

**The Consequences of Welfare Reform for Child Well-Being: What Have
We Learned So Far and What are the Policy Implications?**

by

Andrew Cherlin

Johns Hopkins University

Paper presented at the 2004 Annual Meeting of the American Sociological Association,
Thematic Session: “The End of Welfare as We Knew It: What Now?”, August 14, 2004.

You have just heard presentations on how single mothers are doing in the welfare reform era and about marriage and relationships among low-income women and men. In this presentation, I will discuss what we have learned about welfare reform and child well-being from social scientific research and what we still don't know. And I will address the "What Now?" question in the title of our session with some general comments on the policy implications of these findings.

Let me first say what question I am *not* responding to: How are children in low-income families doing? If I were to ask this question, the answer would be that they are not doing nearly as well as economically-advantaged children. We should take that as a given for this presentation. Rather, I am responding to a narrower question: How do low-income mothers' transitions off welfare and into employment affect their children's well-being? Are they doing worse than before? Better? The same? I am making this point because I am about to present some findings that are not as negative as many had assumed. When I have done this in the past, some in the audience have mistakenly thought that I was claiming that poor children are doing just fine. I'm not. Rather, I'm looking at the trajectory of children's well-being as mothers' work and welfare transitions unfold.

The Studies

Two types of large-scale studies of this topic that have been carried out over the past several years. The first type consists of evaluations of random-assignment studies in particular communities, in which one group of families is subject to the normal, pre-welfare-reform rules and a second, "experimental" group has the rules. These

modifications included a combination of work requirements, time limits, and earnings supplements for those who are employed. The studies contained limited but useful measures of child well-being. Because they are based on random assignment, one can compare the well-being of children in the experimental and control groups and conclude that any differences are the result of some part of the experimental “treatment.”

However, random-assignment studies aren’t designed to provide much guidance on what the processes that cause these results might be. The Manpower Demonstration and Research Corporation (MDRC), which conducted many of these studies (often well before PRWORA – the federal welfare reform bill – was passed) assembled them into a group of studies that it meta-analyzed. They call the group the “Next Generation Studies.”

The second type of large-scale study is the longitudinal, observational study. In these studies, a population-based random sample is selected and then the families in the sample are reinterviewed at regular intervals. You have heard today already about two of them: the Women’s Employment Study and the Fragile Families Study. (I will assume that Sandra Danziger will have described the WES. If not, I will say that it is a sample of 753 single mothers who were welfare recipients in an urban Michigan county in 1997. Information was collected on a particular “focal child” for the three-fourths of the mothers who had a child age 2 to 10.) (If Kathryn Edin has not described Fragile Families, I will describe it: a study of new mothers and their partners, if any, in urban hospitals in 20 cities. About 3,000 unmarried and about 1,000 married.) Fragile Families does have a child component, but it has not yet published detailed child well-being papers that are comparable to the other studies I will be talking about today. The observational

studies offer a more detailed picture of the processes that are occurring, but they cannot rule out the possibility that some unmeasured variables are driving both the processes and the outcomes.

A third observational study has come to be known as the Three-City Study, which I have coordinated with a large group of co-investigators. The Three-City Study is similar to the WES, except that:

1. Our sample was selected from low-income neighborhoods of Boston, Chicago, and San Antonio in 1999.
2. Our sampling points were children in one of two age groups, 0 to 4, or 10 to 14, and who lived in households with incomes less than twice the poverty line. So it is fundamentally a sample of children; and for each focal child, we interviewed a caregiver, usually the mother. We had other components to the study that I won't be mentioning today.
3. We included families that were not receiving TANF as well as families that were. So we can examine employment transitions that were independent of TANF.
4. We had more extensive measures of child well-being, including direct measures obtained from the children.

We interviewed the children and their families twice: in 1999 and 2001. The random-assignment studies and the observational studies are pursuing somewhat different questions. The former are testing the specific effect of varying one component (or a few related components) of a particular welfare program on children's well-being. The latter are observing the correlates of movement into and off of welfare and into and out of employment on children's well-being. (See Moffitt, Chase-Lansdale, and Cherlin, [2004])

for a detailed comparison of our study with the Next Generation Study.) These movements may not be the direct result of time limits or work requirements. So the observational studies are not testing specific welfare reform policies. Still, we would argue that the new welfare rules influence the employment decisions of all low-income women and, for that reason, transitions in the general low-income population are relevant.

The Findings

Despite these differences, it is possible to compare the findings from the observational and random-assignment studies. For the observational studies, I draw here mainly on the major papers from the WES and the Three-City Study. These papers use either fixed-effects or lagged-dependent-variable models. They are, respectively:

Dunifon, Rachel, Ariel Kalil, and Sandra K. Danziger. 2003. "Does Maternal Employment Mandated by Welfare Reform Affect Parenting Behavior?" *Children and Youth Services Review* 25: 55-82.

Chase-Lansdale, P. Lindsay, Robert A. Moffitt, Brenda J. Lohman, Andrew J. Cherlin, Rebekah Levine Coley, Laura D. Pittman, Jennifer E. Roff, and Elizabeth Votruba-Drzal. 2003. "Mothers' Transitions from Welfare to Work and the Well-Being of Preschoolers and Adolescents." *Science* 299: 1548-52.

The MDRC/Next Generation findings have been presented in several reports. Two useful summaries, available on the MDRC web site are:

Gennetian, L.; G. Duncan; V. Knox; W. Vargas; E. Clark-Kauffman; and A.

London. 2002. How Welfare and Work Policies for Parents Affect

Adolescents: A Synthesis of Research. New York:MDRC.

Morris, P; A. Huston; G. Duncan; D. Crosby; and J. Bos. 2001. How Welfare and

Work Policies Affect Children: A Synthesis of Research New York:

MDRC.

Table 1 compares the results of these studies. The two observational studies report very consistent findings: transitions off of welfare or into employment have no significant negative effects on child well-being – that is to say, children don't tend to become worse off than when they started. There are some suggestions of positive effects: The WES study finds that moving from reliance on welfare to a relying on a combination of welfare and earnings from paid work appears to reduce behavioral problems among pre-adolescent children. The Three-City Study found modest evidence of some improvement in adolescents' mental health when their mothers transitioned into employment. The WES families did not include many adolescents; but in a cross-sectional analysis of wave 3 information from 1999, Dunifon and Kalil (2003) report that teenagers whose mothers left welfare or who were combining welfare and work were less likely to have been suspended or expelled from school.

The findings from the random-assignment studies are consistent with the findings of the observational studies for younger children but not for adolescents. They also find no significant negative effects for pre-school and elementary school children. Like the WES, they find evidence for positive effects of programs that provide earnings

supplements to mother who were employed: children's school achievement increased, and in some studies their behavior problems lessened.

But, unlike the observational studies, the random-assignment studies do find some evidence of negative effects of work requirements on the schooling outcomes of adolescents. According to parents' reports, the adolescents in the experimental group were not performing as well in school and were more likely to repeat a grade. In addition, those with younger siblings were more likely to be suspended or expelled or to drop out of school – findings which, the authors speculate, may reflect a greater burden of caring for younger siblings while mothers are at work. (But they have no direct evidence for this conjecture.)

So to summarize the findings to date: None of these studies has found any significant negative consequences for younger children when their parents make transitions off of welfare or into employment (in the case of the observational studies) or when they are subject to various work-oriented experimental programs (in the case of the random assignment studies). In fact, there is evidence that providing mothers with earnings supplements – either through continued welfare receipt or wage subsidies -- may be beneficial to younger children.

But the observational studies and the random-assignment studies have conflicting findings concerning adolescents. The observational studies find either no effects or hints of positive effects of mothers' employment on adolescent mental health or school performance. The random-assignment studies find evidence of negative consequences for school performance. The random-assignment studies didn't have measures of mental health, and Three-City Study didn't have teacher reports. So it's difficult to know the full

picture, but we must consider the possibility that adolescents' school performance can worsen in the course of mothers' transitions.

There are some important reasons, however, why this may not be the final story of the effects of welfare reform on children. First, all of the data collection for these studies was completed before the economy weakened in the second half of 2001. Welfare reform had the good fortune to be launched during the strongest economic boom in decades, but the economic climate is now much less favorable. Econometric studies suggest that both lower unemployment and the PRWORA reforms contributed to the sharp caseload decline (and that the expansion of the Earned Income Tax Credit, a wage subsidy, may also have contributed) (Ellwood, 2000; Schoeni and Blank, 2000). But since then, unemployment rates have risen, and the caseload decline has stopped. In a weaker economy, mothers may have more difficulty finding and keeping paid employment. And the jobs they find could place more strain on families if they are low-paying or involve evening, night, or weekend work.

Second, relatively few welfare families had reached their time limits until very recently. Twenty-two states have adopted the federal five-year time limit, and state programs typically did not begin until 1997. In many states, including those with shorter time-limits, welfare agencies have extended the benefits of families that reached the limit but in which the mothers were making a good-faith effort to find a job or faced particular hardships. As of December 2001, only about 54,000 families had reached the federal five-year time-limit nationwide, and only about 8,000 had had their cases closed due to time limits and were receiving no other assistance (Bloom et al, 2002). Thus, until very recently, most welfare exits were in some sense voluntary: facing pressure to work and

under the shadow of a time-limit, parents found jobs or left for other reasons before they had to. We know little about how families will fare who are forced to leave the rolls because they have reached a time limit.

Third, the findings reported so far could reflect short-term effects that will change in the long-term. Both observational studies had durations of two years or less. Some of the mothers who have had initial successes in finding jobs may not be able to make a secure transition to employment. Some children who were initially doing well may experience difficulties. Families will face the end of transitional benefits such as medical insurance coverage or child care subsidies. On the other hand, the functioning of mothers and children may continue to improve following their exits from welfare. Mothers may move up the job ladder and improve their financial well-being and family functioning, leading children to experience fewer emotional and behavioral problems and greater success in school. Moreover, in the longer-term, the signals of welfare reform could affect marriage and childbearing rates as well as school completion and work among low-income youth and young adults.

Because we think the story is not finished, our research group applied for, and has received, a grant from the National Institute for Child Health and Human Development to conduct another wave of our Three-City Study, beginning in early 2005, which will be almost six years after the first wave was conducted. We will also interview one of the children's teachers. The WES study has conducted two more waves since the papers I have discussed were published. The most recent wave was carried out in 2004. I am sure that analyses that include these later waves are underway. I hope that the policy

community is still interested in this issue when our reports on the long-term picture are completed.

What Now?

Let me turn now to the question raised in the title of our session: What now? And allow me rephrase the question: How should progressives respond to what we know so far about welfare reform and children? By progressives, I mean leftist/liberal and feminist scholars and observers, who, based on past experience, probably constitute 80 to 90 percent of this audience. I count myself among them.

I have argued that the full story of the effects of welfare reform on children isn't known yet. Nevertheless, I think that progressives must confront the reality that, so far, the effects are far less harmful than we had thought. In the case of younger children, researchers have so far uncovered no negative effects at all, be it through random-assignment or observational studies, and some evidence that there can be beneficial effects, when mothers make the transition to employment. That is not what I expected in 1996, and I think most progressives had expectations similar to mine. To be sure, the economy was very strong in the late 1990s, but even if you had told me that it would be very strong, I still would have predicted a more negative picture, even in the short term.

I think, therefore, that we must start by admitting to ourselves that our predictions were wrong. And then we should ask what we can learn from this fact. I am not completely confident that I know the right lessons for others, but I know that I have reached a few conclusions for myself. First, at least in the cultural context of contemporary American society, there may be something to the idea that long-term

dependency on public assistance is detrimental. I rejected this idea out of hand prior to 1996; but I can no longer confidently reject it. I would argue that progressives underestimated the importance poor mothers themselves attach to working outside the home. Some demeaned the kind of work that low-skilled mothers take: They were said to be “hamburger flippers;” their jobs were said to be menial and mind-numbingly boring. Yet we need not romanticize the hard work these jobs demand -- and we need not stop trying to improve wages and working conditions -- to see that Americans derive a basic dignity from employment, even if wages are low and opportunities for advancement are limited. When the welfare rules were revised to firmly require work (and the economy cooperated), recipients responded. Mothers who took jobs during the Three-City Study as security guards, grill cooks, shelf-stockers, or waitresses tended to report a substantial increase in self-esteem. "I started working again," a woman holding down two jobs said. "I started feeling good, I'm making my own money again." As a result of what I have seen, I now think the term “dead-end job” is a label that often doesn't fit the perceptions of low-income workers; and I will not use it again.

The implication I draw for welfare policy is that progressives should accept the basic principle of requiring work as a condition of cash assistance. To be sure, not all mothers should be required to work – those with health problems or who are caring for infants or for children with disabilities, for example, should not be – and they need not be required to work full time. Moreover, most will need substantial assistance, as I will discuss in a moment. But in order to receive cash assistance, they should work for pay at least part-time if they can find jobs.

My next conclusion, given that welfare policy continues to focus on employment, is that the most promising policy direction is to increase the support-system for employed parents. There are several findings in the studies suggesting that mothers and their children do best when the mothers can combine working for pay with income supplements – a package that has come to be known as “supported work.” In the 1990s the EITC was increased, which did provide a greater income supplement for the working poor. But these increases (along with the relatively low minimum wage) still leave many poor- and near-poor workers with jobs that pay less than a living wage and provide inadequate child care options. Moreover, many do not have access to health insurance or cannot afford the premiums of the coverage they are offered. In our study, the longer a mother had been off welfare, the less likely she was to have health insurance (Angel et al., 2001). Consequently, advocating for improved support for employed parents is, I believe, the directions that progressives should take.

Still, it’s surely the case that some mothers who leave welfare will not find work in our current economy. In the Three-City study, two-thirds of the mothers who left welfare but weren’t employed had household incomes below *half* the poverty line. These families dove off the welfare cliff and have not yet surfaced. Some were dropped from the program after they ran afoul of rules requiring frequent meetings and regular forms to fill out. Others were laid off and have not been able to find another job. Some may have relapsed into substance abuse or been victims of domestic violence. Before 1996, the most disadvantaged single-parent families were on welfare; now many of them are *off* welfare and receiving neither cash benefits nor wages. Progressives should push for

greater outreach efforts and assistance for those who, despite good-faith efforts, just can't get or keep a job.

In contrast to the supported-work approach, some members of what is coming to be known as the “care work movement” still oppose work requirements for low-income mothers. The authors maintain correctly that we do not value sufficiently the work that women do in raising children and caring for the ill and infirm. Deborah Stone, arguing in *The Nation* magazine for a “care movement,” criticized welfare reform for not tolerating women who want to be full-time mothers, “while – perversely – when they take care of other people’s children for pay, as daycare workers or home health aides, for example, they are considered virtuous.”

While I agree that mothers do important and undervalued caring work for society, I do not think that opposing work requirements is the right position for progressives to take on welfare policy today. (But neither do I think that the gratuitous increases in work requirements in the reauthorization bill now before Congress are needed.) There is, first, the political reality that a policy recommendation to abolish work requirements would gather almost no support in Washington at this time. Still, if that were the its problem, I wouldn't be opposed to it.

But in addition, it's hard for progressives to make a convincing case for a stay-at-home policy. For several decades, now, liberals have pushed, with some success, for greater government support for parents who are employed outside the home. The implicit message has been that mothers should be able to work outside the home and still be good parents. Now, just when attention is focused on the poor, we have discovered the importance of the care work mothers do. It is as if liberals have now decided that poor

women should stay home and middle-class women should work, while conservatives have decided that poor women should work and middle-class women should stay home. To me, the progressive position should emphasize compensating and supporting employed mothers adequately, not subsidizing full-time homemakers – a point, I think, that an earlier generation of feminists would themselves have made.

Most important, however, I think that the case against work requirements has been undercut by the findings so far from the studies I have reviewed today. These findings are strikingly different than most of us would have predicted. The evidence to date is that low-income mothers can undertake paid work without negative consequences – and perhaps with some positive consequences – for pre-adolescent children, while the picture for adolescents is mixed. I think that, although the story isn't finished, we have more than reached the point where some serious introspection is in order.

In sum, welfare reform has so far turned out better than we thought for children, although it remains to be seen whether it can be judged a lasting success. We are right to maintain that poor and near-poor families need more government support. But we would be ill-advised to push for a rollback of work requirements. Our commitment to helping the poor is not at issue. The question is whether we can learn from experience how best to do it.

Table 1. Summary of Findings, by Age of Child

Age at baseline	Three-City Study	Women's Emp. Study	MDRC Next Generation
Infants	Not studied	Not studied	Few effects
Pre-schoolers	No effects of mother's employment or welf. transitions	Positive effects of combined welf & work on behavior problems	Positive effects of earnings supplements on test scores
Elem. school	Not Studied		
Adolescents	No effects on most outcomes; perhaps some mental health improvement	[Cross-sectional positive results on suspension & expulsion in school]	Negative: poorer school performance & more grade repetition.

References

- Angel, R., L. Lein, J. Henrici, and E. Leventhal. 2001. "Health Insurance Coverage for Children and Their Caregivers in Low-Income Urban Neighborhoods." Policy Brief 01-2. Available online: http://www.jhu.edu/~welfare/18581_WelfareBriefSummer01.pdf
- Bloom, D., M. Farrell, and B. Fink. 2002. "Welfare Time Limits: State Policies, Implementation, and Effects on Families." New York: Manpower Demonstration Research Corporation. Available online: http://www.mdrc.org/Reports2002/welfaretimelimits/wtl_fullreport.pdf.
- Chase-Lansdale, P. L., R. A. Moffitt, B. J. Lohman, A. J. Cherlin, R. L. Coley, L. D. Pittman, J. E. Roff, and E. Votruba-Drzal. 2003. "Mothers' Transitions from Welfare to Work and the Well-Being of Preschoolers and Adolescents." *Science* 299 (2003): 1548-52.
- Dunifon, R., and A. Kalil. 2003. "Maternal Welfare and Work Combinations and Adolescents' School Progress." Working paper, Ford School of Public Policy, Univ. of Michigan.
- Dunifon, R., A. Kalil, and S. K. Danziger. 2003. "Does Maternal Employment Mandated by Welfare Reform Affect Parenting Behavior?" *Children and Youth Services Review* 25: 55-82.
- Ellwood, David T. 2000. "The Impact of the Earned Income Tax Credit and Social Policy Reforms on Work, Marriage, and Living Arrangements." *National Tax Journal* 53 (December): 1063-1115.
- Gennetian, L.; G. Duncan; V. Knox; W. Vargas; E. Clark-Kauffman; and A. London. 2002. How Welfare and Work Policies for Parents Affect Adolescents: A Synthesis of Research. New York:MDRC.
- Moffitt, R. A., P. L. Chase-Lansdale, and A. Cherlin. 2004. "Explaining Disparate Findings on from the Three-City and the MDRC Next Generation Studies on the Employment and Welfare Impacts on Children and Adolescents." Available online: http://www.jhu.edu/~welfare/next_gen.pdf.
- Morris, P; A. Huston; G. Duncan; D. Crosby; and J. Bos. 2001. How Welfare and Work Policies Affect Children: A Synthesis of Research New York: MDRC.
- Schoeni, Robert and Rebecca Blank. 2000. "What Has Welfare Reform Accomplished? Impacts on Welfare Participation, Employment, Income, Poverty, and Family Structure." Washington, DC: National Bureau of Economic Research Working Paper #WP7627.
- Stone, Deborah. 2000 (March 13). "Why We Need a Care Movement." *The Nation*, 13-15.