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NATIONAL FORUM ON EARLY CHILDHOOD PROGRAM EVALUATION

# Workforce Development, Welfare Reform, and Child Well-Being

WORKING PAPER 7

Center on the Developing Child  HARVARD UNIVERSITY

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# NATIONAL FORUM ON EARLY CHILDHOOD PROGRAM EVALUATION

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# The Issue

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DEBATE REGARDING WORKFORCE DEVELOPMENT AND WELFARE REFORM OFTEN FOCUSES EXCLUSIVELY on the skills, employment, and economic self-sufficiency of parents. Consequently, little attention has been paid to whether these programs can improve the chances that children in these families will break the intergenerational cycle of poverty. Can policies promoting family self-sufficiency increase *both* parents' incomes *and* their children's school success? What kinds of work supports matter most for improving child well-being? How can these policies play a role in addressing our nation's economic problems?

Transitions from welfare to work may benefit children by placing them in stimulating child care settings, creating positive maternal role models, promoting maternal self-esteem and sense of control, introducing productive daily routines into family life, and eventually, fostering career advancement and higher earnings on the part of both parents and children. On the other hand, efforts to promote employment may overwhelm already stressed parents, force young children into substandard child care, reduce parents' abilities to monitor the behavior of their older children and, for those unable to sustain steady employment, deepen family poverty. Understanding what makes the difference between these positive and negative outcomes for children should be as much the focus of investigation—and public policy—as what improves adult workforce participation.

This Working Paper summarizes recent evidence from a series of evaluations of family

self-sufficiency programs. These studies show that policies can be successful in achieving both positive economic benefits for parents (increased employment, for example) and positive educational effects on their children. It need

## Can policies promoting family self-sufficiency increase *both* parents' incomes *and* their children's school success?

not be the case that increasing mothers' work effort, for example, simply increases their time away from the family and harms their children. Certain types of economic policies can in fact benefit children's school performance and social behavior.

## What Evaluation Research Tells Us

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POLICIES THAT MAKE WORK PAY BY INCREASING both work and total family income boost younger children's school achievement while policies that simply mandate work do not improve child outcomes.

Recent evidence from five large-scale experiments testing 11 different approaches to work and welfare policies holds important lessons for how these policies can influence children's development.<sup>1,2</sup> The policies tested two overall approaches to encouraging employment—"making work pay" by supplementing earnings and simply mandating employment within

the welfare system but without extra income supplements. Both kinds of policies increased employment and earnings among parents living in poverty. But only the "make work pay" approach increased family income (typically by between \$1,500 and \$2,000 a year). In the case of mandated programs, earnings increased but welfare payments fell by similar amounts, producing little to no net changes in total family income.

These experiments were conducted in several states and localities in the United States,<sup>3,4,5,6,7</sup> as well as two provinces in Canada.<sup>8</sup> In each set-

ting, an approach to encouraging work was implemented, and effects on children were tested using random-assignment methods and assessment of children’s school performance and social behaviors. These experiments enable us to compare policies that increase both work and family income to policies that simply increase work with respect to their effects on children. The results were remarkably consistent across the 11 programs — only the “make work pay” policies improved children’s school performance and social behaviors, while policies that simply mandated work did not alter children’s outcomes one way or the other.

How large were the effects of the “make work pay” policies? Positive impacts on school performance were small overall, but somewhat larger among younger children making the transition into primary school. For these children, program-induced improvements in school achievement were the equivalent of 1-2 points on an IQ type scale or about 10 points on an SAT-type test. These achievement gains may seem small, but if sus-

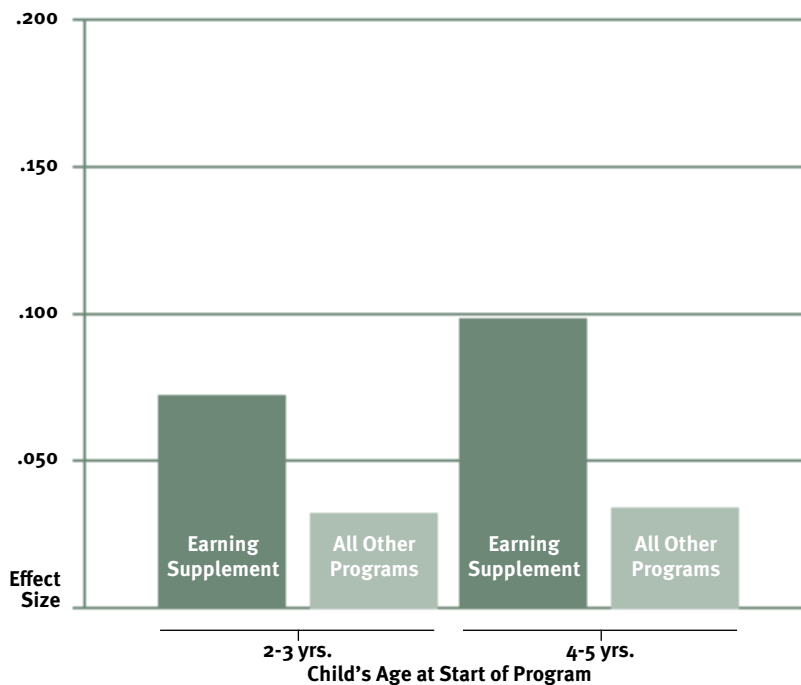
tained they can translate into substantially higher lifetime earnings (see box on page 3 for example of a program where effects were sustained).<sup>9</sup>

**A menu of supports that includes child care will most benefit children.** The evidence from these studies shows that there is no single best program model for the “make work pay” policies. Some successful programs were implemented in welfare systems, but others were implemented outside of such systems, generally through community-based workforce development organizations. The particular approach to be taken can be tailored to the individualized needs of a community, city, or state. Not surprisingly, the “make work pay” policies cost more than mandates, with additional annual costs ranging from \$2,000 to \$4,000 per family. The types of supports in these policies varied, including such programs as wage supplements, subsidies for health insurance and/or child care, and basic skills or job training for parents.

### Making Work Pay Pays off in Student Achievement

#### Effects of “Make Work Pay” Programs on Student Achievement Compared to Other Programs

**Effect sizes** represent the magnitude of differences on student achievement measures between children whose low-income parents received programs with earning supplements, mandated work-only programs, and no intervention. The greater the effect size, the larger the impact of the program as compared to no intervention.



Source: Morris et al. (2005)<sup>16</sup>

One “make work pay” program that provided wage supplements was particularly impressive, demonstrating large positive effects on classroom achievement and behavior for boys and smaller effects for girls. This Milwaukee-based program—the New Hope project—provided not only child care subsidies, but also health insurance subsidies, case managers with low caseloads (i.e., 50 families), and temporary community service jobs that paid the minimum wage.<sup>10</sup> By requiring proof of at least 30 hours of weekly work, New Hope garnered the support of the Milwaukee business community (see box below).

Child care supports appear to be a particularly important “effectiveness factor” for such programs, as research shows that quality of care can matter for children’s early school success. Those programs that included child care subsidies increased the use of center-based care, the type of care that most consistently improves young children’s early school performance.

**Programs that focus on basic skills and job training can help children if they are designed to**

**encourage and support active participation by parents.** Three of the experimental programs mandated participation in basic skills or vocational training, depending on the needs of the mother.<sup>11</sup> Since maternal education is one of the most reliable predictors of children’s

**Only the “make work pay” policies improved children’s school performance and social behaviors, while policies that simply mandated work did not alter children’s outcomes one way or the other.**

achievement, it was expected that the boost in education from being assigned to these training programs might boost child achievement.

Participation in the program was highly variable. Mothers who participated in education and training activities the most (over an average of 8 months) provided significantly better home learning environments for their children. Perhaps as a

## **NEW HOPE:**

### **A Cafeteria of Benefits for Families Leads to Classroom Success for Children**

In the New Hope program, participants committed themselves to full-time work and New Hope in turn promised a package of work supports to ensure that they would not be poor and that they would be able to afford health insurance and licensed child care. New Hope was open to *all* low-income adults (family income below 150 percent of the poverty line), regardless of family circumstances.

Specifically, when New Hope participants provided pay stubs or other proof of full-time work (30+ hours per week), they became eligible for three sliding-scale benefits:

- 1) an earnings supplement that raised their income above the poverty line;
- 2) subsidized child care; and
- 3) subsidized health insurance.

Individuals unable to find full-time work would be eligible for:

- 4) a temporary community-service job.

Taken together, New Hope offered a “cafeteria” of benefits from which participants could pick and choose—a feature that allowed families with diverse needs and circumstances to tailor the program to their own situation. New Hope services were made available in a single office to facilitate the time-consuming and confusing process of dealing with multiple agencies. Although many participants in the original New Hope program were only interested in the program benefits themselves, all had access to help from a caseworker who provided information about jobs, educational opportunities, child care, and other community resources in an atmosphere of respect.

Because its participants were selected by a lottery, New Hope’s evaluation resembled a clinical trial of a new drug, with program participants being compared with otherwise similar women and men who were not chosen in the lottery. The results showed that New Hope increased work and reduced poverty. Teachers reported that children in New Hope families performed better in school, were more cooperative and independent, and had fewer behavior problems and loftier schooling expectations than children in the comparison families. Given that boys, particularly black and Hispanic boys, have a higher risk of school

result, their children’s school readiness increased and academic problems (e.g., special education placement or grade retention) declined.<sup>12</sup>

Overall, however, only about half of the mothers assigned to education or training participated at all, and on average the time spent training was sufficiently small to produce no discernable effect on children’s school readiness. So while education and training programs for mothers have the *potential* for boosting children’s achievement, it has proven difficult to design a program that delivers the required training intensity.

Research on these programs did show that if the program approach (education-first vs. work-first) matched the parents’ expressed goals for these activities, effects on children’s early school achievement were more positive.<sup>13</sup> This suggests that parents’ goals for education and work should be considered in structuring self-sufficiency activities in policies and programs for low income, working families.

**Adolescents and children of the most disadvantaged parents need different supports.** For adolescents, a different story emerged than that for very young children.<sup>14</sup> Both types of policies produced small negative effects on parents’ perceptions of their adolescents’ school performance. Some of the negative impacts on adolescents may have been caused by the fact that the increased employment reduced the amount of parental interaction and supervision. It also appeared that some adolescents developed school problems because they were spending more time caring for their younger siblings.

In addition, these programs were most effective for those families at moderate levels of disadvantage.<sup>15</sup> Children of those parents with the most severe barriers to work (such as low levels of education and prior work experience) did not benefit from even the “make work pay” programs. This suggests that the most disadvantaged families in poverty require more intensive services than most work and income support programs provide.

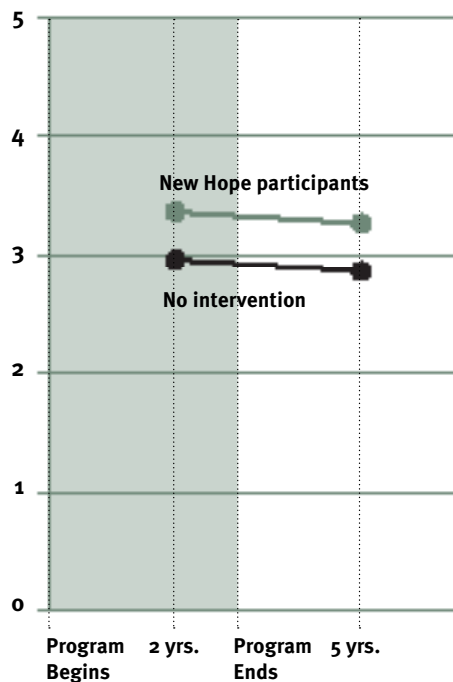
### Sustained Benefits of Making Work Pay

The effects of New Hope were most pronounced on boys. These graphs show the impact of New Hope on boys two and five years after the program began. Achievement was measured by teachers’ response on a five-point achievement-reporting scale, and college expectations by student responses on a five-point scale.

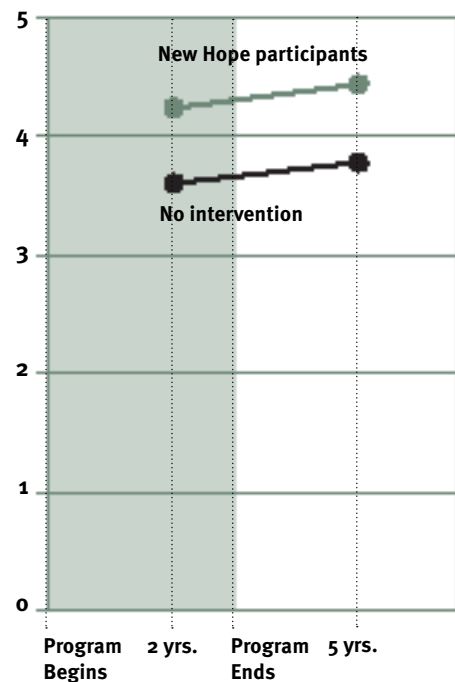
Note: **Effect sizes**, which represent the magnitude of differences between boys participating in the New Hope program and a control group receiving no intervention, are moderate—roughly .3-.4.

Source: Huston, et al. (2003).<sup>7</sup>

**Boys in New Hope Rate Higher in School Achievement Over Time**



**Boys in New Hope Have Higher Expectations of Completing College**



# Implications for Policy and Programs

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CHILD WELL-BEING CAN BE AFFECTED BY BOTH welfare-to-work policies as well as policies that provide supports for already-working families. We discuss each of these kinds of policies and their impacts below.

**Welfare policy: Focus on “making work pay,” not just making parents work.** State policymakers face choices when deciding how best to respond to the changing federal policy demands under Temporary Assistance to Needy Families (TANF). The least expensive option in the short run is to focus on increasing parental work through mandatory employment programs. A more effective option in the long run is to attempt to ensure that “work pays” with earnings supplements, such as state Earned Income Tax Credits and work-conditioned benefits to children, such as child-care subsidies.

**Offer a range of work supports.** Work-support packages are diverse and can include earnings supplements, child care assistance, health insurance, and even temporary community service jobs. Potential ways to incorporate work supports into federal policies include providing additional funds for the child care block grant, expanding health insurance coverage and participation for children, expanding participation in the Food Stamp program, and expanding the Earned Income Tax Credit (EITC). Evaluation evidence does not point to a single best way of using these kinds of supports to boost child well-being, yet data show successes for children with both earnings supplements alone as well as with the provision of a more comprehensive package of benefits.

**Consider implementing proven after-school programs for teens in addition to employment and welfare policies.** States should be aware of the likely differential consequences of their policies among children of different ages. Evidence suggests that the school achievement of adolescents is most likely to suffer somewhat when parents are required to work. In response, states may want to consider proven after-school and community-based programs for adolescents to help support working parents while also supporting these

parents’ efforts to keep their children focused on school achievement and positive behavior.

**Design training and basic skills programs to encourage and support mothers to actively participate in them.** A number of experimental programs have sought to boost the basic or vocational skills of mothers, hoping to enhance their employability and perhaps improve the learning opportunities at home for their children. These programs rarely improved schooling outcomes for children, but for an important

**Work-support packages are diverse and can include earnings supplements, child care assistance, health insurance, and even temporary community service jobs.**

reason — mothers rarely spend much time in them. Education programs for both children and adults succeed only when instructional time is substantial or when parents express high levels of motivation to pursue their own education. In the case of the training programs, it appeared that the more time mothers spent in their job training classrooms, the more their children benefited.

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