

# *Part I*

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## **Introduction and Policy Context**



## For Better and For Worse: Welfare Reform and the Well-Being of Children and Families

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A new era in social welfare began when President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) on August 22, 1996. Following six decades of guaranteed government aid for economically deprived children, the new bill eliminated the open-ended federal entitlement program, Aid to Families with Dependent Children (AFDC), provided block grants for states to impose strict work requirements and to set time limits on cash assistance, and made other sweeping changes affecting child care, the Food Stamp program, the Supplemental Security Income (SSI) program for children, and the Child Support Enforcement program. In addition, this legislation gives states numerous options, such as requiring employment of mothers with very young children, capping benefits so payments do not increase if recipients have additional children, and denying assistance to unmarried teen parents and their children.

The new state-designed welfare reforms appear to be stunningly effective. Caseloads fell by approximately half between 1993 and 2000, with many of the welfare exits accompanied by sustained involvement in the labor market. Politically, all sides seem to agree that the reforms have been successful, although there is disagreement on how best to focus future policy efforts, especially as reauthorization of PRWORA approaches in 2002.

Lost in the caseload counts and political rhetoric is the subject of our book: the effect of welfare reforms on children's well-being and development. Despite the professed child-based goals of the reform legislation, remarkably little attention has been paid to tracking and understanding its effect on family functioning and child well-being. Caseload declines have been dramatic, but caseload declines do not necessarily translate into enhanced family and child well-being.

To be sure, the debate surrounding welfare reform was filled with assumptions and predictions about those reforms and their effects on children. Conservative advocates argued that reform-induced transitions from welfare to work would benefit children by creating positive role models of their mothers, promoting maternal

self-esteem and sense of control, introducing productive daily routines into family life, and eventually fostering career advancement and higher earnings for parents. Most prominently, conservatives argued that the reforms would eliminate our welfare "culture" by sending a powerful message to teens and young women that it is in their interest to postpone childbearing until they can support their children within the context of marriage. Opponents argued that the reforms would overwhelm severely stressed parents, deepen the poverty of many families, force young children into unsafe and unstimulating child care situations, and reduce parents' ability to monitor the behavior of their older children, leading to problems in child and adolescent functioning.

To sort through the conflicting theories and evidence regarding the effect of welfare reform on children, we organized two national conferences under the auspices of the Northwestern University/University of Chicago Joint Center for Poverty Research. The first, held in Chicago in May 1998, and less than a year after most states first implemented their reforms, featured papers with disciplinary perspectives on family process and child development as well as empirical papers on links among employment, family process, and child development, using data that predated the 1996 reforms. The second, held in Washington, D.C., in September 1999, featured papers that addressed, with more recent data, important research and policy questions concerning the initial effect of the reforms on low-income families. For this volume, we selected about half of the papers presented at the two conferences and asked authors to update them in light of recent developments.

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## ORGANIZATION OF THE BOOK

The volume begins with a history of the 1996 reforms by Ron Haskins. Haskins provides a historical and political context for the volume by reviewing the development of the liberal welfare state between 1935 and 1972 and offering insightful analyses of social legislation during this period. His lively political history of the reforms shows how conservatives capitalized on both President Clinton's pledge to "end welfare as we know it" and public concerns over such social problems as out-of-wedlock childbearing and the surging welfare caseloads of the early 1990s, generating the broad political support needed for the radical reforms of 1996. Haskins was chief of staff for the Ways and Means Subcommittee on Human Resources in the U.S. House of Representatives and thus provides an insider's perspective on this history.

The rest of the volume is organized into three sections, "What States Are Thinking and Doing," "How Families and Children Are Faring," and "Policy Approaches and Options for the Future."

## WHAT STATES ARE THINKING AND DOING

Given the striking change in welfare policy to decentralize authority from the federal government to the states, we designed this section to address key issues in state policymaking. Cathy M. Johnson and Thomas L. Gais set the stage, summarizing lessons drawn from the Rockefeller Institute of Government's State Capacity Study, an ambitious project that examines how nineteen states are implementing welfare reform. The authors present three theories of how state policies on welfare reform implementation may affect child well-being: family structure theory, resource theory, and environmental theory. Family structure theory argues that states' top priority is to promote marriage as the key factor in healthy child development. Resource theory and environmental theory emphasize employment as the way to improve child well-being, with the former focusing on policies that improve family income and the latter assuming that children benefit from employed parents because of the experiences of routine, order, and discipline. Johnson and Gais then analyze which theory is best reflected in state implementation of reforms and best illustrates states' decisions and policies.

Kristin Anderson Moore, president of Child Trends, describes her experiences working with state welfare officials to develop a data collection agenda for evaluating the effects on children and families of the many welfare waiver experiments of the early 1990s. She details the process of finding common ground between researchers and state policymakers to articulate how welfare reform might affect children and families in addition to how states might assess child and family outcomes. Moore demonstrates how such collaborations between child and family researchers and state welfare administrators are essential for understanding the effect of welfare reform within and across states.

Alan Weil is a leader of the Urban Institute's large-scale project, *Assessing the New Federalism*. His chapter focuses on devolution per se and asks the question, Does state flexibility in program design yield more effective welfare policies? Using data from the Urban Institute project, Weil explores why states have taken different approaches to implementing reforms and develops a typology of states based on the mixture of carrots and sticks they use. He demonstrates considerable diversity in states' approaches to caseload reduction, work supports, and work requirements and concludes that state flexibility in implementing welfare reform may be a contributing factor to current successes. He cautions, however, that it remains to be seen whether devolution leads to policies that are more effective in protecting children in poverty.

The final chapter in this section is by Jack Tweedie, director of the Children and Families Program at the National Conference of State Legislatures. Tweedie has worked closely with eight states in their efforts to track cohorts of welfare recipients, as many leave the welfare rolls because of sanctions and time limits. His chapter summarizes the mixed picture that emerges from these efforts, showing significant numbers of families leaving welfare both because of state sanction policies and because fewer families reach the time limits. Moreover, limited data from these eight states

indicate that those who have left the welfare rolls because of sanctions or time limits have lower levels of employment and earnings than do other exiters. Tweedie focuses the spotlight on the dearth of information on sanction and time limit policies and how these may affect children.

## HOW FAMILIES AND CHILDREN ARE FARING

This section consists of data-driven analyses of likely and actual changes in child well-being and family functioning brought about by the reforms. Greg J. Duncan, Rachel Dunifon, Morgan Ward Doran, and W. Jean Yeung use prereform data from two national longitudinal surveys to examine differences in family process, maternal mental health, and child well-being among families with different patterns of welfare, work, wages, and family structure. Arguing that differences between low-socioeconomic status (SES) welfare-reliant families and working families provide an upper-bound estimate of changes that might be expected from welfare reform, they find remarkably few differences between the two types of families but much larger differences between them and higher income and intact families.

The sociologists Ellen K. Scott, Kathryn Edin, Andrew S. London, and Joan Maya Mazelis summarize findings from a large-scale ethnographic study of how welfare reform is playing out in poor neighborhoods in Cleveland and Philadelphia. The surprise is the extent to which welfare-reliant mothers believe that current welfare policies have negative consequences for families and that reform-inspired jobs will help raise families' material standard of living. Less surprising are the many concerns these mothers have for minimizing the adverse effects of their increased work hours on their children's well-being.

One of the most ambitious studies tracking welfare leavers is the Women's Employment Study, directed by Sandra Danziger and Sheldon Danziger of the University of Michigan. Ariel Kalil, Rachel E. Dunifon, and Sandra K. Danziger summarize the results of two rounds of interviews with a representative sample of women who had been receiving welfare in the early stages of Michigan's ambitious reforms. Their chapter focuses on how children are affected by their mothers' transitions from welfare to work. They find no evidence that children are harmed by such transitions; if anything, their mothers report that their children are better behaved and have better mental health.

Although a number of family- and child-focused welfare reform experiments were in progress at the time of our conferences, only the Milwaukee New Hope project had completed its evaluation. The developmental psychologists Rashmita S. Mistry, Danielle A. Crosby, Aletha C. Huston, David M. Casey, and Marika Ripke summarize the strong, positive effects of the comprehensive set of work-conditioned supports on the achievement and behavior of boys in New Hope families. Their findings point to the importance of work supports for families, and their chapter suggests that parents use increased earnings from employment to enrich their children's experiences by means of child care, after-school, and extracurricular programs.

Experimental programs such as the New Hope program feature wage supplements in order to make work pay. Federal policy has moved in the direction of wage supplements through the expansion of the Earned Income Tax Credit (EITC) in the mid-1990s, and states can also provide such work supports by establishing or expanding their own EITC programs. Using results from intensive interviews with Milwaukee single mothers, Jennifer L. Romich and Thomas Weisner document the nearly universal salience of federal and state EITC programs in Wisconsin, explain why mothers prefer that it be paid in a single lump sum rather than monthly, and show how families use it.

One of the stated goals of the 1996 reforms was to reduce nonmarital childbearing, particularly among teenagers. The economists Ann Horvath-Rose and H. Elizabeth Peters use state differences in the timing and structure of welfare waiver provisions of the early 1990s to infer which provisions affect nonmarital childbearing. Their findings suggest that family cap waivers implemented by states are linked to reductions in nonmarital births.

## POLICY APPROACHES AND OPTIONS FOR THE FUTURE

A clear message leading up to passage of PRWORA in 1996 is that the American public has all but abandoned the view that programs should provide a universal safety net in favor of what has been called an “employment-contingent social contract.” The prevailing view is that every able-bodied family in the United States, regardless of income level or family responsibility, should seek employment before turning to the government for support. Rights of working families might include wage supplements, child care, health insurance, and other supports. As PRWORA is reauthorized in 2002, one focus will include debates over whether and how to strengthen work supports in the future. In addition, policymakers will address the fact that a number of families have not or will not successfully move into the labor force and thus risk losing cash benefits because of sanctions and time limits. Research and policy issues for these families are very different, including such matters as barriers to employment, the effect on children of living in deep poverty and residential instability, and the “carrying capacity” of kin networks.

The chapters in the final section provide differing perspectives on policy options for the future. Wendell Primus, former chief of staff for the Ways and Means Subcommittee on Human Resources and now at the Center for Budget and Policy Priorities, and coauthor Kristina Daugirdas highlight the fact that falling caseloads have not always led to increased family incomes, and they propose a set of additional reforms to reduce child poverty. The sociologist Paula England and the economist Nancy Folbre develop policy recommendations that recognize the value of mothers’ formal labor market work as well as their informal, child-related work. Although celebrating the successes of the 1996 reforms, Ron Haskins provides his own set of recommendations for additional policy changes that would both improve our nation’s work supports as well as its safety net.

In the book's final chapter, we pull together the most important lessons gleaned from these chapters. We find many grounds for optimism. Welfare reform, the expansion of the EITC, and booming economic conditions have combined to bring many mothers into the labor force, lift some children out of poverty, and perhaps even reduce the number of teens' nonmarital births. What is true for some families and children, however, does not hold for all, so our optimism is tempered. The most comprehensive data on positive child outcomes emerge from experimental antipoverty programs, and it remains to be seen whether most states will be as generous in their work support policies. Moreover, we know the least about the fortunes of families that are unable to leave the welfare rolls or that face the most barriers to securing permanent jobs that will lift their families from poverty.

The next few years will continue to be a remarkably favorable time for state experimentation with innovative approaches for assisting low-wage families in gaining a permanent foothold in the formal labor market. We emphasize the many ways in which state efforts can be directed toward an important—and forgotten—role of welfare reform: enhancing the well-being and life chances of poor children.