
Executive Summary

Many forms of childhood damage are more prevalent among the poor. Leading experts discuss three policy responses; how states are supporting children and families through welfare reform initiatives, the Earned Income Tax Credit program, and early childhood interventions.

Tom Corbett, Associate Director of the Institute for Research on Poverty, UW-Madison, discusses how the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has accelerated policy and management trends that are transforming public assistance. One group of senior welfare administrators from the seven upper Midwest states—the Midwest Welfare Assistance Network or WELPAN—has made culture change a major issue in the three years since federal welfare reform became a reality.

Transforming the entire culture of an organization, which in turn changes the character of the program, typically begins with a restatement of the program's mission. Furthermore, it requires altering the agency structure, operations, and ambience in ways that completely reshape the experience of participants. True culture change ultimately informs participant decisions and informs their fundamental behaviors. In recent years, welfare culture change typically has involved a shift in focus from income support, often measured by payment accuracy, to work and self-sufficiency. Currently, WELPAN sees further shifts toward concerns about family and community functioning, particularly the well-being of children.

The emerging paradigm is new and, at the same time, very old. The core concern with the Aid to Families with Dependent Children (AFDC) program has been the real or imagined negative effects on behavior at the individual, family, and community levels. Consequently, behavior change at all these levels is replacing income support as the primary purpose under the Temporary Assistance to Needy Families (TANF) programs. The emerging systems have varied and multiple purposes, such as work, marriage, responsible parenting, that include multiple targets, including parents, children, and non-custodial parents. Today's former welfare agency staffers are dealing with child welfare issues, domestic violence, teen pregnancy, education issues, health care and mental health care, crime and delinquency, and a host of personal, family, and community issues.

Complex, behavior-focused programs tend to be dynamic, multi-dimensional, more collaborative, and less top-down. Reform is increasingly seen as a community responsibility with employers, service vendors, volunteer groups, and faith-based communities all playing an important role. Programs no longer will be executing policies, but will be creating policies. They will no longer be functionaries, but rather professionals. They will no longer dwell on symptoms, but will work on creating fundamental cures. Rather than ignoring the most difficult cases, they will be engaging the most troubled families in creative ways. Authority and real decision-making will not stop at the state level, but will drift downward to counties and local communities, then perhaps neighborhoods.

Corbett describes several concrete examples of how states and localities are transforming welfare reform from income support to child and family support.

John Karl Scholz, former Deputy Assistant Secretary for Tax Analysis at the U.S. Department of Treasury, discusses the country's largest cash income support program for low-wage families, the Earned Income Tax Credit (EITC). Since its beginning in 1975, the EITC has been expanded under both Democratic and Republican administrations. The maximum credit has increased from \$550 in 1986 to just over \$1,500 in 1993 to more than \$3,800 in 1999. In 1997, EITC lifted 4.3 million Americans out of poverty.

The intent of the program is to reward working families, while attempting to reduce welfare reliance. The EITC provides a cash subsidy to earnings up to a specific income level, but no money to those who do not have earnings.

Its targeting, beneficial labor market effects, and its relatively low administrative costs make it an appealing policy. The EITC is primarily targeted to working taxpayers with children. About half of all EITC payments go to families with incomes below the poverty line. About two-thirds of EITC payments go to taxpayers with wages in the bottom quarter of all workers with children, or those making less than \$6.43 per hour. The EITC has provided a powerful work incentive for low-income earners with children because benefits from TANF are not counted as income, nor does it affect eligibility for Food Stamps or Medicare. Compared with other income transfer programs, the EITC has low administrative costs.

To supplement the federal program, 11 states have turned to EITC with Wisconsin providing some of the most generous benefits in the country. Scholz also compares the EITC to three other programs for low-income workers: the minimum wage, incremental and targeted hiring subsidies, and payroll tax reductions.

Craig Ramey, Director of the Civitan International Research Center at the University of Alabama at Birmingham, has received many professional and civic awards for his research and programs including the American Psychological Association's Award for Exemplary Prevention Research. This chapter describes Ramey's Abecedarian Project which compared infants from low-income families who were randomly assigned to a high-quality child care setting with infants in a non-treated control group. Families in the study had multiple risk factors in addition to poverty, including mothers who had low IQs, mothers who had low levels of formal education, single-parent families, and teen mothers. Children's progress was monitored at ages 12, 15, and 21.

The study found that high-quality, multi-faceted early intervention alters the course of intellectual development in young children. Positive effects included higher IQ and cognitive performance; improved language; decreased grade retention; decreased need for special education; higher reading and math achievement scores; higher levels of formal education; delayed parenthood; and higher rates of post-high school education for teen mothers. In replications, researchers found that African-American, Hispanic and Caucasian children who were at the highest risk benefitted the most from early intervention.

The Abecedarian Project and other research studies have found that the most effective early intervention programs combine high-quality child care with a family approach, particularly home visiting. For extremely isolated and socially disadvantaged families, home visiting by itself does not appear to be sufficient. Ramey concludes with several key components of successful early intervention programs for children in poverty.