

A View from the
**RESEARCH FORUM ON CHILDREN,
FAMILIES, AND THE NEW FEDERALISM**

EXECUTIVE SUMMARY

Welfare Research Perspectives

Past, Present, and Future

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Research findings are providing increasingly valuable information about the effects of welfare changes on families receiving public assistance. This summary of a working paper, from the Research Forum on Children, Families, and the New Federalism, National Center for Children in Poverty, outlines past and current research activities related to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and describes the proliferation of research reports scheduled for publication over the next several years. Most importantly, it identifies questions and issues still to be addressed. A full copy of this paper may be obtained through the Research Forum's web site, www.researchforum.org, or by contacting the Research Forum at (212) 304-7132.

Background

The enactment of the PRWORA in 1996 ended Aid to Families with Dependent Children (AFDC), the federal entitlement to assistance for eligible needy families with children, and created the Temporary Assistance for Needy Families block grant (TANF) to the states. The specified goals of TANF are to:

- ▶ Provide support to poor families so that children may be cared for in their own homes or in the homes of relatives
- ▶ Reduce the need for government benefits by promoting job readiness, work, and marriage and family guidance
- ▶ Prevent and reduce non-marital pregnancies and encourage the formation and maintenance of two-parent families

Under TANF, states have greater flexibility over the design and implementation of their welfare programs, but are required to impose work requirements and enforce a five-year limit on the receipt of federal assistance. PRWORA makes \$16.8 billion available to states each year through 2002 to help them achieve TANF goals.

Since the passage of PRWORA, welfare programs in the United States have changed profoundly. Foremost among the changes is the dramatic and continuing reduction in the number of individuals participating in the TANF program. In 1998, three million families were receiving cash assistance from TANF, a reduction of 40 percent from the caseload of five million families receiving AFDC in 1994. Reductions in this caseload are being attributed to PRWORA-mandated changes in immigrant eligibility, movement into the work force, departures due to sanctions or time limits, and reduced entries that reflect diversion programs as well as participants' reluctance to conform to TANF mandates, particularly the work requirements. In the 1990s, a strong economy and new state waiver programs had already stimulated declining enrollment in AFDC. PRWORA's requirements, plus continued economic vitality, are sustaining these earlier trends.

Numerous research studies indicate the extent to which welfare programs have changed. Not only have cash assistance caseloads been dramatically reduced, but participation in the Food Stamp and Medicaid programs has also diminished. Congressional intent to

reduce the number of low-income or poor families' receipt of government benefits has been achieved in a remarkably short period of time.

The legislative intent to promote job entry and work is also being achieved. A new report by the U.S. Government Accounting Office (GAO), *Welfare Reform: Information on Former Recipients' Status* (April 1999), and other recent studies describe significant entry to employment by former recipients of TANF.

However, while large percentages of the welfare caseload are entering employment, many issues connected to job retention and adequacy of income are emerging. At the same time, the decline in non-marital pregnancy and divorce rates—which began prior to the enactment of PRWORA—continues. Both of these trends are clearly related to PRWORA's interest in child well-being.

Prior or Current Research Findings Most Pertinent to PRWORA's Objectives

- ▶ Research and analytic studies during the 1980s indicated that (1) modest investments led to modest improvements in employment, earnings, and reduced reliance on public assistance and (2) caseload dynamics were related to levels of education and employment experience. This research identified a cohort of individuals (about 50 percent of the caseload) who moved into the work force in a relatively short time.
- ▶ Three controlled experiments: The New Chance Demonstration, Teenage Parent Demonstration, and Learning, Earning, and Parenting (LEAP) Program, produced findings that delineated the difficulties of improving education, employment, income, and child bearing outcomes for young mothers.
- ▶ Carefully designed studies that track children whose parents were participants in the Job Opportunities and Basic Skills Training (JOBS) program (now the National Evaluation of Welfare-to-Work Strategies) and in the New Chance Demonstration have produced information about the severity and prevalence of physical and developmental problems for children of teenage and other welfare mothers. These findings substantiate earlier analyses by Child Trends, which detailed the problems of poor children, particularly those in low-income working families.
- ▶ More recent research emanating from the waivers of the early 1990s produced information about the imposition of time limits and sanctions prior to PRWORA. While both the administration of and rationale propelling time limits and sanctions are often problematic for staff and welfare participants, research findings document increases in employment and reductions in caseloads at sites where time limits and sanctions were imposed.
- ▶ Several experimental programs with mandatory work requirements include income supplements in order to give a clear incentive to obtain employment and achieve self-sufficiency. While program components differed significantly, the New York Child Assistance Program, the Minnesota Family Investment Program (MFIP), the New Hope Project, Canada's Self-Sufficiency Project, and various other programs demonstrated increases in income, reductions in poverty, and improvements in child well-being.

New Research Expected to Yield Significant Findings

- ▶ New research activity is focused on those who have left the caseloads. These “leavers” are the subject of many studies. Early findings show that entry to employment has significantly increased although the jobs these individuals attain generally pay low wages and recidivism is significant (about 20 percent).
- ▶ Child outcomes are currently the subject of evaluations in multiple states, five of which are using comparable measures. Findings from these studies will be published in 2000 and 2001. Other studies, including the Fragile Families Project and Welfare, Children, and Families: A Multi-City Study, will also produce relevant findings.
- ▶ Welfare-to-Work programs intended to support the transition of “hard to place” TANF recipients are being evaluated and should provide valuable information during the next several years about strategies for participants who are particularly vulnerable.
- ▶ Several other research projects are focused on specific populations such as immigrants, urban and rural participants, and Native Americans in order to highlight the differential effects of PRWORA and other statutory changes.
- ▶ Ten states are designing employment retention initiatives to examine which combinations of support (e.g. Earned Income Tax Credit (EITC), Food Stamps, Medicaid, and housing subsidies) may help sustain employment and reduce recidivism. Several initiatives are testing the effects of changes in transportation and housing policies and how they may advance PRWORA objectives.

Unanswered Questions and Questions Requiring More Adequate Exploration

- ▶ More research is needed to examine the impact of PRWORA and other statutory changes on immigrant families. In particular, studies focused on the degree to which the reduction of benefits, such as welfare, Medicaid, Food Stamps, and caseload reductions reflect diminishing benefits for immigrants, especially immigrant children, can help lawmakers formulate ameliorative policies.
- ▶ While research shows that child poverty cuts across all racial and ethnic boundaries in the United States, child outcome studies that target Latino and African-American children, children whose families live in urban and rural areas, and children in immigrant families are critically important.
- ▶ Further research should focus on effective interventions for those TANF participants who do not enter employment, those affected by sanctions, and those who are long-term “stayers.” These studies will likely reveal a high incidence of particular disabilities including depression, developmental disabilities, and/or drug use among these specific TANF populations. Conditions such as these may respond to carefully designed interventions, which require testing.

Testimony regarding the April 1999 GAO study raised a set of related questions that should be at the core of both current and forthcoming welfare reform research. These

questions include:

- ▶ How do families fare after leaving welfare to work?
- ▶ What is happening to families who sought, but were diverted from, cash or other assistance?
- ▶ How effective are states in working with welfare recipients who are difficult to employ?
- ▶ How would an economic downturn affect states' welfare reform programs?

Emerging Research Issues

In addition to expanding the topical areas for research studies, a number of research methodology issues require action. These include:

1. Promoting well-designed, rigorous research

While research activities are producing a wealth of information, the quality of the studies varies considerably. Issues related to design, scale, sample size, participation and response rates, attrition, and implementation all affect the validity of each study's findings. Thus, it is exceedingly important to showcase the research that will produce the most reliable findings.

2. Disseminating information from conferences and meetings

There are an increasing number of forums where respected researchers can give important presentations. In the past year, government and non-government organizations such as the U.S. Department of Health and Human Services, the Institute for Research on Poverty (University of Wisconsin-Madison), the Joint Center for Poverty Research (Northwestern University/University of Chicago), the National Research Council, the Welfare Reform Academy, The Urban Institute, and The Brookings Institution have hosted multiple meetings on income security research. In addition, the Annie E. Casey Foundation has supported monthly briefings for congressional staff. These and similar presentations need to be systematically summarized, so that pertinent information reaches larger audiences of researchers, policymakers, program personnel, and the media.

3. Synthesizing findings

Simultaneous studies are measuring the effects of particular program components, such as time limits, financial incentives, sanctions, and school attendance requirements. Others are analyzing the impacts of different TANF programs on specific populations, such as children and welfare leavers. In addition, in every state, multiple research projects are examining aspects of the state's income security programs and policies. Synthesizing findings from these various sets of studies should be a research priority.

4. Enhancing current research activities

Analytic and implementation studies require continued support in order to improve representativeness and sample size, extend the duration of the study inquiry, and generally enhance research design. Expanding efforts to improve the quality and use of administrative data are of particular importance.

5. Examining specific populations

Many questions about the effects of TANF on adults and their children remain unanswered. Much more information is needed about the status of those families who earn low wages or who have left public assistance without obtaining employment. Researchers need to understand how high-risk families, where the parent(s) may be depressed, developmentally disabled, or drug addicted, are faring. They will also need to examine the well-being of immigrant families, families from diverse racial and ethnic groups, families from different types of residential areas (e.g. urban, rural, and suburban), as well as welfare cases in which the child and not the parent is eligible for TANF.

6. Testing special interventions

Based on what is being learned about specific populations, different programs need to be developed and experimentally tested in order to identify effective interventions for salient problems. For poor working families, some combination of an EITC, access to Food Stamps and Medicaid, and provision of quality child care, transportation, and housing assistance may increase stability and decrease the likelihood of recidivism that many of these families experience. For more troubled and dysfunctional families, a combination of well-designed supported work programs, and enhanced, Head Start-like child care may succeed in reducing TANF enrollment and promoting child well-being. A point has now been reached in PRWORA's implementation when testing such initiatives is timely.

Conclusion

Clearly, the next several years will produce more findings and extensive knowledge about the effects of many aspects of TANF, including financial incentives, time limits, and sanctions. Still to come will be findings about the special needs of former recipients and families leaving or diverted from TANF, immigrants, Native Americans, urban and rural participants, and public housing residents. In addition, there will be information about child outcomes and the effectiveness of job retention, Welfare to Work, and transportation interventions. These research results will be enhanced by The Rockefeller Institute's study of TANF implementation at the state level, the many statistical analyses of The Urban Institute's Assessing the New Federalism project, and the Center for Law and Social Policy's detailed descriptions of regulatory changes, as well as analytic reports from the Center on Budget and Policy Priorities. Support for still other research activities is critical in order to address new and emerging research issues.

The documented progress in research activities is commendable and deserves recognition. Now is the time to apply what has been learned to our national and state policy and local practice activities, even as additional support is marshaled for research to enrich our understanding of America's low-income families.

The **Research Forum on Children, Families, and the New Federalism**, an initiative of the National Center for Children in Poverty, was founded in January 1997, with support from the Annie E. Casey, Russell Sage, George Gund, Edna McConnell Clark, and the Chase Manhattan Foundations. The Research Forum is committed to encouraging rigorous study of issues and interventions affecting poor families; to promoting collaborative work among and between researchers, policymakers and practitioners; and to facilitating access to information that can inform policy and practice.