

WELFARE REFORM AND INTERGENERATIONAL MOBILITY

“Welfare reform” of the late 1990s was enacted with the intention of encouraging recipients—the vast majority of whom are single mothers—to gain a foothold on the economic ladder and improve the economic prospects of their children. Signed into law by President Clinton in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) established the Temporary Assistance for Needy Families (TANF) program and made profound changes to the ways in which low-income families received assistance.¹ It eliminated the guarantee of receiving welfare, mandated work requirements, imposed strict limits on the length of time benefits could be received, and gave states greater flexibility in implementation.

As policymakers consider the upcoming reauthorization of TANF—and in light of the many people who are seeking assistance in the current recession—this literature review explores these reforms and how they may have had an impact on the economic mobility of TANF recipients and their children.

This review outlines the key components of welfare reform, changes in parental welfare use since 1996, and how these changes might impact children’s economic outcomes. For instance, the program parameters influence mothers’ ability to receive welfare support and the duration of this receipt. They likely affect recipients’ employment and their family’s total income and may also have an effect on living arrangements and the number of children they have. These changes, in turn, may impact a wide range of child outcomes including health, cognitive development, and behavioral adjustment—all of which are indicators of a child’s economic mobility.

The paper finds that while studies examining the impact of welfare reform on children are rare, the few that do exist show no evidence that children have seen large benefits, or harm, due to the legislation. Specifically, the best available research indicates the following:

- **Welfare policies can affect children both positively and negatively.** When parents are exposed to welfare policies that both increase employment *and* household income, young children appear to see small benefits in terms of test scores, health, and behavior. However, adolescents may not fare as well; in particular, increased employment may reduce parental monitoring of teens, leading to poorer academic outcomes and increased problem behavior.
- **Welfare reform has led to an increase in low-income mothers’ employment and a decrease in welfare use, but its impact on household income is less clear.** Poverty rates remain very high for children living with single mothers. Policies that allow a mother to remain eligible for welfare while working, however, appear to increase the household’s income.

- **Welfare reform has increased the number of children in high-quality, center-based child care.** When welfare programs specifically provide child care assistance, children are more likely to enter higher-quality, center-based care arrangements. However, very little research has examined trends in children's child care experiences post-welfare reform or linked these changes to dimensions of children's well-being.
- **There is little evidence that welfare reform has led to changes in mother's marital status and thus their children's living arrangements.** However, policies that allow mothers to combine welfare and work (thus increasing income) may make them more likely to marry and increase the length of time already-married mothers remain married. Having higher, more stable income often makes partners more attractive for marriage.
- **There is little evidence that welfare reform policies have affected parents' mental health, parental stress, or the ways in which they interact with their children.** However, research in this area is very limited.

The review notes that researchers could better understand welfare reform's impact on children and families by taking the following steps.

1. **Focus more on child care, parenting behaviors, and mental health.**
These are key pathways through which welfare reform may influence children, but research documenting the links between welfare reform and these dimensions is very rare.
2. **Focus on the types of jobs mothers have and how they affect children.**
The impact of the quality of the jobs lower-income single mothers hold and how characteristics of their jobs are linked to children's well-being is not well known.
3. **Use ethnographic research to better understand the linkages between welfare reform and children's well-being.** Such research could accompany larger-scale quantitative studies in order to shed light on ambiguous findings and provide a greater understanding of if and how changes in welfare policies play out in everyday lives.

The report's foreword, authored by welfare reform experts Ron Haskins of the Brookings Institution and David Ellwood of Harvard University, outlines ways policymakers should use these data to improve TANF when it is reauthorized. Drawing from recommendations in the Economic Mobility Project's nonpartisan policy road map, Haskins and Ellwood specifically comment on ways America's public assistance programs could be made more mobility-enhancing, both for recipients and their children.

¹ TANF was reauthorized in the Deficit Reduction Act of 2005.