

## The Next Generation Project

### Collaborating to Understand the Effects of Welfare and Employment Policies on Low-Income Children

**T**he Next Generation project is a new research partnership aimed at informing policymakers, practitioners, and researchers about how welfare and employment policies affect the outcomes of children. The research partners, including researchers at MDRC (Manpower Demonstration Research Corporation), the Social Research and Demonstration Corporation (SRDC), and several universities (see list below of research partners) are at the start of a multiyear effort to conduct secondary analyses of the rich data sets that have already been assembled as part of several welfare reform evaluations.

As welfare reform efforts have proceeded in the last few years, the intensity of the discussion about how these reforms might affect children has far exceeded the extent of rigorous information. "This project is an effort to correct that imbalance, by analyzing and drawing conclusions from information that has recently started to become available," says its director, Virginia Knox. While Next Generation partners will present their work through traditional venues, such as conferences, academic journals, and research reports, their larger mission is to inform state and federal decision making by distilling and disseminating clear lessons in nontechnical language.

#### Next Generation Research Partners

The Next Generation project director is Virginia Knox, Senior Research Associate at MDRC. In addition, the MDRC team includes Pamela Morris, Lisa Gennetian, Hans Bos, and other MDRC colleagues. Saul Schwartz leads the effort at Canada's Social Research and Demonstration Corporation. Senior university-based investigators on the project include:

- Greg Duncan and Kathy Edin, Northwestern University
- Aletha Huston, University of Texas at Austin
- Andrew London and Ellen Scott, Kent State University
- Vonnie McLoyd, University of Michigan
- Tom Weisner, University of California at Los Angeles
- Hiro Yoshikawa, New York University

"Several trends make this a critical time to begin identifying emerging conclusions about the effects of different policies and programs on children," asserts Aletha Huston, a Next Generation research partner. On the policy side, in recent years the federal and state welfare systems have evolved dramatically. On the one hand, the expectation that single-parent welfare recipients should go to work has been made operational through an increased use of "sticks," such as welfare time limits and significant sanctions for noncompliance with work requirements. On the other hand, families have benefited from new "carrots" that support work, such as expansions in earned income credit programs by the federal government and those states that have implemented similar tax credits, and increased financial work incentives provided through state welfare systems. While more needs to be learned about the economic effects of these policy changes on adults, even less is known about their effects on children.

At the same time, over the past ten years, policymakers, program operators, advocates, and foundations have all expressed a growing interest in understanding the intergenerational effects of welfare and employment

#### Note from the Director—Barbara B. Blum

**T**his issue of *the forum* describes an important new research initiative, The Next Generation: Studying the Effects of Welfare, Anti-Poverty, and Employment Policies on Children and Families. As the full title indicates, this initiative is designed to improve our understanding of the effects of welfare and employment policies on low-income children—a population about whom too few findings exist. The study itself creates a "next generation" of research, drawing as it does on ten experiments in which comparable measures were used to gauge the impacts of very different interventions. The work will be conducted by an impressive group of researchers collaborating across several disciplines.

We are pleased to feature this initiative that reflects so well the Research Forum's interests in promoting rigorous, well-designed research, in supporting collaborative work, and in fostering effective dissemination strategies.

programs. As a result, an unprecedented number of recent evaluation studies have collected information on not only the economic outcomes of parents, but also on measures of family and child well-being, such as maternal stress and depression; domestic abuse; and children's cognitive development, behavior, health, and safety. These evaluations have been informed by a growing body of research in developmental psychology, economics, sociology, and other disciplines that has shed increasing light on some of the basic processes through which employment, income change, child care, and parental emotional well-being influence children's development.

The Next Generation will draw on data from *ten different evaluations* (many with multiple sites) that have been conducted by MDRC, a nonprofit, nonpartisan social policy research organization. The availability of this wealth of information is due in large part to the foresight of officials at the federal Department of Health and Human Services, who included a child outcomes study in their National Evaluation of Welfare-to-Work Strategies (a multistate evaluation being conducted by MDRC and Child Trends), and who also developed the Project on State-Level Outcomes, an effort to fund and standardize child outcomes modules in five state welfare reform evaluations. Many individual states and foundations also provided the leadership and funding needed to ensure that measures of child and family well-being were included in these evaluations.

"With state welfare policies continually evolving in response to new information and the 1996 federal welfare reform law up for reauthorization in 2002, there is no better time than the present to gather together these data and provide decisionmakers with an in-depth investigation of the impact on families and children of a range of welfare and employment policies," says Dr. Knox.

### Contrasting Interventions Key Feature

The Next Generation has a number of unique features that, in combination, make it a particularly exciting opportunity.

- ▶ The project builds upon existing evaluations that in many cases have made a conscious effort to adopt comparable measures of family and child well-being to facilitate cross-cutting work. A particular strength of the studies is that all but one made use of random assignment, which allows for a more definitive determination of cause and effect relationships than other research designs. The Next Generation will use both experimental and nonexperimental methods in its analyses.
- ▶ These evaluations tested a range of contrasting interventions. The source projects include programs that provide voluntary services for teen parents, mandatory employment services, financial work incentives with and without mandatory employment services, and time-limited welfare programs. By comparing the patterns of results across projects with similar and differ-

### Next Generation Source Projects

*Note: Many of these projects include more than one component of welfare reform; they are presented here according to the component that most clearly distinguishes them from the other projects listed. Detailed summaries of these projects are on the Research Forum's website: [www.researchforum.org](http://www.researchforum.org).*

#### Services for adolescent parents

##### New Chance Demonstration

Multisite, comprehensive approach to providing services to teen parents, including instruction in basic academic skills, occupational and "life skills" training, and parenting workshops.

##### Mandatory employment services for welfare recipients

##### Los Angeles Jobs-First GAIN

Innovative, strongly employment-focused mandatory welfare-to-work program implemented in Los Angeles County.

##### National Evaluation of Welfare-to-Work Strategies (NEWS)

Study of eleven mandatory welfare-to-work programs aimed at moving welfare recipients into paid work and off assistance.

#### Economic support for the working poor

##### Self-Sufficiency Project (SSP)

Designed to address the problems of poverty and welfare dependency simultaneously; evaluates effects of a temporary generous earnings supplement on single-parent welfare recipients who work full time.

##### New Hope Project

A community-initiated antipoverty program that provided adults who worked full time an earnings supplement, child care, and health coverage and made community service jobs available to those who could not find full-time work.

##### Minnesota Family Investment Program (MFIP)

State pilot welfare reform initiative that provided an earnings supplement through families' welfare grants and required long-term recipients to work or accept employment-related services.

##### Time-limited welfare

##### Florida's Family Transition Program (FTP)

Among first state welfare reform initiatives to implement a time limit on cash assistance receipt; required recipients to participate in employment-related services prior to the time limit; provided moderate earnings supplement through families' welfare grants.

##### Connecticut's Jobs First Program

Statewide welfare reform program that includes 21-month limit on cash assistance receipt for most families, a generous earnings supplement through families' welfare grants, and participation in employment-related services aimed at rapid job placement.

##### Vermont's Welfare Restructuring Project (WRP)

Statewide welfare reform program to create a new kind of safety net—focused primarily on wage-paying work rather than cash assistance—for families that reach the state's welfare time limit.

##### The Project on Devolution and Urban Change (Urban Change)

A multidisciplinary study of how the changes in federal welfare policy embodied in the 1996 welfare reform law are affecting four of the nation's largest urban counties, where welfare receipt and poverty are highly concentrated.

ent treatment strategies, the research team will be able to draw conclusions about the effects of different program models.

Although it is based on data from individual evaluations, The Next Generation will conduct new analyses that are both broader and deeper than are typically possible in individual program evaluations—broader, because investigators will look at impacts across previous evaluations to draw conclusions about the benefits or costs to children of particular classes of policies such as mandatory employment and training programs versus financial work incentives—deeper, because central topics will be examined in greater detail than was possible in the individual evaluations. For example, many of the studies collected extensive information on child care use. Researchers will develop descriptive information on the types of child care policies and subsidies that are typically available to welfare recipients and will analyze how these and other factors influence parents' decisions about child care use, which may play an important role in explaining how particular welfare reforms affect children.

- ▶ Many projects in this portfolio collected ethnographic and other types of qualitative data as well as quantitative information. The ethnographic and quantitative analyses within particular topics will be designed to inform each other as the work proceeds, enriching both perspectives. Data sources include administrative records (e.g., welfare program and unemployment insurance records, earned income credit data), surveys, and interviews with program staff and participants.
- ▶ An enormous strength of the project is the collaboration it represents between academic researchers and researchers who specialize in program evaluation. The Next Generation research partners include both evaluators who worked on the source projects being analyzed and university-based scholars who have been at the forefront of identifying the pathways between parents' economic outcomes and children's development.

### Dialogue Between Researchers, Policymakers

The Next Generation is not simply an opportunity to delve deeper into a group of rich data sets. The project features frequent interaction with decisionmakers at the state and federal levels to ensure that it is asking and answering policy-relevant questions and that the resulting findings are clearly communicated back to decisionmakers.

As an example of this process, The Next Generation team hosted briefings early this year in Washington D.C. to develop primary research questions for the first two years of work. Representatives from the executive branch, from Capital Hill, advocacy organizations, and other groups gave their perspectives on the pressing questions about how poor children and families fare in the context of vari-

ous welfare, employment, and anti-poverty interventions. A conference call set up through the National Governors' Association served the same function at the state level, with researchers hearing from policymakers, administrators, and National Governors' Association staff who work closely with states on social policy issues.

Next Generation team members continue to meet with policymakers individually and in groups to refine and add research questions to the list. As findings begin to emerge, the project will place a high priority on continuing this dialogue and developing a wide range of strategies to communicate with policymakers, practitioners, and other researchers. Taking advantage of the power of the Internet will be part of that strategy. The Next Generation website will host the latest Next Generation papers and findings ([www.mdrc.org/NextGeneration](http://www.mdrc.org/NextGeneration)).

### Research to Chart Paths to Child Well-Being

Based on questions that emerged from the conversations with the policy community, The Next Generation project formed research teams around four research topics. Each team—consisting of both MDRC researchers and university-based researchers—will investigate one of the following questions:

#### 1) What are the effects of mandatory employment programs, earnings supplements, and time-limited welfare programs on parents' economic outcomes, and on family and child well-being?

Two inaugural publications from The Next Generation this fall will address this question. These complementary documents will be cross-cutting syntheses of results previously presented in individual MDRC project reports and will in many ways provide a starting point for the subsequent questions the project will address. The first report will compare the results of a range of recent welfare reform programs on parents' economic outcomes, including their employment rates, earnings, welfare receipt, family income, and employment stability. The second report will examine a subset of studies that collected detailed information on children's outcomes, summarizing what is known so far about the effects of different program models on children.

The synthesis of results for children has produced a powerful central message: Programs that provide single-parent welfare recipients with earnings supplements have brought more consistent improvements in children's well-being than programs that have required single parents to participate in work-related activities without providing extra financial support. As these and other policies are debated, The Next Generation will continue to explore the implications for children of trade-offs that policymakers may face between goals such as increasing parents' employment levels, supplementing family incomes, improving child

care policies, time limiting welfare use, and reducing welfare caseloads or government costs.

**2) How do differences in family income affect child and family well-being?**

Because programs that provide earnings supplements have resulted in both increased employment and increased income for parents in the program, it can be difficult to rigorously disentangle which of the program's economic effects are responsible for any changes in child well-being. Researchers on this team will examine the relationships between policy changes, increases in family income, and the well-being of low-income children. These will include quantitative as well as qualitative investigations of how changes in income affect family and child well-being.

**3) How do differences in parental employment affect child outcomes?**

This group will examine how employment and job characteristics help to explain the effects of programs on parenting and on child outcomes. This will include an investigation of how parental employment may have different effects on children in early and middle child-

hood than on adolescents. In addition, this group will examine factors that affect whether parents become employed, and will conduct a qualitative analysis of transitions into employment by low-income workers.

**4) What are the mechanisms behind child care decisions in low-income families?**

Researchers will begin by describing the child care policies faced by program participants in several evaluation studies and the effects of different program models on patterns of child care use. They will also examine the cost of child care, families' use of child care subsidies, and other potential determinants of families' child care choices as precursors to understanding how child care choices affect child well-being.

The Next Generation is funded by The David and Lucile Packard Foundation, the William T. Grant Foundation, and the John D. and Catherine T. MacArthur Foundation. Researchers, policymakers, and others can be notified about Next Generation publications on these and other topics by going to [www.mdrc.org/NextGeneration/](http://www.mdrc.org/NextGeneration/) and signing up for The Next Generation electronic mailing list.

## RESEARCH FORUM ON CHILDREN, FAMILIES, AND THE NEW FEDERALISM

The Research Forum, an initiative of the National Center for Children in Poverty, hosted at the Mailman School of Public Health, Columbia University, encourages collaborative research and informed policy on welfare reform and vulnerable populations. The Research Forum's ultimate goal is to identify and promote strategies that protect and enhance the well-being of poor children and their families.

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