A Decade of Welfare Reform
What We’ve Learned About Child Well-Being

The past decade has seen a number of changes in welfare policy, starting with state waivers under the Aid to Families with Dependent Children program and culminating in the Temporary Assistance for Needy Families (TANF) block grant implemented by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). These reforms produced changes in the structure of benefits, introduced time limits, strengthened requirements for mandatory participation in work-related activities, and changed various administrative procedures.

Part of the debate that preceded PRWORA focused on the potential impact of TANF for child well-being. Some observers felt that increased work by welfare-reliant mothers would be harmful to children. A related concern was that the loss of welfare payments might further increase child poverty, again with negative consequences for children. Others suggested increased earnings from work would more than offset lower welfare payments and argued that increased work would provide a positive role model for disadvantaged children and youth. Promoting marriage and family stability was also viewed as beneficial.

To understand how welfare policies affect welfare-related outcomes, RAND Labor and Population program staff synthesized the current state of knowledge in this area. This synthesis showed that welfare reform can have both positive and negative effects on children and that the effects may vary with the age of the child. The most favorable effects are associated with financial work incentives, most likely because income increases from combining work and welfare. Work requirements do not appear to have strong favorable or unfavorable impacts on children. However, both policies are associated with unfavorable outcomes for adolescents. Little is known about how time limits and sanctions affect child outcomes. There is also relatively little evidence on which to draw solid conclusions about the impact of welfare reform as a whole on child well-being.

HOW WAS THE SYNTHESIS CONDUCTED?

These findings resulted from a synthesis that aimed to answer the question: What is the effect of a given policy (e.g., work-related activity requirements) on a given outcome (e.g., child behavioral problems), holding all else equal? If all else is not held equal, then confounding influences can yield misleading results. The selected studies come from two research strategies that attempt to deal with such “confounders”: random assignment (34 studies) and econometric methods using observational data (33 studies).

Conceptually, the synthesis was organized around a two-dimensional matrix, where the rows represent individual welfare policies and the columns represent outcomes of interest. Filling in the matrix itself was not straightforward. Ideally, each cell would be filled in, expressing in a common format how each policy affected each outcome based on a review of the research literature. In reality, the literature does not cover each cell, and the studies included in some of the cells cannot be relied on for policy purposes—typically because findings are not statistically significant.

Filling in the cells required more than simply tallying the results. Rather, the findings for each analysis were weighed and the strength of evidence for each policy–outcome pair was assessed. In this approach, the synthesis assigns a qualitative summary of the direction of the effect of each policy on each outcome and an indicator of the depth of the knowledge base associated with that effect.

WHAT DOES THE SYNTHESIS TELL US ABOUT CHILD WELL-BEING?

The matrix on the back page shows the effect of various welfare policies and TANF as a bundle on the outcome of interest here—child well-being. We also show the results for family income, a potential pathway by which welfare reform may affect child outcomes.

The arrows show the direction of effect. Cells with arrows pointing up indicate that most of studies show an increase in the outcome; those with arrows pointing down indicate the opposite; those with arrows pointing both up and down indicate roughly as many studies showing an increase as a decrease. In terms of the shading—the knowledge base—all shaded cells indicate high- or moderate-quality significant results: Black indicates the deepest knowledge base (several high-quality studies, most of
positive and negative effects. Work requirements do not
outcomes.

knowledge about the effects of sanctions and time limits on child
child outcomes. Although some aspects of a child’s well-
Child outcomes are likely to depend on the strength of the
The overarching conclusion is that the knowledge base
Child well-being category was divided into

Our

The limited evidence on the effect of welfare reform as

A nearly universal limitation of our conclusions is that

appear to have strong impacts on grade school–age
adolescents, although there is evidence of unfavorable impacts for
adolescents, especially in school performance (shown as an
increase in achievement problems). Reductions in behavior
and school problems (denoted by downward-pointing
arrows) are limited to financial work incentives, either
implemented alone or in combination with work require-
ments, but only for grade school–age children. This policy
is also associated with increases in family income (denoted
by upward-pointing arrows), which is a likely contributor
to this favorable impact. But even for this policy, there is
evidence of unfavorable impacts for adolescents.

The overarching conclusion is that the knowledge base
is limited. The child well-being category was divided into
child abuse and neglect and into behavioral, school
achievement, and health problems for three age groups of
children at the time of follow-up for the studies: preschool
age, grade school age, and adolescents. Only 25 of the 67
studies examined at least one of these child outcomes and
all but one used the random assignment methodology. Our
knowledge about the effects on child abuse and neglect, on
preschool-age children, and on health problems across the
age groups is more limited and thus is not included in the
matrix. In terms of policies, we know virtually nothing
about the effects of sanctions and time limits on child
outcomes.

What knowledge we have points to evidence of both
positive and negative effects. Work requirements do not

which yield similar and significant estimates); dark gray,
an intermediate knowledge base; and light gray, a shallow
knowledge base (a single high-quality or two moderate-
quality studies with significant estimates). Cells marked
with an asterisk indicate that evidence was insufficient to
assign a direction of impact with a minimum level of con-

dence. Blank cells indicate no studies.

The research summarized in this Research Brief, produced with support from the RAND Child Policy Project, was carried out within RAND’s Labor and Population Program. Research results are described in detail in Consequences of Welfare Reform: A Research Synthesis by Jeffrey Grogger, Lynn A. Karoly, and Jacob A. Klerman, DRU-2676-DHHS, 2002, available online at http://www.rand.org/labor/TANF_synthesis/. Other results are summarized in RB-5068-DHHS, available from RAND Distribution Services (Telephone: 310-451-7002; toll free 877-584-8642; FAX:

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<th>Policy/Policy Bundle</th>
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<th>Adolescents at Follow-Up</th>
<th>Income</th>
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<td>Behavior problems</td>
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![Light gray, shallow knowledge base; Intermediate knowledge base; Deep knowledge base; No studies.](https://www.rand.org/labor/TANF_synthesis/)

Conclusions

In sum, the evidence suggests the impacts of reforms
differ with the stage of a child’s development. Countervail-
ing forces seem to both promote and diminish a child’s
healthy behavioral, social, cognitive, and physical develop-
ment. The resulting impacts of welfare reform policies on
child outcomes are likely to depend on the strength of the
opposing forces and on the child’s stage of development
and other circumstances.

A nearly universal limitation of our conclusions is that
they apply mostly in the short run. Understanding the
longer-term impacts of reform is especially relevant for
child outcomes. Although some aspects of a child’s well-
being, such as behavior problems, may change quickly
with changes in the parent’s behavior, other aspects, such
as cognitive skills, are likely to take much longer to change.
Furthermore, even effects in the short term may change as
children are exposed to cumulatively lower levels of wel-
fare use, higher levels of parental employment, and higher
or lower levels of total household income. Thus, long-run
information on the effects of current policies on child well-
being—where the impacts may vary over time and with the
stage of child development—is crucial.

RB-5068-DHHS (2002)