

Children in Low-Income Families Fare Better with Work Supports

Recent five-year findings from the New Hope project corroborate other studies that show the positive effects of increased work supports on employment, income, and child well-being—even if the program is not directly targeted to children (see box on page 5).

Current language proposed in the 2003 reauthorization of the Temporary Assistance for Needy Families (TANF) cash assistance program created by the 1996 welfare reform legislation would make the well-being of poor children its overarching purpose. The results of large-scale random assignment experiments like New Hope can help guide government officials to identify the policies that have the most positive effects on children but still support the goal of moving people off welfare and into the workforce.

Customized Supports Chosen by Families

New Hope was an innovative program designed to encourage work, reduce poverty, and demonstrate effective policies for working-poor adults and families in Wisconsin. Its underlying principles were that people who are willing to work full-time should be able to do so, and that they should not be poor when they do. The program, in existence from 1994 through 1998, consisted of four key components: (1) job assistance, including referral to a wage-paying community service job when necessary; (2) an earnings supplement for full-time workers that was designed to raise their income above the poverty level; (3) subsidized health insurance; and (4) subsidized child care. High-quality services were available in an atmosphere of respect and encouragement; project representatives offered participants assis-

tance in conducting job searches, finding child care, and solving other employment-related problems.

An important feature of New Hope was that it let working parents choose among a suite of benefits to be used according to family needs and preferences. The program's "cafeteria" of supports included the four core supports and various "soft supports"—such as a New Hope project representative to help the enrollee obtain core benefits, workshops on practical topics, and informal get-togethers with other participants. Enrollees could assemble these supports into a customized package to meet their specific needs. The annual cost of the program was approximately \$5,300 per family.

For Parents, More Work, Higher Income

New Hope increased employment over the five-year period, with the bulk of the increase occurring within the first two years. Program group members worked more total quarters and more consecutive quarters than did control group members.

Note from Research Forum Director—Barbara B. Blum

This issue of *the forum* focuses on the most recent findings from MDRC's New Hope experiment—its Child and Family Study—released in June 2003, that pertains to how children are faring in low-income working families. As reauthorization of TANF progresses, the importance of work supports (child care, income supplements, and health insurance) should be recognized as essential to improving the well-being of children, a stated goal of the proposed legislation. This research highlights both the benefits of work supports and the complex needs of individual families.

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need not be inconsistent with the goal of moving parents to work.*

New Hope also increased earnings-related income and total income over the five-year period. But the size of the effects diminished after Year Three, when the program supports ended.

Little Impact on Parenting

There is abundant nonexperimental evidence that the effects of income on children's psychological well-being occur in part by influencing parents' well-being and parenting practices. New Hope had some modest effects on parents' psychological well-being, including reduced depression at the five-year follow-up. However, the project had few impacts on parenting and parent-child relations, although New Hope parents had slightly fewer problems with discipline. Some improved parenting was experienced for boys and adolescents.

The limited effects of employment on mothers' mental health and parenting could be because work can produce both stress and psychological well-being. However, parenting involves more than direct interaction with children; parents affect their children by the arrangements they make for children's experiences in school, the community, and other settings. This aspect of parenting is often referred to as "family management."

For Children, Stable, Center-Based Child Care

Low-income parents face particular challenges in arranging care, largely because they are less able than middle- and upper-income parents to pay market rates for child care. Consequently, poor families tend to rely on relatives to care for children. Although they are less likely to use paid care, when low-income parents do pay for care, they spend five times more of their income than families who are not poor. In fact, child care often represents the second or third greatest expense for low-income working families.

Children in the New Hope program were significantly more likely to be placed in stable, organized child care facilities than those not in the program. New Hope substantially increased children's time in formal center-based care and in after-school programs—even after eligibility for child care subsidies ended. Program children spent less time in home-based care, which is often unregulated, and being cared for by minors. Adolescents

were more likely to participate in structured after-school programs such as team sports and youth groups.

Because formal, center-based care is more costly, it is likely that the New Hope income supplement and child care subsidy expanded parents' options. And once parents were familiar with the benefits of center-based care (including reliability and cognitive and educational advantages), they were more likely to choose it even after their subsidies expired.

Better Academic, Social Outcomes

Even after the program ended, New Hope children had better academic and social outcomes than their control group peers. Scores on standardized reading achievement tests were higher and parent-reported performance reading was better. Boys had additional achievements, with higher teacher-reported academic skills and greater educational expectations and school engagement. Given the evidence that center-based care and after-school programs can positively impact children's intellectual and cognitive development, these experiences may have contributed to the better academic performance of New Hope children. There is also evidence that children in families who move out of poverty during the first few years of the child's life show gains in performance on tests of cognitive abilities. Therefore, the increased resources produced by New Hope might have occurred at a developmentally important time for the younger children in the sample.

The long lasting academic achievement outcomes may also have resulted from other advantages accrued during the three-year benefit period that led to an upward spiral. In other words, the better school performance (as rated by teachers) that children demonstrated at the two-year evaluation could have led to experiences of success, positive attitudes about school, and positive perceptions by teachers that were self-perpetuating.

Parents in New Hope families rated their children higher on positive social behavior than did parents in control group families, but there were no significant impacts on problem behavior.

Most of the research on low-income families suggests that young children's cognitive and social development is more positive in families with employed mothers.

Selected Research Projects with Findings on Impacts of Work Supports on Children

Note: For more information on these and other projects, visit the Research Forum project database: www.researchforum.org

Minnesota Family Investment Program (MFIP) Evaluation

Latest publication	<i>Reforming Welfare and Rewarding Work: A Summary of the Final Report on the Minnesota Family Investment Program</i> (MDRC, September 2000)
Project impacts	<ul style="list-style-type: none">• Increased parental employment• Improved children's school achievement• Reduced behavior problems• No effects on children's health

Canada's Self-Sufficiency Project (SSP) Evaluation

Latest publication	<i>Making Work Pay: Final Report on the Self-Sufficiency Project for Long-Term Welfare Recipients</i> (MDRC, July 2002)
Project impacts	<ul style="list-style-type: none">• Increased parental employment• Improved children's school achievement• No effects on behavior problems• Increased parental ratings of children's health

But much if not all of this difference is a function of preexisting differences between employed and unemployed mothers in terms of demographic attributes, skills, personality, and childrearing practices rather than being a product of employment. Parents' job quality is associated with positive outcomes for their families, so the fact that New Hope increased stable long-term employment may have contributed to children's positive development.

More Positive Impact on Boys than Girls

Although different effects of the program were not initially expected for boys and girls, the impacts on boys' school achievement, educational goals, and social behavior were more pronounced and more consistently positive, perhaps due to the increased resources available to families. Ethnographic interviews indicated that parents were concerned about boys' vulnerability to gangs and antisocial behavior, and so parents used the additional resources provided by New Hope to purchase goods and opportunities for their sons. Program group boys were more likely to be enrolled in extended daycare and in structured out-of-school activities that provided supervision and learning experiences.

Despite the fact that program group girls' achievement test scores and parent-reported achievement were slightly better than those of their control group counterparts, teachers rated New Hope girls more negatively on both classroom and social behavior than they did control

group girls. In turn, program group girls tended to lack engagement with school and school-related activities and had lower educational expectations. The reasons for these negative patterns remain unclear, but the findings are nevertheless of concern. If the negative impacts on school behavior and involvement continue, they could result in lower educational attainment for girls.

Mixed Outcomes for Adolescents

Adolescents in New Hope families expressed more feelings of efficacy, greater engagement in school, higher expectations to attend and complete college, and stronger beliefs about the importance of community in their future lives. There were no program impacts on peer relations or on risky behavior for either gender. These young people were in elementary school when their parents entered New Hope.

Increases in maternal employment may have some negative effects, however, for children who are adolescents when their parents enter a program. In recent experiments testing welfare-to-work policies, including New Hope, there were scattered negative effects on school performance and minor deviant behavior for adolescents, even when programs raised income and had positive effects on younger children. One reason for some of the negative effects could be that children who are "too old" for child care have less supervision and structure when their parents are employed. Involvement in structured activities in school and the community is

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one means of providing supervision and opportunities for youth development. At both the two-year and five-year follow-ups, children from New Hope families participated more frequently in these activities and were less likely to be in unsupervised settings, which could counteract some of the negative effects of not having a parent available at home during some of the out-of-school hours (including summer).

A second reason may be that adolescents often are expected to care for younger siblings or to assume more household chores while their parents work—although there was no evidence at either the two-year or the five-year evaluation that this occurred. In fact, the 9- to 12-year-olds in New Hope families were significantly less likely to care for siblings than were their control group counterparts. The New Hope ethnographic study found that adolescents with a strong parent-child relationship adjusted better to parental employment.

Multiple Paths of Influence Affected Children

New Hope affected children in a variety of ways—higher incomes, stable center-based care, and improved psychosocial well-being of parents all had impacts on child outcomes. The New Hope Ethnographic Study suggests that there was no single, predominant pathway through which the program assisted families and indirectly supported children’s development. Rather, New Hope seemed to benefit different families in different ways, reflecting the wide diversity among the families who constitute the “working poor.”

Most commonly, New Hope was helpful when it offered benefits that fit into the family’s already-functioning daily routine. For example, child care vouchers helped parents who wanted to provide better-quality care (as they defined this) or who wanted to disentangle themselves from social networks that were not providing care well. Some parents found New Hope case representatives valuable allies in finding jobs and services. But many parents working swing shifts, nights, or two jobs—or those who had good, stable home care—did not use child care benefits. Parents who had health benefits did not find that benefit useful (although some did, because it also helped them to pay for employer-sponsored insurance); some other parents wanted to use

New Hope’s insurance but could not regularly provide the co-payment.

Other families simply found New Hope a help with the cascading problems that most working poor families face. Income supplements, more stable jobs, a community service job, or some combination of New Hope and state benefits helped them and increased their family stability. The parents who had no employment barriers or only one were especially likely to find their own path to more regular, stable employment and better daily life for their families, which in turn benefited their children.

Perhaps more important, there was some evidence that program group parents were more aware of community resources and of the federal Earned Income Tax Credit (EITC). Ethnographic data suggest that a significant number of families intentionally used the EITC as a savings plan for making major purchases, reducing debt, and stabilizing rent and other payments.

No one pathway accounted for effects across all families, but the choices permitted by New Hope allowed parents to use the benefits in ways that fit their overall circumstances and preferences. This model fits the goal of allowing parental choice that was part of the 1996 welfare reform legislation.

Expanding Work Supports Benefit Children

The findings support the wisdom of recent expansions in work supports for low-income families, including increases in the value of the EITC and expansions in eligibility for Medicaid and child care subsidies. New Hope benefits were added to a range of work supports that already existed in Wisconsin, and it was not clear in this context whether they would have any added effect. The results of this study show that they did. In addition, the program’s lasting effects on children have special relevance to the redesign of the nation’s income support system for low-income families.

TANF’s block grant structure gives states a lot of flexibility in how cash assistance program funds are used to support poor families. The New Hope findings suggest one possible means of achieving TANF’s new purpose and show that the goals of increasing family income and helping children need not be inconsistent with the goal of moving parents to work.

The New Hope Project—Child and Family Study Sample

To examine New Hope's effects, a team of researchers at MDRC and the University of Texas at Austin conducted a large-scale random assignment study. Applicants who met the eligibility criteria were randomly assigned either to a program group that could participate in New Hope or to a control group that could not. Therefore, any differences between the adults or children in the two groups can be attributed to the New Hope intervention.

The first set of findings, released in April 1999, examined impacts on participants during their first two years in the program. This newsletter presents recent findings from the interim report, released in June 2003. The report examined results five years after study entry (two years after the end of the New Hope program) for a subgroup of the total sample—designated

the Child and Family Study (CFS) sample. This sample was selected in order to evaluate the program's effects on children and families as well as on employment and income. The CFS sample includes all 745 adult sample members who had one or more children between the ages of 1 year, 0 months, and 10 years, 11 months, at the time of random assignment (55 percent of the total sample). If a family had more than one child in that age range, two children were identified as "focal children."

The evaluation includes a total of 1,140 focal children; a limited amount of information was collected about other children in the family. A final report will be released in the future examining New Hope's effects after eight years.

Summary of New Hope Project Impacts

Outcome	Program Group Versus Control Group
Parents' employment and income	Modestly higher income Less poverty More stable employment Higher wages
Parents' well-being	No difference in material or financial well-being Slightly better physical health Fewer depressive symptoms Better awareness of public and community resources Better able to sustain daily routine
Parenting	Few overall effects Fewer problems with control in discipline situations <i>Boys:</i> More positive parent relations <i>Adolescents:</i> More effective child management
Child care	More center-based care More after-school programs Less home-based care Less unsupervised care Fewer changes in arrangements
Children's out-of-school activities	More participation in religious activities and organizations <i>Adolescents:</i> More participation in structured activities (e.g., community sports)
Children's academic achievement	Better scores on standardized reading achievement test Better reading performance (as reported by parents) <i>Boys:</i> Better academic skills (as reported by teachers)
Children's motivation and well-being	No overall impacts <i>Boys:</i> Higher educational expectations Greater school engagement <i>Adolescents:</i> Higher educational expectations Greater school engagement Increased feelings of efficacy to reach goals Greater future community involvement
Children's social behavior	More positive social behavior (as reported by parents) No difference in risky, delinquent behavior <i>Boys:</i> More positive social behavior (as reported by teachers) More appropriate classroom behavior (as reported by teachers) Less hostility in provocation situations <i>Girls:</i> Less positive social behavior (as reported by teachers) More problem behavior (as reported by teachers)
Children's health	No impacts

RESEARCH FORUM

The Research Forum, an initiative of the National Center for Children in Poverty, 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 low-income children and their families.

Research Forum Advisors

J. Lawrence Aber *National Center for Children in Poverty*

Thomas Corbett *Institute for Research on Poverty*

Greg J. Duncan *Northwestern University*

Deborah Phillips *Georgetown University*

Howard Rolston *Administration for Children and Families, DHHS*

Ann Segal *Consultant*

Barry L. Van Lare *The Finance Project*

Research Forum Staff

Barbara B. Blum *Director*

Jennifer Farnsworth Francis *Research Associate*

Michelle Chau *Research Assistant*

Sharmila Lawrence *Research Analyst*

Carole J. Oshinsky *Managing Editor, National Center for Children in Poverty*

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COLUMBIA UNIVERSITY
Mailman School of Public Health
Research Forum
National Center for Children in Poverty
215 West 125th Street, 3rd floor
New York, NY 10027-4426

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