

Kids and Welfare Reform: Different Ages, Different Results

IN BRIEF:

Most analysis of welfare reform focuses on economic impact. Researchers crunch numbers to answer questions such as: How many people have made the transition from welfare to work? How much income are new employees generating? What effect will these statistics have on future budget allocations?

Money, of course, matters, but it is only one aspect of a very complex issue. Last year, 68 percent of Indiana residents eligible to receive funds from the Temporary Assistance for Needy Families program (TANF) were under the age of 18. This raises an often-overlooked question: *How does welfare reform affect the healthy development of children and youth?* Recent studies indicate that the initial effects of reform on children and youth vary according to the age of the child. The mixed findings that have emerged from state and national research offer important insights for parents and policymakers who are involved in another round of welfare policy debates.

The table below presents the number of Hoosier children eligible for TANF in each of these age groups.

BACKGROUND:

Indiana introduced welfare reforms in 1995, a year before the federal government followed suit and passed its TANF legislation. This gave Indiana a jumpstart on implementing TANF. Framers of both programs hoped to:

- Increase levels of employment among welfare recipients
- Decrease reliance on public assistance
- Make work more financially rewarding than welfare
- Encourage responsible parenting.

The revamped program specifies that: a parent with children older than one year must work at least 25 hours a week or be looking for a job, adults have a 24-month lifetime limit on TANF funds, and children can continue to receive assistance as needed. To promote good parenting practices, the law mandates that adult TANF recipients agree to meet immunization requirements for their preschoolers, monitor the school attendance of their older children, provide a safe and secure home, and refrain from illegal drug use.

Number of Hoosier Children Eligible for TANF

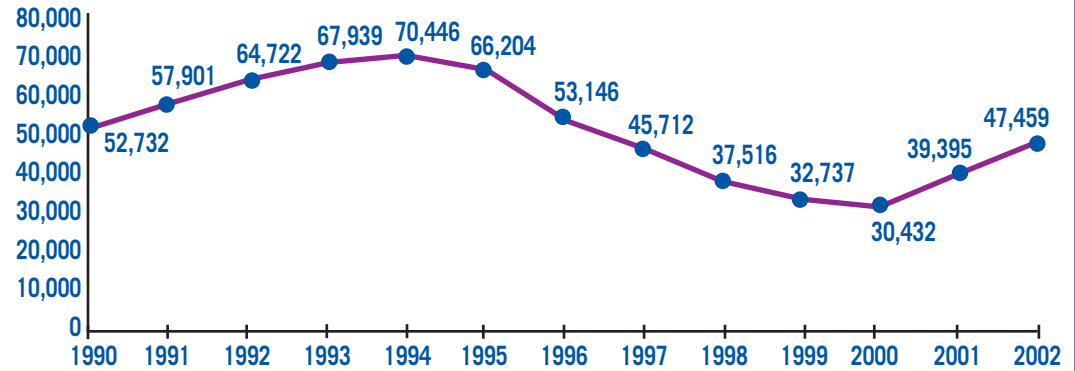
Age group	Frequency	Percent of all children in Indiana by age group	
Less than 1 year	6,424	7.6%	or 1 out of every 13
1 to 4 years	24,359	7.2%	or 1 out of every 14
5 to 12 years	34,787	4.9%	or 1 out of every 20
13 to 17 years	11,961	2.7%	or 1 out of every 37

The Top Challenges

The federal policy guaranteed that even if a state reports a decline in its number of welfare cases (one indication the reforms are working), that state would receive the same funding allocation that it received in 1994. For Indiana, this meant funding was based on 70,446 cases, although the caseload had decreased to 30,432 by 2000. The following year it bounced up to 39,395.

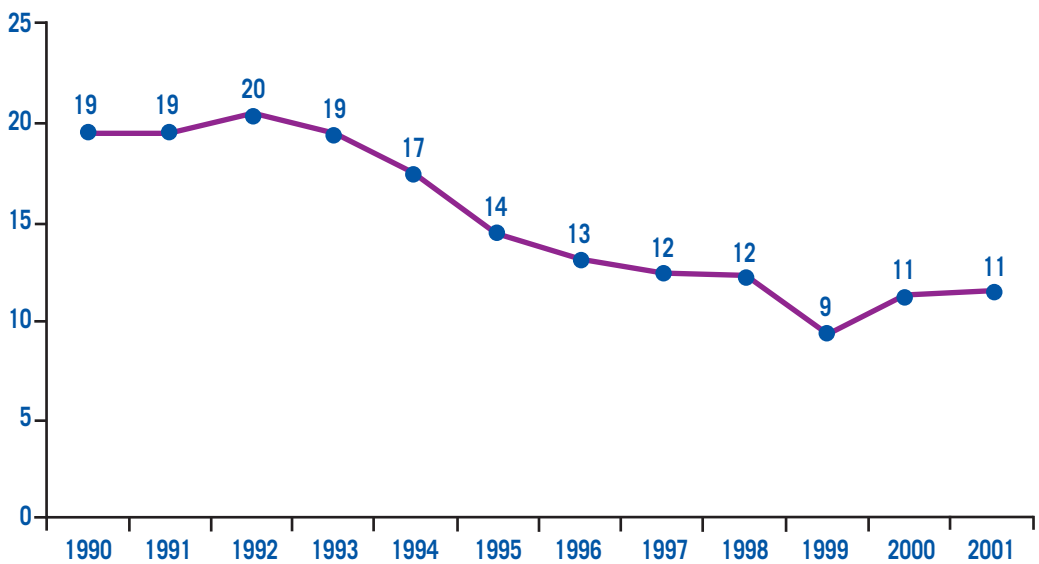
Although better than the national average, the number of welfare cases in Indiana is on the rise, as is the number of children living in poverty.

Monthly Average Number of Families Receiving AFDC/TANF, Indiana: State Fiscal Years 1990-2002



Source of Data: Indiana Department of Public Welfare, Annual Reports, FYs 1990, 1991; Indiana Family and Social Services Administration, Division of Family and Children, Annual Report, FY 1992; Indiana Family and Social Services Administration, Division of Family and Children, Demographic Trend Reports, FYs 1993-1995; Indiana Family and Social Services Administration, Division of Family and Children, Demographic Trend Reports, SFYs 1996-2002.

Percent of Children in Poverty, Age 0-17, Indiana: Calendar Years 1990-2001



Source of Data: U.S. Census Bureau, Housing and Household Economic Statistics Division, Current Population Survey, 1989-2002.

BEYOND ECONOMICS:

Shifts in the economy can affect families making the transition from welfare to work. For example, a newly employed parent on the way to financial self-sufficiency may boomerang back to the welfare rolls when an economic downturn prompts layoffs. If the job market doesn't improve and the parent's TANF benefits run out, the family could experience a range of consequences. Some research shows a link between a family's income and the healthy development of the family's children. However, other factors also play important roles: the nature of the parent's job, the quality of child care, the availability of after-school activities, and the parent's psychological well-being. What's more, welfare reform affects youth differently, depending on their ages.

IMPACT ON HOOSIER YOUTH:

To measure the impact of welfare reform on children in Indiana, the U.S. Department of Health and Human Services supported a survey of 1,679 Hoosier families on TANF. Half of the families complied with the "new" welfare reform policies, and half of the families followed the "old" traditional welfare policies. The results were mixed. Overall, youth fared neither better (as proponents had hoped) nor worse (as critics had warned) in measurable outcomes such as education, the drop-out rate, social behavior, and emotional well-being.

Although findings aren't as significant as reform advocates and opponents had expected, a few key differences emerged from the study:

IMPACT OF WELFARE REFORM ON CHILDREN IN INDIANA

- **Mothers in the welfare reform group said they felt less stress in fulfilling their parenting responsibilities.**
- **Children of working parents were subjected to multiple childcare arrangements, but they spent less time as "latch-key kids" caring for themselves.**
- **More than 36 percent of children in the reform group changed schools within the past two years, as compared to 31.5 percent in the traditional group.**
- **The school performance of adolescents in the reform group was slightly lower than adolescents in the traditional group, according to parent surveys.**

Summary of Findings for Indiana's Welfare Reform Evaluation in 2000¹

	Increase in Welfare Reform Group	Decrease in Welfare Reform Group	No Difference between Groups
Impacts on Parental Employment, Income, and Material Well-being			
Parent employment	X		
Annual household income			X
Percent of families under the Federal Poverty Line			X
Material hardship and financial strain			X
Impacts on Children's Environments			
Proportion of mothers at risk for clinical depression			X
Household stability (number of moves)			X
School stability (number of school changes)		X	
Number of hours children spent in self-care		X	
Number of different child care arrangements	X		
Measures of home environment including cognitive stimulation, emotional support, family support for learning, and family routines			X
Self-reported parental warmth			X
Self-reported parental harshness			X
Self-reported parental aggravation		X	
Impacts on Children			
Education outcomes, including school performance, school engagement, grade repetition, receipt of special education, and absenteeism			X
Behavior outcomes, including social competence, behavior problems, or school disciplinary actions			X
Overall health status or medical and dental care histories			X
Impacts on Adolescents			
School performance		X	
Drop-out rate			X
Social behavior and emotional well-being, including school disciplinary actions, criminal behavior, and teen births			X

Note. Reported group differences are based on statistical significance at the 5-percent level. Due to limitations of the study, these results should be viewed as preliminary and not conclusive.

¹Beecroft, E., Cahill, K., Goodson, B.D. (2002). *The Impacts of Welfare Reform on Children: The Indiana Welfare Reform Evaluation*. Cambridge, MA: Abt Associates, Inc. Available at: http://www.abtassoc.com/reports/Indy_Child_Final_Report.pdf

THE BIG PICTURE:

Like Indiana, other states are conducting research to determine the impact of welfare reform on their children. The findings, many reported in preliminary stages, indicate:

- A program that transitions TANF recipients into the workforce but doesn't supplement their earnings after they find jobs—by maintaining child care subsidies, food stamps, TANF benefits, etc.—typically increases the number of working parents but has little impact on school-age children².
- The academic performance of school-age children consistently improves, however, in a program that continues to supplement a family's income after a parent finds work².
- Negative outcomes for youth are most pronounced in the school achievement of adolescents who take on childcare responsibilities for young siblings or work part time to help ease the family's budget woes².
- However, new research indicates that mothers' transitions off welfare and into employment may have a positive effect on adolescents' emotional well-being³.
- Information about the impact on infants and toddlers is too inconclusive to offer any definitive insights².

CONCLUSION:

Before reforms were put in place, previous welfare benefits had existed for more than three decades. The latest policies have been part of public law for less than eight years. Thus, the full impact of the reforms has not yet been realized. In fact, the most thorough research conducted to

this point has scrutinized only the first two years after the changes in the state and national welfare laws. To date, studies show that:

- Welfare reform in Indiana has not measurably affected—positively or negatively—most youth.
- Any noticeable impact varies with the child's age, although more data are needed to better substantiate these initial findings.
- The strongest impact detected thus far involves those teens who reportedly fare worse in school after their mothers move from welfare to work.

ACTION:

- The complexity of this issue calls for ongoing research to track the long-term impact of welfare reform on youth development and how that impact varies with the age of the child.
- Government officials should look beyond simple economic data and closely review the more complex youth-development data when devising and revising welfare policies.
- Parents who have moved from welfare to work need to know how the transition affects children of different ages in different ways.
- Schools and youth-serving organizations should continue tailoring their programs and services to meet the unique needs of children in welfare reform families.
- Business leaders should be fully aware of how the transition from welfare to work can impact the children of new employees who have recently left the welfare rolls.

²Work First, What Next?: A Special Report on the Future of Welfare Reform. *AdvoCasey, Volume Four, Number Two B, Summer 2002*. AdvoCasey is a publication of the Annie E. Casey Foundation.

³Chase-Lansdale, P. L., Moffitt, R. A., Lohman, B. J., Cherlin, A. J., Levine Coley, R., Pittman, L. D., Roff, J., and Votruba-Drzal, E. (2003). Mothers' Transitions from Welfare to Work and the Well-Being of Preschoolers and Adolescents. *Science, 299*, 1548-1552. Available at: www.sciencemag.org/content/vol299/issue5612/index.shtml

RESOURCES:

Researchers continue to probe the effects of welfare reform on families. Documents and Web sites that offer up-to-date findings include:

The Next Generation project of the Manpower Demonstration Research Corporation (MDRC)

<http://www.mdrc.org/NextGeneration/index.htm>

Publications include:

New Findings on Welfare Reform and Children Pose Challenges for Federal and State Policymakers (2002)

How Welfare and Work Policies for Parents Affect Adolescents: A Synthesis of Research (2002)

How Welfare and Work Policies Affect Children: A Synthesis of Research (2001)

Welfare, Children and Families: A Three-City Study

www.sciencemag.org/content/vol1299/issue5612/index.shtml

Research Article:

Mothers' Transitions from Welfare to Work and the Well-Being of Preschoolers and Adolescents. *Science* 299, 1548-1522 (2003)

The Joyce Foundation of Chicago, Illinois

<http://www.joycefdn.org>

Publications include:

Welfare to Work: What Have We Learned? Findings from research on welfare reform in Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin (2002)

Child Trends

<http://www.childtrends.org>

Publications include:

Children in Working Poor Families: Update and Extensions (2003)

The Unfinished Business of Welfare Reform: Improving Prospects for Poor Children and Youth, Prospectives from Research (A Special Report) (2002)

Impact on Children In Experimental Studies of Welfare-to-Work Programs (2001)

RAND Corporation

<http://www.rand.org/publications/RB/RB5068/>

Research Brief:

A Decade of Welfare Reform: What We've Learned About Child Well-Being (2002)

The Welfare News Alert

<http://www.welfarenewsalert.org>

Designed for journalists, this site offers quick, easy-to-read summaries and links to key reports, issue briefs and legislative testimony on welfare reform.

Other Indiana Youth Institute Resources

IYI'S WEB SITE - WWW.IYI.ORG

- A growing source of reliable information to youth workers, including new reports, county data on Indiana youth, and IYI's entire catalog of library materials that can be borrowed online.
- IYI's Kids Count database contains county and state level data on indicators such as:
 - Percent of children in poverty
 - Monthly average of families receiving TANF
 - Monthly average persons issues food stamps
 - Per capita income
 - Unemployment rate
- IYI's Web site also features summaries of recent information culled from journal articles, newspapers, books, and government sources. Links to the full-text reports are provided.
- Can't find the data you need on our Web site? An IYI staff member is available to answer data-related questions and provide custom research.

VIRGINIA BEALL BALL LIBRARY

- An outstanding 6,000-volume collection of materials on healthy youth development, youth service delivery, nonprofit management, and fund raising. All materials can be borrowed free through IYI's Web site or through our toll-free main number. IYI's librarian is available to answer reference questions.

IYI WEEKLY UPDATE

- A quick, no-cost source of relevant reports, policy updates, grant tips, and other easy-to-read, useful information read by over 8,000 youth workers each week.

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