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How Are Children and Families Faring a Decade After Welfare Reform? Evidence from Five Non-Experimental Panel Studies

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Abstract

Not applicable

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA; P.L. 104–193) of 1996 formalized a shift in the nature of welfare policy in the United States. Although PRWORA instituted broad changes across multiple programs and policy arenas, including Supplemental Security Income (SSI), Food Stamps, child support, child protection, child care, and child nutrition programs, perhaps the most significant (and certainly the most debated and studied) changes dealt with the provision of cash welfare. The replacement of Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF) ended the entitlement to cash welfare for poor families in the United States that was first created by the Social Security Act of 1935. In addition to providing states with some latitude in the design of their TANF programs, PRWORA also conditioned federal match dollars for cash assistance on work requirements and time limits. At the time of PRWORA's passage, critics argued that these changes would lead to widespread increases in poverty and material hardship, as well as decreases in child and family well-being among low-income single-mother families (Jencks, Winship, and Swingle, 2006).

More than a decade after the passage of this landmark legislation, welfare caseloads have decreased and employment rates for single mothers have risen (Blank, 2002; U.S. House of Representatives, Committee on Ways and Means, 2004). It appears that PRWORA has not brought about substantial changes in child and family poverty, hardship, or well-being. Evidence linking welfare reform to children's outcomes is mixed, with effects varying by child age and developmental domain (Chase-Landsdale, et al, 2003; Dunifon, Kalil, and Danziger, 2003; Tout, Scarpa, and Zaslow, 2002; Zaslow, et al., 2002).

Some of the most compelling evidence of PRWORA's impact on children and families is drawn from experimental evaluations of state welfare waivers and welfare-to-work programs that preceded the 1996 federal welfare legislation. However, despite clear

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advantages associated with experimental designs for determining causal effects, such studies may not fully illuminate the mechanisms through which welfare reform may affect various child and family well-being outcomes, particularly in the absence of comprehensive baseline information and multiple assessments over time. In addition, these experimental evaluations were conducted prior to the implementation of state TANF programs. Consequently, state waivers differ from TANF packages which included additional policy elements (e.g., full family sanctions, lifetime limits on assistance).

Another group of studies involving welfare “leavers” followed PRWORA’s implementation. These studies have provided important descriptive evidence regarding earnings, income, and employment patterns for families exiting welfare, but many are limited in the extent to which they assess other types of outcomes such as family functioning and child development. Both the experimental waiver studies and the “leaver” studies have been synthesized elsewhere (Acs, Loprest, & Roberts, 2001; Blank, 2002; Grogger & Karoly, 2006).

Shortly after PRWORA was implemented, several large-scale, non-experimental panel studies were fielded. Each includes a large sample or sub-sample of current and former TANF recipients or applicants who have been surveyed at multiple time points. Furthermore, each of these studies collects detailed information on child and family well-being. The five studies—the Welfare, Children, and Families: Three-City Study (3-City), the Women’s Employment Study (WES), the Fragile Families and Child Wellbeing Study (FF), the Illinois Families Study (IFS), and the Milwaukee TANF Applicant Study (MTAS)—extend beyond the time period analyzed by the experimental evaluations and provide new insight about whether and how a variety of child and family well-being outcomes are associated with welfare and work among current and former TANF recipients.

This special issue of *Children and Youth Services Review* provides a collection of articles that explore how low-income children and families are faring a decade after welfare reform. These articles contribute to the literature on the effects of welfare reform by attending to outcomes that have received limited attention in prior work, such as children’s health (Osborne and Knab, 2006; Slack, Holl, Yoo, Amsden, Collins, and Bolger, 2006) and child welfare services involvement (Dworsky, Courtney, and Zinn, 2006), as well as by focusing on the potential mechanisms through which welfare-to-work experiences may be associated with parenting, family well-being, and child outcomes (Coley, Lohman, Votruba-Drzal, Pittman, and Chase-Landsdale, 2006; Kalil and Dunifon, 2006; Osborne and Knab, 2006). We briefly summarize each of the articles below.

The issue begins with an article by Slack et al. (2006a) that summarizes trends in family economic well-being following PRWORA among TANF involved families who participated in the five studies. The article first describes the economic and policy contexts in which PRWORA was passed and summarizes the results of the experimental evaluations that preceded welfare reform, and the subsequent TANF “leaver” studies. It then provides a summary of key components of state TANF programs relevant to the study samples. The analysis, which involves data from all five studies, provides descriptive information on the economic well-being of current and former welfare recipient families from 1997 to 2003,

following PRWORA's passage. Results are largely consistent with findings from prior research. Most families continue to have low incomes and many remain dependent on public benefits, despite gains in some indicators of economic well-being. For example, across studies the authors find that, on average, families experienced gains in earnings, wages, and income relative to family size. However, a considerable proportion of these families continue to experience food, housing, and health care related hardships during these years. Such findings necessitate further examination of the shifts in the U.S. economic safety net brought about by PRWORA, and the implications for child and family well-being (Loprest & Zedlowski, 2006).

In the second article, Coley et al. (2006) explore relationships between welfare and work transitions and concomitant changes in family functioning. Their analyses, using 3-City data and lagged regression models that control for both family characteristics and prior levels of family functioning, suggest that transitions into employment and stable employment (i.e., 30 hours or more per week) are associated with increases in income, improvements in mothers' psychological well-being, and decreases in financial strain and food insecurity. However, they find links between sustained or initiated welfare receipt and decreases in income and declines in mothers' physical health and psychological well-being. Finally, they find little evidence of associations between welfare and work transitions and changes in parenting quality or children's home environments. Their findings, imply that welfare and work transitions have larger impacts on both family economic hardship and maternal psychological well-being than on parenting behaviors.

Kalil and Dunifon (2006) use five waves of WES data on women selected from the 1997 welfare rolls in Michigan to examine associations between work participation, welfare receipt, and child behavior problems. Their analyses, which utilize fixed effects techniques that control for time-invariant characteristics of mothers and children, reveal few direct associations between work and welfare participation patterns and child behavior problems. However, they find significant associations between several measures of social and economic hardship, such as financial strain and hassles, and mothers' psychological problems and stress, as well as child behavior problems. They conclude that economic and psychological stressors continuing to impact former welfare recipient families, despite increases in work and decreases in welfare use, are more closely linked to child behavior problems than work or welfare participation levels in and of themselves.

Osborne and Knab (2006) use the FF study to investigate the effects of employment and welfare receipt on health status and behavior problems among 3-year-old children whose mothers received welfare at some point following their birth. They find that mothers who transition from welfare to work have children who are in better overall health and have fewer behavioral problems than those who remain on welfare. However, these findings are largely explained by differences in the background characteristics, as well as factors such as maternal stress and depression, of mothers who transition to employment and those who remain on welfare, rather than by employment per se. On the whole, their results suggest that children whose mothers successfully transition to work have better health and behavioral outcomes than those whose mothers remain on welfare, but that these correlations are unlikely to be causal. They conclude that policies and programs should assist

families attempting to transition from welfare to work by addressing barriers to employment and minimizing the maternal stress and depression that may be associated both with these transitions and with child outcomes.

Slack and colleagues (2006b) examine associations of patterns of maternal employment and welfare receipt with health care access and subsequent assessments of young children's physical health. Their data are drawn from the IFS, a sample of low-income families transitioning from welfare to work in Illinois. After accounting for a number of factors associated with children's health outcomes, they find that children in families in which the primary caregiver is neither employed nor receiving welfare are in better health than those in which the primary caregiver is working and not receiving welfare. It is unclear, however, whether this is due to caregiver perceptions of children's health, although the authors conduct several sensitivity tests that suggest this may not be the case. Health outcomes for children whose caregivers are either unemployed and receiving welfare or combining work and welfare are similar to those for children whose caregivers are working and not receiving welfare. The authors identify several associations between health care access (e.g., gaps in health insurance coverage, sources of primary care, types of health insurance) and children's health outcomes. These results suggest that greater efforts are needed to ensure health coverage for children whose caregivers are transitioning from welfare to work, and that closer attention must be paid to the welfare and work decisions these caregivers make vis-à-vis their children's physical health.

Finally, Dworsky, Courtney, and Zinn (2006) use data from MTAS to identify predictors of child welfare services involvement among families who applied for TANF in Milwaukee in 1999. They find that more than one third of these families were investigated for child maltreatment and, within a group of randomly selected "focal children," 11% were placed in out-of-home care by the end of 2003. Prior child welfare services involvement and economic hardships were identified as primary predictors of these outcomes. Child-specific attributes and behaviors were not linked to child welfare services involvement once parent and family characteristics were controlled. Given high rates of child welfare services involvement among these TANF applicants, as well as positive associations between economic hardship and increases in child welfare services involvement, the authors argue that TANF agencies are serving a population that has difficulty meeting both family and work responsibilities.

What do these findings contribute to our broader understanding of the effects of welfare policies on child and family wellbeing? It appears as if mothers' experiences of work and welfare are associated with their economic and psychological wellbeing, as well as their experiences of material hardship. Links between maternal employment, welfare, and children's wellbeing, however, are less evident. Indeed, there are few strong associations between mothers' work and welfare experiences and their children's health and behavior. This is perhaps not surprising when we consider the complexity of low-income families' lives. Many of the families included in these studies have faced economic challenges long before the existence of TANF, and there may be enduring characteristics of parents that are not substantially affected by shifts in welfare policy. Still, despite the limited findings that emerged from these studies related to welfare and work effects on children's outcomes,

several studies do suggest that proximal contexts, such as maternal mental health or access to health insurance, influence children's health and behavior.

Taken together, this evidence suggests that while the policy context has shifted for many families, child and parenting outcomes may be less sensitive to changes in and levels of parental work and welfare than originally thought. However, it is clear that economic hardships and parental well-being in and of themselves continue to play a critical role in children's development and family functioning. Welfare reform policies did not eliminate such hardships, nor did they significantly improve the economic situations or the health and wellbeing of former TANF recipients and other low-income families.

A final comment on this special issue pertains to future research. Very little is presently known about the strategies used by today's low-income families to "make ends meet." It is time to shift our objective from understanding "welfare reform" to understanding the current economic safety net for low-income families, and its impact on family and child wellbeing. In the next wave of policy innovations and reforms, more explicit focus should be given to the promotion of positive outcomes for children and families who face unstable economic situations. A new policy direction that supports a more holistic view of family functioning could, potentially, help families achieve significant gains in multiple domains of health and economic wellbeing.

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