
WELFARE REFORM: HOW WILL WE KNOW IF IT'S GOOD FOR CHILDREN?

Welfare reform proposals at the state and federal levels will have a direct impact upon the health, safety, education, and economic well-being of the 38,574 Rhode Island children who currently receive cash benefits through Aid to Families with Dependent Children (AFDC). Almost everyone agrees that the welfare system needs reforms that will help families transition from public assistance to paid employment. Yet, the percentage of AFDC recipients who enter and remain in the paid workforce is not the only benchmark for a welfare program that also seeks to protect the majority of its recipients — Rhode Island children. Equally critical are several less visible measures of a successful welfare reform effort.



MEASURES OF SUCCESS FOR WELFARE REFORM

Moves families into work and out of poverty. A key measure of success for welfare reform is the percentage of families who move out of poverty either by obtaining jobs with adequate wages or by combining welfare benefits with paid work. Allowing families to combine earned income with cash benefits, Earned Income Tax Credits, child support, health care coverage, and child care can support the transition from welfare to economic independence. In addition, welfare reforms can support the stability of two-parent families by considering them for benefits under the same income and asset rules as single-parent families. Welfare reforms will need to be carefully monitored to ensure that women and their children do not become more impoverished than they already are under the existing system. Current cash benefits through AFDC and Food Stamps leave families 20% below the poverty line of \$12,590 for a family of three. The value of AFDC cash benefits has fallen 40% since the 1970s.

Assists families in obtaining sustainable work. Access to jobs, job readiness skills (basic education, literacy, English language, job search), child care, health care, and transportation will be critical to obtaining and sustaining work. The success of Rhode Island's welfare reform effort will not be determined solely



by the cooperation of recipients but also by Rhode Island's capacity to "reinvent" the system in a way that supports job creation, job placement, and job retention. Links to the private sector will be necessary to ensure that jobs are available. Close connections among state agencies responsible for human services, employment and training, and education can help to promote programs that address self-sufficiency for parents while providing services that support child development.

Supports the healthy development of children and the caregiving capacity of parents. The same factors that combine to undermine some parents' prospects for stable employment also threaten children's well-being. The level of financial stress, the mother's educational level, the strength of the social network, the quality of parenting and the home

environment, the physical and mental health of the parent or primary caretaker — any one of these factors can place a child at risk. Child development research shows that the greater the number of risks, the greater the chance that a child will face developmental, academic, social, and emotional limitations. Likewise, the presence of protective factors such as close relationships with parents and other caring adults, participation in a formal child care or comprehensive early childhood program such as Head Start, and supportive neighborhoods help children develop positively in spite of tremendous stress in their lives. Welfare reform can be designed to promote connections between programs that support the job skills and caregiving capacity of parents with those designed to support the healthy development of children.



CRITICAL ELEMENTS OF CURRENT WELFARE REFORM PROPOSALS IN RHODE ISLAND


Highlighted here are welfare reform elements that can have a major impact on the well-being of children. Each significantly affects Rhode Island's capacity to meet all three measures of success in welfare reform: moving families into work and out of poverty, assisting families in obtaining sustainable work, and supporting the healthy development of children and the caregiving capacity of parents.

Time Limits: Lifetime limits on the receipt of cash benefits, more than any other element of welfare reform, removes the safety net for children provided by the current AFDC program. Had lifetime limits been instituted five years ago, the 39% of the current AFDC caseload which has received benefits for five or more years (cumulatively) would now be ineligible, including approximately 14,000 children. According to the Center for Law and Social Policy, of the nineteen


RECENT TRENDS IN CHILD POVERTY IN RHODE ISLAND

- ◆ Welfare reform has implications for children in families receiving AFDC and their prospects for becoming self-sufficient adults. According to the Institute for Research on Poverty at the University of Wisconsin-Madison, women who grow up in poor families are twice as likely to be welfare recipients as adults.
- ◆ Poor children face multiple risks that can undermine their healthy development and chances for successful, productive lives. They are more likely to go without necessary food and clothing, live in substandard housing, be victims of crime and violence, lack basic health care, and have unequal access to educational opportunities.
- ◆ The state's child poverty rate among children under 18 increased by 33% between 1990 and 1993. The number of young children under age 6 living in poverty increased 49%, from 13,000 in 1990 to 20,000 in 1993. One in four Rhode Island children under the age of 6 now lives below the poverty level (\$12,590 for a family of three).
- ◆ During the same period of dramatic increases in child poverty, the active caseload of the Department of Children Youth and Families increased by 39%.

states that had applied for a federal waiver for time-limits on cash assistance, only four states requested permission to impose lifetime limits. Given the lack of state experience with life-time limits and the tremendous risk to children implicit in such policies, it is important to proceed with caution.




Work Requirements: Successful implementation of work requirements requires adequate supports for child care and health care, and attention to employment barriers experienced by some families. Ultimately, the success of work requirements will depend on the availability of jobs that move people out of poverty. Having prior work experience, a high school diploma, and job training all increase the likelihood that AFDC recipients will find work. The current welfare program contains major disincentives to work, primarily due to the fact that earnings reduce cash benefits and leave the family further in poverty. Welfare reforms that provide child care subsidies and allow families to keep more of their earnings can increase family income.




Child Care: Child care must be safe and enriching to allow children to thrive and it must be stable to enable parents to enter and remain in the workforce. Studies show that children in poor families are nearly one-third more likely to suffer either from delays in growth and development, a learning disability, or a significant emotional or behavioral problem. As a result they have an even greater need for more compre-


hensive and high quality child care services. There are over 19,000 children under age 6 on AFDC, and an additional 15,000 children between the ages of 6 and 12. While many women will use informal child care arrangements with neighbors, family members, and friends, many will not have access to such supports and will require financial assistance for child care. The number of current child care subsidies for both AFDC recipients, and low-income working families — 4,896 — is far below the number of AFDC recipients who will need them if work requirements are implemented. There is a structural shortage of quality licensed child care centers and certified family child care homes necessary to meet the increased demand for child care.



Health Care: One factor that can discourage welfare recipients from working is fear of losing health insurance benefits for their children. All children under age 18 who receive AFDC receive health insurance coverage through RIte Care, Rhode Island's Medicaid managed care program. RIte Care also provides health insurance to pregnant women up to 350% of poverty and children under age 8 up to 250% of poverty. These recent federal and state advances in Medicaid eligibility have prevented an increase in the numbers of uninsured children in Rhode Island, even with the declining trend in employer-related insurance. Increasing RIte Care eligibility to children up to age 18 below 250% of poverty would further support the transition from AFDC to employment.



Benefit Levels: Since its inception, the primary function of AFDC has been to ensure a minimal level of subsistence for families with children. At the very least, welfare reforms must not move families deeper into poverty than they already are under the existing welfare system. While child care and health care need to be expanded in order to support employment, there are risks to funding the expansions through reductions in cash benefits that already leave families 20% below the poverty line. If individuals who do not find work despite good faith efforts or who are unable to find affordable child care become ineligible for income supports, children will be placed at risk.



Family Cap: Welfare reform proposals that include a “family cap” deny additional cash benefits to children born into families which have received AFDC benefits within the prior ten months. The family cap reduces the family's benefit level and increases the extent of poverty in the family. Family cap proposals are based on the assumption that any increase in the AFDC cash benefit for an additional child is an incentive for childbearing. Currently Rhode Island AFDC recipients receive an additional \$105 per month toward support of a second child and additional \$88 per month for a third child. A 1994 Urban Institute study found that benefit levels had no significant relationship to first or subsequent births among low-income women.



FACTS ABOUT AFDC IN RHODE ISLAND, APRIL 1, 1996

There are 20,418 families enrolled in the AFDC Program. Children make up two-thirds of the caseload; there are 38,574 children receiving AFDC. Almost half of the children receiving AFDC are under age 6.

The federal government pays approximately 54% of the total cost of the AFDC program in Rhode Island. In FY 1996, the state's share of the cost of AFDC cash benefits (\$47 million) represents 2.8% of the state budget; if state administrative costs and child care subsidies are included, the state's AFDC expenditure (\$58 million) is 3.4% of the state budget. (Neither figure includes health care costs for AFDC recipients and their children.)



REFERENCES

Blum, B. *Policy Point of View: Children and Welfare Reform* (1994). New York: Columbia University, National Center for Children in Poverty.

Bloom, D. and D. Butler, *Implementing Time-Limited Welfare: Early Experiences in Three States* (1995). New York: Manpower Demonstration Research Corporation.

Bogenschneider, K. and T. Corbett, *Welfare Reform: Can Government Promote Parental Self-Sufficiency While Ensuring the Well-Being of Children?* (1995). Madison, WI: University of Wisconsin-Madison Institute for Research on Poverty.

Early Childhood Care and Education: An Investment that Works (1995). Washington, DC: National Conference of State Legislatures.

Looking Before We Leap: Social Science and Welfare Reform (1995). Washington: The Brookings Institution.

Moore, K.A., M.J. Zaslow, M.J. Coiro, S.M. Miller, and E.B. Magenheim (1996). "How Well are They Faring?", Washington, D.C.: Child Trends, Inc.

Sawhill, I., ed. (1995). *Welfare Reform: An Analysis of the Issues*. Washington: Urban Institute.

Welfare That Works: The Working Lives of AFDC Recipients, A Report to the Ford Foundation (1995). Washington: Institute for Women's Policy Research.

Rhode Island KIDS COUNT is a children's policy and information project that provides credible information on child well-being, stimulates dialogue on children's issues, and promotes accountability and action. Rhode Island KIDS COUNT is sponsored by the Annie E. Casey Foundation, with additional support from The Rhode Island Foundation.

Rhode Island KIDS COUNT Partners

The Rhode Island Foundation
The Rhode Island College School
of Social Work
Brown University, A. Alfred
Taubman Center for Public
Policy and American Institutions

Rhode Island KIDS COUNT Staff

Elizabeth Burke Bryant, Director
Elizabeth Melendez, Project Assistant
Ann-Marie Harrington, Intern

Issue Brief Editors

Elizabeth Burke Bryant
Catherine Boisvert Walsh

Rhode Island KIDS COUNT
70 Elm Street
Providence, RI 02903
Phone: 401-274-4564
Fax: 401-331-8085

