Precarious Families:
Divergent Pathways of Adaptation to Poverty and Welfare Reform

Policy Brief

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POLICY BRIEF

Background and Significance

As the nation enters the fifth year since the passage of major changes in welfare legislation, approximately 13 million children in the United States live in poverty and relatively little is known about how they are faring in the current climate. Federal reauthorization of the welfare program is scheduled to occur in the next year, and thus far, welfare reform is heralded as a major success, moving record numbers of adults from welfare dependence to self-sufficiency (Brauner & Loprest, 1999; Danziger, 2000; Klerman et al., 2001; Moffitt & Roff, 2000). However, until recently the requirements of the program coincided with the most prosperous economic situation in decades, one in which entry-level jobs were plentiful.

A large body of evidence demonstrates the deleterious effects of poverty on children’s development, but less is known about the processes and mechanisms involved, especially in the context of welfare reform (Duncan & Brooks-Gunn, 2000). Families on long-term welfare are a unique group because the children in these families have more negative developmental outcomes than those receiving welfare for short periods of time (Zaslow, Tout, Botsko, & Moore, 1998). Additionally, the adults in long-term recipient families are more likely to have significant barriers to economic self-sufficiency, more signs of depression, and less ability to provide intellectual stimulation and emotional support to their children (Driscoll, Speiglman, & Norris, 2000). The many ways in which welfare reform will ultimately affect children remains inconclusive, although current and past research indicates that the legislation is likely to help or hurt children through multiple pathways – by changing their family’s income, by changing the level of their
parents’ stress, and by changing access to support services for their families (Collins & Aber, 1997; Morris, Huston, Duncan, Crosby, & Bos, 2001; Danziger, 2000).

The primary goal of this study was to address gaps in the conceptualization of how children are affected by poverty in the welfare reform era. This was accomplished through two means – by examining specific factors that predict both positive and negative child well-being, and by exploring in-depth the lived experience of adaptation to poverty and welfare reform for children and their families. Two very different methodologies were employed simultaneously, providing rich, integrated data about the overall topic. The qualitative component of the study involved the use of semi-structured interviews and participant observation with six families on long-term welfare in one California county, over the course of an eighteen-month period. The second component of the study involved analyses of a cross-sectional telephone survey of 186 families on long-term welfare in two California counties.

**Key Findings**

*Income has both a direct and indirect effect on children’s well-being.* The ways in which income specifically affect’s children’s well-being in this sample of families is based on three major pathways. First, parents’ subjective experience of financial strain, and the way they directly or indirectly communicate that experience to their children is as important as the actual amount of money available to support them each month. Second, income affects the children in this sample through reduced learning opportunities and a lower quality home environment, and finally, financial strain affects parents’ well-being by increasing stress and anxiety, and decreasing life satisfaction.
The effects of welfare reform depend on family characteristics and circumstances. The qualitative interviews included a wealth of data on the effects of welfare reform on child well-being, but the survey analyses did not specifically address this topic. In the qualitative sample, there were three main family responses to welfare reform: (1) The changes had no major impact because of increased earnings through employment or a shift to a different income source such as SSI; (2) There was potential for a profound impact because of significantly reduced income, but it was avoided through the use of income packaging; and (3) Lack of compliance with CalWORKS resulted in a sanction and subsequent lower overall family financial resources.

Work in and of itself does not predict positive or negative child well-being. The findings from this study provide a mixed picture. On the one hand, multivariate analyses indicate that working predicts significantly more monthly financial resources compared to not working. However, working does not always have a positive influence on the psychological well-being of parents or the well-being of children.

Social support makes a significant difference for children. Social support can take many forms, such as moral support, financial assistance, or involvement with formal services, and can be either a direct or indirect influence on children and their families. Overall, social support plays a crucial role in predicting positive child well-being in the face of adversity, although the type matters less than the quality of the support.

Parental characteristics and the family environment are significant predictors of children’s well-being. In this study, the effect of parental characteristics, including education level, employment history, health status, race and ethnicity, family history, and language, as well as the quality of the family environment, consisting of family conflict
and parental psychological well-being, have both direct and indirect influences on child well-being through multiple pathways.

*Overall, these findings indicate that the presence or absence of pivotal factors or processes – social support, specific parental characteristics, the family and home environment, and financial strain – predicts resilient or problematic child well-being in long-term welfare recipient families.*

**Implications for Welfare Reform Reauthorization**

The group of recipients that are the focus of this study, those on long-term welfare, will be a point of discussion and debate during reauthorization because they are the families most likely to have significant barriers to self-sufficiency, and therefore to be exempted from the currently imposed federal time limits. Although children’s well-being is not an expressed emphasis of the current welfare legislation, the key findings from this study can be used to inform points of discussion within already existing program components. *As a whole, the findings highlight the importance of non-income-related services and factors in supporting the well-being of children and families. Rather than focusing on moving people off welfare, state success based on reducing poverty, increasing earnings, and demonstrating levels of self-sufficiency would benefit children by improving the financial situation of their families.*

**Maintain current block grant funding levels.** Despite the fact that caseloads have declined dramatically, the findings from this study suggest that state block grants should remain at their current funding levels and include an inflation adjustment component. Funds not used for TANF grants enable states to provide work-support programs and in-kind services for those recipients with significant barriers to self-sufficiency. These
services address issues related to reducing parental characteristic risk factors and parental financial strain.

**Increase Child Care and Development Block Grant funding.** Child care funding for states increased as a result of PRWORA but many children continue to be underserved, or served in low quality, unregulated situations. An increase in the grant would allow more children to be cared for in stable, developmentally enriching settings, and therefore provide more social support to families with few other positive opportunities.

**Reconsider the work-first approach.** Those recipients identified as having major barriers to self-sufficiency, typically overlapping with the population of long-term recipients, are likely to need education, training, or other support programs in order to become even partially self-sufficient in the long-run. A reduction in parental characteristic risk factors, such as low educational attainment and poor employment history, is likely to have a direct and sustaining impact on children’s well-being. Therefore, during reauthorization, the role of these programs for some recipients should be reconsidered.

**Preserve in-kind support components to directly benefit children.** Just as few families in CalWORKS receive child care assistance, very few receive transportation assistance or housing subsidies of any kind (California Budget Project, 2001). Given that most parents who find work do not earn enough to completely provide for their family, states should be encouraged to better communicate with welfare leavers about the supports, including food stamps and Medicaid, for which they remain eligible.

**Reconsider the life time limit for the receipt of aid.** A significant proportion of the caseload has successfully left welfare, but the population of parents with difficult background characteristics cannot be ignored. In some states the 20 percent cutoff will
be appropriate, while in others, such as California, that number may be unrealistic.

Children stand the most to lose when their parents are unable to succeed in the welfare reform environment.

Conclusion

The findings from this study have implications beyond what is realistic to expect within the current welfare reform environment. If the goal is to improve the well-being of children in poverty, efforts must also be made in a different arena. Poverty experienced in early childhood exacts the largest toll on children’s future development. Changes in welfare legislation, such as allowing education and training programs to count toward work requirements may have a positive effect on children in the long-term, but will not have significant effects on young children’s immediate well-being. For that reason, it may be more effective to bolster other kinds of family support programs, such as Early Head Start and Head Start, to fill the gaps that are not addressed in the context of the welfare program.

References


