

How Can Work-Based Policies Help Children? Packaging Supports for Low-Wage Workers and Their Families

Summary

Children growing up in poverty during the first five years of life are at greater risk than others for later school failure and delinquency (Yeung, Linver, & Brooks-Gunn, 2002), which in turn can present a significant burden to society as a whole. Government policy can mitigate these risks more effectively and efficiently by focusing on poverty reduction policies that also are intended to improve child and family well-being. For example, by combining poverty reduction and work-support policies with early care and education policies, government can potentially reduce not only poverty but also its long-term and generational effects. Scientific evidence consistently shows that increasing family income, supporting parents' employment and education, and exposing children to language at an early age can substantially improve young children's future academic achievement, social-emotional adjustment, and positive behavior.

In this brief, we discuss both the scientific and pragmatic rationale for combining poverty reduction and work-support policies with early care and education policies. We highlight

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initiatives in Wisconsin to illustrate how such an approach could work, including research evidence from Milwaukee's New Hope demonstration project and how the state used that evidence to inform state policies and programs. Results from the New Hope Project indicate that providing low-wage working parents with a package of optional supports—e.g., income supplements, job training, quality child care—can both reduce poverty and improve young children's academic engagement and performance as well as their behavior in and out of school. Based in part on these findings, the state of Wisconsin recently unified programs and services previously administered by two distinct departments—the Department of Workforce Development and the Department of Health and Family Services—to create its “first cabinet agency to focus exclusively on kids and families” (R. Bicha, Herr Research Center policy roundtable, April 10, 2008). Together, the findings from the New Hope evaluation study and the creation of Wisconsin's Department of Children and Families provide useful information for policy and program officials looking to make work pay (Hamilton Project, 2007)—economically for parents and developmentally for children.

We conclude by describing relevant trends in other states and offering suggestions for how administrations might move forward in implementing an integrated policy approach to reducing poverty, rewarding work, and improving children's outcomes.

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Full-time, low-wage workers often still find themselves living close to or at the poverty line, and those raising children confront additional challenges in trying to ensure their best possible future. Children growing up in poor households face multiple risks to positive development and well-being, including increased potential for problems such as poor physical or mental health, low literacy skills, and victimization by violence and neglect. Policies and programs that address not only poverty but also several of these other risks have the potential to greatly benefit children in many ways.

For example, policies intended to reduce poverty by making work pay—typically by increasing income and supporting full-time, permanent employment among low-wage workers—benefit children indirectly by enhancing the resource environment in which they live and grow (Yoshikawa, Weisner, & Lowe, 2006). But without careful consideration of how such changes might affect other aspects of families' lives, these policies may unintentionally introduce new risks to children's development. States can avoid introducing

unintended risks by integrating policies designed to reduce poverty and support employment with those designed specifically to benefit children.

There is a growing body of evidence that increasing family income during the preschool years has long-term benefits for children.

Scientific Support for Integrated Policy Approaches

Low-income, working parents juggle a variety of challenges in their daily struggle to maintain their economic foothold, from figuring out how to obtain reliable transportation to and from work to securing high-quality, trustworthy care arrangements for their children. Some public programs aiming to reduce poverty have successfully helped to lessen the burden of low-income working parents by increasing their income and providing supports for employment. Examples include the New Hope poverty-reduction demonstration project and the federal Earned Income Tax Credit. Both of these programs have also demonstrated positive outcomes for the children of the low-wage workers they were designed to support (Morris, Huston, Duncan, Crosby, & Bos, 2001).

Children gain even more from policies that encourage adult basic education for parents with low educational levels (Magnuson, 2003) and when work support and educational activities match parents' personal goals (Yoshikawa, Gassman-Pines, Morris, Gennetian, & Godfrey, 2008; Gassman-Pines, Godfrey, & Yoshikawa, 2008). Moreover, there is a growing body of evidence that increasing family income during the preschool years has long-term benefits for children (e.g., Chase-Lansdale et al., 2003; Duncan & Chase-Lansdale, 2001; Morris et al., 2001; Votruba-Drzal, Coley, & Chase-Lansdale, 2004), benefits that are greater than when income is enhanced during a child's elementary or secondary school years (Duncan, Yeung, Brooks-Gunn, & Smith, 1998). Policymakers can leverage these positive effects of income- and work-support policies on young children's outcomes, potentially achieving even greater impact by directly considering children's needs in their design.

Integrated Policy Approaches Examined at Forum

On April 10 and 11, 2008, the Herr Research Center for Children and Social Policy convened 54 state officials, program administrators, advocates, researchers, and others from Illinois, Michigan, and Wisconsin to learn about policy strategies for integrating work and income supports with early care and education programs and services. In this boundary-spanning forum, the latest research, policy innovations, and systems challenges were discussed from the perspective of what supports the best outcomes for the children of low-income parents. For more information about this event and to view presentations, visit us on the web at www.erikson.edu/hrc.

Combining services in one place and treating people needing services with respect and trust were among the most important features of the program.

The New Hope Project: Evaluation of Integrated Program Effects

One model for integrating income- and work-based supports with child-based support is provided by the New Hope Project, which was guided by one principle: “If you work, you should not be poor” (Duncan, Huston, & Weisner, 2006, p. 1). New Hope, launched in two high-poverty neighborhoods of Milwaukee in 1994 as a three-year project, centered on a social contract that supported work and self-sufficiency. As long as participants worked 30 hours a week, they received an income supplement that raised their income above the poverty line and access to a menu of services, including child care and health care coverage. Combining services in one place and treating people needing services with respect and trust were among the most important features of the program.

From its outset, New Hope included plans for rigorous evaluation of program effects on reducing poverty and increasing income from work. The evaluation research team recognized that the program could also affect children’s outcomes, and planned the study in such a way that would allow them to investigate those effects. Children of families participating in the New Hope Project and control groups were followed for eight years, with data collected at two, five, and eight years out. Based on teacher assessments, New Hope children showed initial improvements in achievement tests and tests of reading. Boys especially showed considerable gains in classroom performance. Although some effects faded over time, after eight years there was still a lasting effect in reducing various negative outcomes. Compared to the control group, fewer New Hope children were receiving failing grades, had been held back a year, or were in special education. Among boys, teachers reported much greater gains in “positive social behavior,” including obeying rules in school, being self-reliant, and being well-liked by other students (Bos, Duncan,

What are the pathways by which New Hope might have benefited families and positively affected child outcomes?

- Increased income—generally associated with better child outcomes.
- Subsidized child care—New Hope families used more center-based child care than families in the control group, care that on average was of higher quality than home-based care.
- Broad and diverse menu of services—families were able to fit services to their specific circumstances.

What Does a New Hope-type Program Cost?

As Duncan et al. (2006, p. 107) readily admit, “New Hope’s successes in improving the lives of low-income working families did not come cheap. The administration and the benefits package for participants with young children were estimated at costing \$6,600 more per participant per year than Wisconsin was spending for the comparison group in the mid-1990s.” Since the mid-1990s, Wisconsin, like Michigan, Illinois, and most other states, has increased its spending on child care and health insurance for low-income families, so that now giving families the New Hope boost would cost about half that much. The estimated cost of \$3,300 is divided almost evenly between the cost of benefits to families and administrative costs related to case management.

New Hope had other measurable benefits. First, participants increased their income by about \$500 per year. Second, after two years New Hope children were judged by their teachers to have considerably better achievement, and after eight years their net gains in achievement were smaller but still significant. Relying on methods for converting achievement to the monetary value of later future earnings, Bos et al. (2007) estimate that the annual value of the achievement gain is approximately \$1,300.

Gennetian, & Hill, 2007). New Hope also increased boys’ engagement in school, involvement in out-of-school activities, and aspirations for higher education. Neither parents nor teachers saw as big a difference between girls in the New Hope and control groups.

From Research to Policy: State Trends

Under the leadership of Governor Jim Doyle, Wisconsin has taken a first step in streamlining service delivery for low-income families with the creation of the Department of Children and Families (DCF). The new DCF, led by Secretary Reggie Bicha, encompasses more than 30 services previously administered by the departments of Health and Family Services and Workforce Development. These services include child welfare, child support, early care and education, and the Wisconsin Works program, among others. Bicha has committed to a new philosophy in his department, with the goals of ensuring that families have access to quality early care and education and parents are able to secure and maintain employment. To reach these goals, the DCF is responding to families' frustration with the silo approach, getting state employees to talk to one another, and aligning information systems and federal funding streams.

Department of Children and Families

Governor Doyle (WI) introduced the Department of Children and Families (DCF), established in July 2008, as "Wisconsin's first state agency focused exclusively on promoting the safety, economic and social well-being of kids and families of the state" (Doyle, n.d.). Read more about the Department of Children and Families at <http://dcf.wisconsin.gov>

According to the National Conference of State Legislatures (NCSL), there are similar trends in other states. For example, New York, Connecticut, Vermont, Minnesota, and Delaware have set up commissions to propose strategies to attack poverty, with special attention to child poverty. Also, governments have recognized the need to rethink the artificial federal poverty index and to reward work with programs such as the Earned Income Tax Credit, child care subsidies that are not tied to leaving Temporary Assistance for Needy Families (TANF), increased earnings disregards (income not considered in determining eligibility) for TANF, post-employment assistance for new workers, and work-family benefits such as sick days and flexible work schedules. Arkansas, with its Work Pays program, provides cash assistance for

parents for up to 24 months after leaving TANF, ongoing employment services, and support for child care and transportation. Such benefits not only encourage work but also ease the "cliff effect," in which parents hit an income ceiling, lose child care subsidies, and find themselves scrambling to pay for care or resorting to a patchwork of family, friends, and neighbors to watch their children while they work.

States have increasingly begun to embrace early care and education as an opportunity to enhance child outcomes in ways that will ultimately benefit society.

The intense pressure on programs to move parents, especially mothers, from welfare to work has compelled workforce development specialists to embrace high-quality, consistent child care as a necessary support for working parents. In addition, because of scientific research on the importance of brain development in first years of life and the evidence that investments in quality early care can have huge and long-term payoffs in terms of school readiness and achievement, child care is no longer seen just as something parents need so they can work. Rather, states have increasingly begun to embrace early care and education as an opportunity to enhance child outcomes in ways that will ultimately benefit society. Sixteen states now have quality rating systems for child care settings, and 25 states are in the process of designing or considering such systems (Clothier, 2008). Importantly, states are moving quickly toward better integrating their child care and preschool systems. Several states with publicly funded preschool programs have turned to look at the child care system in efforts to implement quality in these programs.

Scale Up or Scale Down?

The Brookings Institution's Hamilton Project (Bos et al., 2007; Hamilton Project, 2007) has proposed scaling up New Hope on a national level, starting with five-year experiments in five states. While states would compete for the opportunity, all programs would be based on the social contract model and include the basic New Hope components: (1) earnings supplements, (2) health coverage, (3) child care subsidies, and (4) subsidized community service jobs. However, Jack Tweedie of NCSL suggests that much can be learned by starting at the community level. One critique of New Hope suggests that its success is likely due to its small, community-based approach. Tweedie proposes integrating an array of services that will help unemployed parents move into the workforce, including not only child care and health care, but also transportation, adequate and affordable housing and utilities, opportunities such as children's savings accounts to build family assets, and meaningful work linked to economic development. Communities, like families, may need a menu of options designed for their demographic, geographic, and socioeconomic circumstances.

Conclusion: Trend Toward Integrated Policy in the Midwest?

With state budgets stretched in all of the Midwest states, policymakers may suggest piecemeal solutions rather than systems integration. Michigan, Illinois, and Wisconsin have all increased their investments in early education and adopted state Earned Income Tax Credits, a strategy to reward work and boost the income of low-income workers. Both Michigan and Illinois have increased the state minimum wage. Combining income- and work-support with early care and education efforts may prove more effective in responding to families' need for work that pays without introducing new costs to their children's development.

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Additional Resources

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Center on the Developing Child, Harvard University: www.developingchild.harvard.edu

Earned Income Tax Credit, state information: <http://www.stateeitc.com/>

Fragile Families Study: <http://www.fragilefamilies.princeton.edu>

The Hamilton Project: <http://www.brookings.edu/projects/hamiltonproject.aspx>

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National Conference of State Legislators: www.ncsl.org

National Governors Association: www.nga.org

The Urban Institute, Low-Income Working Families Project. Reports available at <http://www.urban.org/center/lwf/reports.cfm>

Wisconsin Governor Jim Doyle's Kids First agenda can be found at <http://www.wisgov.state.wi.us/docview.asp?docid=682&locid=%2019>

Herr Research Center for Children and Social Policy

The Herr Research Center for Children and Social Policy informs, guides, and supports effective early childhood policy in the Great Lakes region. Unique in its regional approach, the center brings together perspectives from policy and research to promote the well-being of young children from zero to age eight and their families. Our researchers design and conduct original research, evaluations, and analysis on the optimal organizational design, funding mechanisms, monitoring practices, and implementation strategies of early childhood programs and services. We then channel this knowledge to state and local legislators, program administrators, advocates, foundation officials, and other participants in the policy process to improve the overall effectiveness of programs and policies for young children and their families.

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