

Effects of Welfare and Employment Policies on Young Children: New Findings on Policy Experiments Conducted in the Early 1990s

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Over the past 30 years, welfare and other public programs for poor families have focused increasingly on promoting parents' self-sufficiency by requiring and supporting employment. Evidence from a diverse set of random-assignment experiments now reveals some of the conditions under which promoting work among low-income, single parents helps or hurts children. This report summarizes the results of recent research conducted as part of the Next Generation Project, a collaboration between researchers at MDRC and several leading research universities, which draws on data from welfare and employment experiments launched in the early 1990s aimed at increasing the self-sufficiency of low-income parents in the U.S. and Canada.¹ In addition to providing evidence for policymakers to assess evolving welfare policies, this research helps advance our understanding of the effects of parents' economic circumstances and child care arrangements on the development of low-income children.

A prior SRCD policy report on this topic (Morris, 2002) provided evidence that the effects of welfare policies on younger children in the short term (two to three years after parents entered the program) depended on the type of policy and its resulting effects on parents' employment and income (see also Morris, Huston, Duncan, Crosby, & Bos, 2001; Morris & Duncan, 2002). Programs that increased both employment and income had beneficial effects on school achievement for a broad group of preschool and early school-age children. Programs that increased employment alone had few effects, either positive or negative, on these young children. Subsequent work showed that these same policies had negative effects for adolescents (Gennetian et al., 2002).

This report summarizes three types of new findings regarding the effects on younger children:

- The precise pattern of effects of welfare and employment programs on school achievement across the ages and stages of childhood—i.e., from toddlerhood to preschool, from preschool to middle childhood, and from early to later middle childhood.
- The longer-term effects on the achievement of preschoolers—up to five years after their parents were randomly assigned to a welfare and employment program.
- An analysis of the role of increased income and increased use of center-based child care arrangements as mediating pathways of the effects of welfare and employment programs on the achievement of preschoolers.

Owing to space limitations we confine our discussion to results on children who were assigned to programs prior to their adolescent years. Readers should bear in mind that there are different, and more negative, impacts for older children that our future research will aim to understand better.

Overall, our analysis shows that younger children—those who are ages 2-5 when their parents enter a program—show small improvements in their school achievement when their parents participate in a program that includes earnings supplements, a benefit that is reduced as program effects on parents' economic outcomes decline. These effects on children appear to be due to increased family income and, perhaps, to increased use of center-based child care arrangements.

¹ For more information on the Next Generation Project, see www.mdrc.org/NextGeneration.