longer receiving welfare were doing well. However, studies show that poor households are not earning enough to explain the steep drop in cash assistance and other supports. Many children still live in poverty, but without welfare and other benefits that they likely would have received prior to passage of the 1996 law. Although little is known about the well-being of children in these poor families, it is unlikely they are faring better as a result of welfare reform.

Reasons for families becoming disconnected from benefits vary, ranging from burdensome administrative procedures to loss of eligibility and the impact of sanctions and time limits. For example, some families have been discouraged from seeking benefits, or they abandoned the effort in the face of the complex administrative procedures for enrolling and maintaining eligibility. In his commentary, Guerra describes the difficult circumstances many poor families face, and the precariousness of their daily lives. Time-consuming, bureaucratic procedures to obtain benefits simply add to the demands on these families, causing many to be disconnected from the services and supports they may be eligible to receive and may need to cope with their problems.

Other families are disconnected from benefits because changes to the welfare reform law made them ineligible. (See the article by Greenberg and colleagues.) In particular, certain groups of legal immigrants are no longer deemed “qualified” to receive benefits. Some states have established state-funded substitute programs for immigrants, but these programs have not filled the gap left from the loss of federal assistance, and participation rates remain low. Also, many U.S. citizen children of immigrant parents do not access benefits they are eligible to receive. As noted in the commentary by Primus in this journal issue, food stamp participation among such children fell by 74% between 1994 and 1998, compared with a 24% decline among other families with children.

Still other families lost benefits because they exhausted their time limits or failed to comply with program requirements. Data from the U.S. Department of Health and Human Services indicate that in 1999, about 156,000 families left welfare due to sanctions. Greenberg and colleagues note that families whose cases are closed due to sanctions are likely to have low education levels, little or no work history, and more serious employment barriers.

Little is known about the development and well-being of children in poor families disconnected from benefits. But, as Primus notes in his commentary, many families who leave welfare without finding a job are floundering. Indeed, evidence of hardship has been found in surveys of families who have left welfare. For example, two waves of families leaving welfare were interviewed in the National Survey of America’s Families, one group in 1997 and another in 1999. About half the
respondents in both groups said they have had to cut the size of meals or skip them because they did not have enough food in the past year. About 40% said they were unable to pay the mortgage, rent, or utility bills at some point in the past year.68

In sum, fewer children are living in poverty; however, those children who are living in poverty are less likely to be receiving the benefits they would have prior to reform. Many poor families are disconnected not just from welfare, but also from other supports they need to help make ends meet. At the same time, low-income children are more likely now to be living in a home with a male present. If that male is the father and not violent, a child is likely to benefit, but more information is needed to understand who the cohabiting males are and how they interact with these children. Finally, as more low-income mothers move into the workforce, their children are spending more time in nonmaternal or self-care. Time spent in structured programs can be positive, but the quality of the program is key. Among families still receiving welfare, most are not involved in work activities and little is known about how their children are faring.

Restructuring the Safety Net for Low-Income Children

Welfare programs and other supports focus primarily on moving mothers from welfare to work. This may be a good first step, but it does not guarantee positive outcomes for children. Reauthorization of the federal welfare reform law offers a critical opportunity to reexamine the purpose and goals of the law in terms of providing an effective safety net for low-income families and their children.

Before the economic downturn took hold in the fall of 2001, a nationwide poll found that more than half of those surveyed viewed poverty as a big problem.69 Of those aware of the new welfare law, 61% thought it was working well, mostly because it requires people to work. At the same time, respondents voiced strong support for providing more assistance to help families trying to move off welfare into work. Large majorities of those surveyed said they supported expanding job training programs (94%) and public employment (82%); improving public schools in low-income areas (94%); increasing the minimum wage (85%) and tax credits for low-income workers (80%); and expanding subsidized day care (85%), medical care (83%), and housing (75%). Especially now, as the economy slows, having strong supports in place for the families of low-wage workers and the unemployed is crucial.

What we have learned about how low-income children are faring in this new social policy landscape can point to ways the safety net could be strengthened to offer the greatest promise for improving children's chances to succeed in school and in life. Three key strategies address what is most important for low-income children: helping families achieve an adequate standard of living, helping them provide stable and supportive homes, and helping them access quality child care and after-school programs and activities.

Adequate Family Resources

A family's economic resources influence child well-being, because they are necessary to meet children's basic needs for food and shelter. In addition, a family's economic resources influence the quality of environments children experience at home, in child care, at school, and in the community. (See the articles by Huston and by Chase-Lansdale and Pittman.) Children in families with adequate resources tend to be healthier and to do better in school; they are less likely to be involved in criminal behavior and are more likely to graduate from high school and to earn higher incomes as adults.70

Welfare-to-work programs that increase family income as well as employment have been shown to have the potential to improve children's academic progress and, to a lesser extent, their behavior. For example, subsidy programs that increase economic resources in low-income working families by as little as $1,200 to $4,000 per year have been shown to have positive impacts on the development of preschool and elementary-school-age children.71 Important steps needed to help low-income working families attain adequate resources include stronger efforts to connect them to support services and to help them find better jobs and move up career ladders to higher wages.

Connecting Working Families to Support Services

As discussed in the article by Zedlewski, government supports such as the EITC (which refunds a portion of
earnings to low-income taxpayers), food stamps, health insurance, and subsidized health care and child care are essential to maintaining sufficient economic resources for families earning low wages. Studies show that participation in the EITC is generally strong, with about 85% of eligible families receiving the credit. But the same is not true of other programs intended to help make work pay.

Many families who have left welfare are not using other, nontax supports to augment their earnings. For example, one study found that 57% of families leaving welfare were not receiving food stamps even though they were eligible. Half the families with incomes below 50% of poverty were not receiving food stamps. Similar trends have been noted in Medicaid coverage and receipt of child care subsidies. In the Urban Institute study of families leaving welfare between 1997 and 1999, only 22% reported receiving government help in paying for child care after three months.

As noted in Primus’s commentary, when families are not receiving welfare, they may be unaware of their eligibility for food stamps, Medicaid, child care assistance, and other supports. Blum’s commentary in this journal issue also notes that differences in income, assets, citizenship, and recertification standards create confusion and errors in determining the eligibility of families seeking benefits across various programs. In addition, services are often provided at times and in locations that make access difficult for low-income working families. Without extensive outreach and advocacy to address such problems, available benefits may never reach many eligible families. Programs adopted following the 1996 law should be judged by their ability to restore and increase participation among the working poor.

**Recommendation**

Welfare and other support programs should extend outreach efforts to ensure that low-income families who are no longer, or who never have been, on welfare receive the supports and services they need until they earn sufficient income to provide an adequate standard of living for their families.

**Job Retention and Advancement**

Getting a job and moving off welfare does not assure that a family will have adequate economic resources. As discussed in the article by Zedlewski, even when working full time at a minimum wage job and receiving all available supports, families do not have adequate resources. For example, the Urban Institute study of welfare leavers found that median monthly wages were $1,093 in 1999. According to studies in eight states, the average monthly earnings of former recipients during the first three months after leaving welfare were even less, generally ranging from about $733 to $900.

Some studies have found that at least half of families leaving welfare have fewer economic resources than they would have had if they had stayed on welfare. Many, in fact, end up returning to the rolls. In the Urban Institute study, for example, 29% of families leaving welfare between 1995 and 1997 returned to welfare, as did 22% of those leaving welfare between 1997 and 1999.

After mothers find work, they need supports to help them keep their jobs and increase their earnings. As of October 1999, 34 states were providing case management for at least some recipients who had found jobs or who no longer received cash assistance. Generally states provide postemployment support services such as transportation aid, help in purchasing work clothes or tools, and payment of work-related fees. It is unclear whether these efforts have actually helped increase steady work, however. Some evaluations have found that they have no impact on how long families keep jobs or how much they earn.

Sixteen states had policies to support employer-based education and training services to promote job advancement. But most of these efforts served only a small number of families. Alternatively, some states were addressing the issue of job advancement by increasing access to postsecondary education or training that would enable unemployed parents to find better jobs.

The current welfare system rewards states for moving families off the rolls, but not for ensuring that those families gain steady employment and earn an ade-
In addition to improving a family’s future earning potential, maternal educational progress appears to be linked to positive child outcomes. As noted in the article by Chase-Lansdale and Pittman, parents with higher education levels tend to display more effective parenting through a variety of behaviors with positive implications for child outcomes. Pre-existing differences in mothers’ attributes, skills, and personalities likely influence both educational attainment and economic progress. Nevertheless, in Zaslow and colleagues’ synthesis of findings from evaluations of prereform welfare-to-work demonstrations, maternal educational progress tracked more closely with favorable child outcomes than did economic progress—that is, increased educational attainment more consistently resulted in positive child outcomes than did increased family employment and income. Perhaps seeing a parent go to school provides an even better role model for children than seeing a parent go to work. Taken together, these findings suggest that welfare programs could promote more positive outcomes for children by enabling mothers to increase their education while receiving temporary cash assistance within established time limits.

**Recommendation**

Restrictions that discourage welfare recipients from participating in education and training as their work activity should be liberalized. Welfare programs should enable mothers to continue with their schooling past high school, and to enroll in other training and education programs to advance their careers.

**Stable and Supportive Homes**

Although having adequate economic resources is important, a nurturing and secure home environment, including the love and support of both biological parents, remains the most critical influence on young children’s adjustment and well-being, even for children who spend substantial time in child care. As described in the article by Huston, having the love...
and encouragement of adult family members and other adults who are mentally healthy, responsible, constant, and reliable is extremely important to children’s healthy development.

Lawmakers expected programs implemented under welfare reform to have a positive influence on parenting and the home environment, primarily as a byproduct of efforts to promote job preparation, employment, and marriage. In addition, many states are using welfare funds to implement initiatives targeted directly at improving parenting, such as providing home visits to new parents or requiring certain welfare recipients to attend parenting classes. Although parenting behaviors are complex and difficult to change, welfare programs can help strengthen family functioning and the home environment in various ways depending on a family's circumstances. Different approaches are required depending on whether a family is moving from welfare to work, or is struggling with barriers to employment. In many situations, greater involvement of fathers can be a key strategy for strengthening families and promoting children's well-being both financially and emotionally.

Flexible Work Requirements

In families with a mother moving from welfare to work, parenting practices and the home environment could be affected by a change in family resources, family relationships, parents’ time at home, and parents’ personal sense of well-being. According to Chase-Lansdale and Pittman, the limited available literature on this topic indicates that, compared with unemployed single mothers, single mothers who choose to work may provide a more cohesive, stimulating, and organized family environment, and may do more to promote the value of education. But other studies have found that mothers who were required to participate in welfare-to-work programs experienced higher levels of depression and stress than those who were not required to participate. In evaluations of prereform welfare-to-work demonstrations, few impacts on parenting were identified. One program that did have positive impacts on parenting, however, was a version of the Minnesota Family Investment Program that increased families’ employment and income through earnings supplements without a mandatory work requirement. Mothers in this program generally decided to work part time or reduce some work hours.

These findings, though limited, suggest that welfare programs could strengthen families and promote positive outcomes for children by allowing greater flexibility concerning part-time work for single mothers, and by stopping the time limit clock on welfare benefits while families are working at least part time, but not earning enough to support themselves.

Recommendation

Welfare programs should provide sufficient supports to allow single mothers greater flexibility concerning part-time work schedules, and should stop the clock on time-limited benefits while parents are working either full or part time.

Addressing Barriers

Many low-income families live on the edge, both economically and functionally. According to data from the National Survey of America’s Families in 1997 and in 1999, about three-quarters of adults on welfare had at least one potential barrier to employment, including very poor mental or physical health, limited education, minimal work experience, or family responsibilities that limit their ability to work, such as caring for an infant or a disabled child.

When families are struggling with serious barriers—such as substance abuse, maternal depression, and domestic violence—the problems not only present challenges in getting and keeping jobs, they also detract from parents’ ability to provide stable and supportive homes for their children. Estimates of the percentage of welfare recipients with substance abuse problems range from 16% to 37%. About 22% to 28% are estimated to be suffering from very poor mental health, and 10% to 31% to be coping with domestic violence.

Some of these families are exempt from work require-
ments, whereas others are not, since states’ policies on exemptions vary widely. But simply providing welfare and exempting families from work and time limit requirements will not enable most families to overcome their problems, enter the workforce, and provide stable and supportive homes for their children. The underlying conditions contributing to a family’s precarious situation must be addressed.

Often these underlying conditions are rooted in the mothers’ own childhoods. Many low-income mothers have grown up in families that did not provide good models of positive family functioning. They may have experienced sexual and physical abuse. Among participants in a New Jersey welfare-to-work program, for example, 20% report having been sexually molested as children. Other studies indicate that the proportion of teen mothers with histories of sexual and physical abuse may be as high as 68%. Thus, it should not be surprising that a large proportion of mothers on welfare have scars from the past that contribute to their difficulties in coping with their complex lives, and may lead them to substance abuse or involvement in high-conflict relationships.

In 1997, Congress enacted the Welfare-to-Work program to support state and local efforts to help the most disadvantaged welfare recipients (as well as non-custodial parents) address specific problems affecting their employment prospects and move into the labor force. Some states have begun implementing programs to address families’ barriers to employment, but most serve only a small percentage of those needing help and little information is available on program outcomes and effectiveness. Most caseworkers have limited training or skills to identify families with barriers.

To deal more effectively with families struggling with serious difficulties, a restructuring of services may be needed. As Anderson suggests in her commentary in this journal issue, families coping with mental illness or learning disabilities, for example, should be treated and monitored by the mental health system or the developmental disabilities system, not by welfare or employment programs. This does not mean that such families should not be encouraged to move from welfare to work, only that specialized systems are better equipped to provide the supports that can enable these families to find appropriate work situations. Such systems are also better able to help these families connect with long-term parenting supports that may continue to be needed even after their economic situation improves.

**Recommendation**

Welfare programs should develop better strategies for identifying and addressing the problems of families with serious barriers to employment and healthy family functioning. Options that include integrating services with mental health systems and developmental disabilities systems should be explored.

**Father Involvement**

A large number of low-income children grow up in homes with no father. In 2000, nearly half of all families living in poverty were headed by a female with no husband present. Although many unmarried parents work together to raise their children by cohabiting or maintaining frequent contact, father involvement for most low-income families in this situation is not stable and tends to decline over time. Yet research in the last decade has pointed to the range of contributions fathers can make in their children’s lives, both financially and emotionally. Welfare programs and other support services could be restructured in various ways to promote greater inclusion and involvement of low-income fathers in their children’s lives.

For example, as discussed in the article by McLanahan and Carlson, most unmarried couples are closely connected to each other and invested in their new family when a baby is born. Thus, a window of opportunity exists around the time of birth to strengthen the connections between fathers and their children. In a study of approximately 3,700 children born to unmarried parents across the country in 2000, 99% of the new fathers who were interviewed expressed a desire to be involved in raising their children, and 93% of mothers...
said they wanted the father to be involved. Targeting fatherhood programs to unmarried fathers at the time of a child’s birth appears to offer the greatest promise of successful involvement.

In addition, the chances for positive father involvement would improve if a broader range of TANF services were targeted to two-parent families and noncustodial parents, as noted in the commentary by Primus. For example, programs that provide employment opportunities for fathers help increase their ability to pay child support and also make them more appealing as marriage partners. More successful programs that teach men to be good fathers and reduce family violence are also needed.

Finally, reducing the marriage penalties in programs aimed at helping low-income families—including welfare, food stamps, and Medicaid, as well as state and federal EITCs—has been noted as an important societal signal and support for marriage. The way these programs are currently structured, benefits generally decrease as household income increases. Because marriage results in one combined household income, a couple could lose thousands of dollars a year in benefits compared with what they would be eligible to receive if they each remained single.

Recommendation

Programs serving low-income families should remove any marriage penalties, and should provide services and benefits for fathers without reducing services and benefits for mothers.

Improving the child support system is also important, not only for increasing collections, but also for promoting more positive father involvement. Child support can significantly augment the wages of single-parent families. One study found that child support provided 14% of the income for families with incomes below 150% of poverty who were not on welfare, and 35% of the income among all families receiving some child support. Other research found that $1,000 in child support was associated with higher grades and fewer school problems among children, and that child support income was associated with a larger gain in children’s well-being than an identical amount of income from other sources. The positive effects of child support income are likely due to the fact that fathers who pay child support also tend to be more involved with their children.

Unfortunately, most poor children eligible for child support do not receive it. Child support is collected for only 44% of families who have left welfare and 25% of families on welfare. In large part, low collection rates are due to a lack of support orders. Unless an order is established, it cannot be enforced. Among families receiving welfare in 2000, fewer than half had a support order established. Increased efforts to establish support orders among low-income families is an important first step to increasing collections.

Low collection rates also stem from the fact that many fathers of poor children are themselves poor and have limited ability to pay. Several demonstration projects were undertaken in the 1980s and 1990s to improve fathers’ employment and earnings, but without much success, as discussed in the article by McLanahan and Carlson. More recently, nearly $2 billion in grants were awarded in 1998 and 1999 through the Welfare-to-Work program to help move noncustodial parents (and other hard-to-serve populations) into unsubsidized jobs. As mentioned earlier, little information is available on the effectiveness of these programs, but an evaluation is under way.

Beyond having few resources, fathers of children in welfare families generally have little incentive to pay child support because, for the most part, it goes to repay welfare expenditures and not to increase family income. Only a small amount, if any, is “passed through” to the family. However, a demonstration project in Wisconsin allowed all support to be passed through to TANF families, and the project appears to have had positive results. Noncustodial fathers participating in the program were more likely to establish paternity and pay support to their families, and family conflict around child support was reduced.
**Recommendation**

States should increase noncustodial parents’ ability to pay child support by replicating successful programs that help them, along with custodial parents, find employment and increase earnings. Also, to increase the incentives for paying child support, policies should be adopted to ensure that children benefit financially when payments are made, even if their families receive welfare.

**High-Quality Child Care and After-School Options**

Welfare reform brought with it a clear mandate that low-income single mothers should work. An equally clear mandate is needed that while their mothers are at work, low-income children should have access to high-quality child care and after-school options in their neighborhoods. Providing quality environments for children not only enables mothers to work, but it is also an opportunity to enhance children’s development and well-being. As discussed earlier, studies show that poor children are especially likely to benefit from positive experiences in child care and after-school programs.

The increases in funding for child care since welfare reform have helped many low-income families afford higher-quality options for their children. However, as discussed in the article by Fuller and colleagues, high-quality child care and after-school options for low-income families are often still constrained, both in terms of cost and supply.

Despite funding increases, state studies show child care subsidies are used by less than one-quarter of all eligible families. Data compiled by the U.S. Department of Health and Human Services indicate that nationwide, of the 14.7 million children eligible to receive subsidies in 1999, only 1.8, or 12% received them. This percentage does not include families participating in Head Start or other state-funded preschool or child care programs, but subsidy utilization rates, especially among working poor families, are still low. Although eligible for assistance, working poor families tend to have less access to subsidies than families on or just leaving welfare, and the availability of high-quality programs in low-income communities is uneven. Fuller and colleagues identify several barriers to use of subsidies and high-quality care, including state eligibility criteria, copayment policies, reimbursement rates, burdensome administrative processes, and lack of high-quality centers in many low-income neighborhoods.

Though not eligible for child care subsidies, teens also benefit from participation in structured activities after school. Several studies have shown that participation in targeted prevention programs can reduce high-risk behaviors among teenagers. For example, in four consecutive annual evaluations, participants in the Teen Outreach Program, sponsored by the Association of Junior Leagues International, were shown to be less likely than their nonparticipant peers to have experienced either pregnancy or school failure. An evaluation of another youth development program, the Quantum Opportunities Program, also found significant positive effects on economically disadvantaged high school youths. A five-year study of this program at four sites showed that participants had better high school graduation rates, higher enrollment in postsecondary education, lower teen pregnancy rates, and more community involvement compared with those who did not participate. A recent evaluation of the Children’s Aid Society model found similar results. In light of the initial negative impacts found on teens whose mothers participate in welfare-to-work programs, additional investment in programs for low-income youth may be warranted.

As low-income mothers move into the workforce and their children spend more time unsupervised or in child care and after-school programs, those experiences have an increasingly important influence on children’s development and well-being. Low-income children of all ages could benefit from increased access to high-quality child care and after-school programs and activities.

**Recommendation**

Further efforts are needed at the federal, state, and local levels to expand child care subsidy programs for working poor families, and to strengthen the supply of high-quality child care and after-school options in low-income neighborhoods. Age-appropriate services are needed for all age groups, from infants to teens.
Conclusion

What have we learned from welfare reform about how best to help children in families that do not have the support of both parents and adequate income? The evidence is clear that moving mothers into jobs is a good first step, but further efforts are needed to promote better outcomes for children.

First, working poor families need to stay connected to supports, including job advancement and continuing education and training, to ensure that children have adequate resources. An adequate income is important to meeting children’s basic needs and enabling families to provide healthier learning environments for children both inside and outside the home. Welfare and other income support programs need to continue to provide services and supports to families after they find jobs to help them increase their earnings and escape poverty. Welfare programs should also allow single mothers to work more flexible, part-time hours and pursue more education and training. Not only would this enhance a family’s earning potential, but maternal educational advancement also appears to foster positive impacts on children’s school performance and behavior. Such a strategy makes sense in the current economy, as finding and keeping low-wage jobs becomes increasingly difficult.

Second, barriers to healthy family functioning and greater father involvement need to be identified and addressed to ensure that children have stable, supportive homes. Many families are neither working nor participating in welfare-to-work programs for a variety of reasons, and more families are likely to join their numbers as the economy slows. Welfare programs need to develop better strategies for identifying families with serious barriers to employment and healthy family functioning, and to explore new ways of helping these families, such as by integrating services with mental health and developmental disabilities systems. Welfare and other income support programs also need to encourage greater father involvement by engaging fathers soon after a child’s birth, and by adopting more even-handed policies providing access to services and benefits. Fathers, as well as mothers, need programs to help them find jobs and advance in their careers, and to help them address their barriers to employment and positive family functioning.

And third, children and teens need high-quality child care and after-school activities in their neighborhoods to ensure that the time they spend while their mothers are at work plays a positive role in their lives. For low-income children especially, such programs can provide safe havens and a range of opportunities to enhance their development. Welfare programs need to work with child care agencies to expand access to child care subsidies for working poor families, and to expand the supply of high-quality options for children of all ages in low-income communities.

For the nation’s welfare programs to improve the lives of low-income children, child well-being needs to be a top priority. This analysis has highlighted some of the ways that current welfare programs could be restructured to help promote healthier child development among low-income families. As the economy weakens and more families are forced to go on welfare, more funds will be needed for cash assistance and less will be available for some of the services described here as beneficial to children, such as programs to help families address barriers to positive family functioning as well as employment; programs to promote father involvement; and programs to improve the quality of child care, enrichment activities, and programs for teens. The present level of funding for welfare and other support programs needs to be maintained, at a minimum—and increased, if possible—to ensure that the progress made since reform in restructuring programs to help families move from welfare to work is not lost, and that a strong safety net for poor families is in place.

The goal of welfare programs should be to reduce poverty among families with children. Ending dependence on benefits should be the result of achieving this goal, not be the goal itself. Otherwise, programs will succeed only in moving families off the rolls, not in helping them escape poverty or improve their children’s—and society’s—chance for a brighter future.

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ENDNOTES

1. See, for example, previous issues of The Future of Children on children and divorce (Spring 1994) 4(1); children and poverty (Summer/Fall 1997) 7(2); and domestic violence and children (Winter 1999) 9(3). See also various articles describing the decade in review in Journal of Marriage and the Family (November 2000) 62(4).


4. Under the Job Opportunities and Basic Skills Training (JOBS) program, some families receiving welfare were required to participate in work activities, and those who participated were eligible for child care assistance. See the article by Fuller and colleagues in this journal issue.


7. See the article by Greenberg and colleagues in this journal issue.

8. The expansion of government programs that provide health insurance coverage, such as the State Children’s Health Insurance Program (SCHIP), is important for low-income families, who often work in low-paying jobs with no employer-provided benefits, and who otherwise might stay on welfare to maintain their health coverage through Medicaid.


14. The Teenage Parent Demonstration program in Chicago, the JOBS program in all sites studied, and the Minnesota Family Investment Program for recent applicants all resulted in greater employment for participant families, but not increased income. (See the Appendix following the article by Zawod and colleagues in this journal issue.)


18. See Figure 3 in the article by McLanahan and Carlson in this journal issue.


27. For more details, see the article by Fuller and colleagues in this journal issue.


58. The 1996 welfare reform law included specific provisions with respect to families coping with domestic violence. The Family Violence Option, if adopted, allows states to identify and exempt domestic violence victims from program requirements. In turn, states are not penalized for failure to meet work or time limit requirements if due to domestic violence exemptions, but the exemptions must be temporary and services must be provided. U.S. Department of Health and Human Services. Work not welfare Clinton administration issues new proposed welfare regulations. Press release. Washington, DC: DHHS, November 17, 1997.


61. As the number of families with exempt status grows, however, states may be at risk for failing to meet mandated work participation rates or for exceeding the 20% limit on caseloads that can be exempted from time limits based on hardship.


63. Even if eligible, caretaker relatives can opt to receive child-only benefits to avoid being subject to work and time limit requirements.

64. In addition, families that receive a partial sanction for failure to comply with a program requirement also may receive only the child’s portion of benefits, but such cases can be designated child only (and thereby excluded from the calculation of a state’s mandated participation rate) for no more than three months, according to federal rules. See the final regulations for TANF, Child-only cases. Federal Register (April 12, 1999) 64(89):17739.


66. See note 15, Primus, et al.


69. Based on a nationwide telephone survey conducted as part of an ongoing project of National Public Radio, the Henry J. Kaiser
Family Foundation, and Harvard University's Kennedy School of Government. The survey was conducted in English and Spanish between January 4 and February 7, 2001, among a random re-
representative sample of 1,952 adults (age 18 and older). Survey results are available online at http:///w w w.npr.org/programs/specials/poll/poverty/summary.html.


71. See the article by Zedlewski in this journal issue.


79. See the Appendix (subgroup M FIP/LT/I) following the article by Zaslow and colleagues in this journal issue.


84. Another program found to have positive impacts on parenting was the New Hope program, perhaps due in part to the intensive case management provided. For further discussion of both the Minnesota Family Investment Program and the New Hope Project and their effects on parenting, see the article by Chase-Lansdale and Pinnam in this journal issue.


88. The capacity to screen families for barriers is needed not just to assess families after they have been unable to move quickly into employment, but as soon as families apply for assistance. In their synthesis of welfare-to-work evaluations, Zaslow and colleagues found—unpredictably—that children in families that were new to welfare tended to experience more negative outcomes compared with children in families that had been receiving welfare for more than two years. They hypothesized that perhaps these negative outcomes occurred because recent applicant families are experiencing acute rather than chronic stress. For more details, see the article by Zaslow and colleagues in this journal issue.

89. See note 11, Dalaker, table A-3.


91. See the article by McLanahan and Carlson in this journal issue for further details of these findings from the Fragile Families and Child Wellbeing Study.


97. See note 96, DHHS, figure 3.4.


100. For more information about the Welfare-to-Work program, see the U.S. Department of Labor Web site at http://wtdoleta.gov/resources/fact-noncustodial.asp.


102. Under AFDC, states were required to “pass through” the first $50 per month in child support to mothers. This requirement was eliminated with the 1996 welfare reform law, but nearly half the states have chosen to continue at least a modest pass-through with state monies. See Turetsky, V. Realistic child support policies for low income fathers. Kellogg Devolution Initiative Paper. Washington, DC: Center for Law and Social Policy, March 2000.


104. See note 80, Collins, et al., p. 36.

105. See Appendix 2 in the article by Fuller and colleagues in this journal issue for a state-by-state breakdown of percentages.


