

CHILD POVERTY ACTION GROUP

Workfare: Not Fair for Kids?

**A review of compulsory work policies and their
effects on children**

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Child Poverty Action Group (Inc) is a non-profit group, formed in 1994 and made up of academics, activists, practitioners and supporters. CPAG advocates for more informed social policy to support children in Aotearoa New Zealand, specifically those children who currently live in relative - and occasionally absolute - poverty. CPAG believes our high rate of child poverty is not the result of economic necessity but is due to policy neglect. Through research and advocacy, CPAG highlights the position of tens of thousands of New Zealand children, and promotes public policies that address the underlying causes of the poverty they live in. If you are not already supporting CPAG and you would like to make a donation to assist with ongoing work, please contact us at the address below or through our website: www.cpag.org.nz

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CONTENTS

| | |
|---------------------------------------------|----|
| Executive Summary | 5 |
| Introduction..... | 6 |
| Children and Poverty in New Zealand..... | 7 |
| Workfare | 8 |
| What Is Workfare | 8 |
| Why Workfare? | 9 |
| The Outcomes for Families and Children..... | 12 |
| Indirect Effects | 13 |
| Direct Effects..... | 20 |
| Conclusion | 22 |
| Bibliography | 24 |

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Executive Summary

Two key issues emerge from examining the effects of workfare, also known as 'work for the dole' policies, on children - namely the importance of income and the importance of the programmes associated with workfare.

First, poverty and income are much more significant than workfare in shaping the lives of children. It is the amount of income in the household rather than whether the parent is working that is vital. Likewise, the educational and related programmes made available to children as part of the overall welfare changes associated with workfare seem to be more critical than workfare itself.

Second, the introduction of workfare in the United States has seen a growth in childcare and in out-of-school care programmes. These developments, and extension of these programmes, have been essential to enable lone parents to meet the work and/or training requirements of workfare. The cost of extending both childcare and out-of-school care has been one of the major financial expenses associated with workfare. Yet it is these supports (rather than simply moving off a benefit) that have resulted in the greatest improvements for children. These programmes can be provided irrespective of the provision or shape of workfare.

In the discussion of childcare and in the examination of the effects of workfare on children's school performance, the critical factors consistently identified are earnings and improvements in income levels, and adequate childcare. Furthermore, given the critical role of the economy in determining the extent to which beneficiaries are able to move into work, it seems obvious that the most effective and significant improvement in poverty levels comes from improving the financial circumstances in which families, particularly lone mothers, find themselves. Good policy responses are much more likely to occur through concentrating on these considerations rather than on creating and sanctioning compulsory work and training requirements.

Sanctions -- the range of penalties imposed on beneficiaries who fail to meet the work or training requirements or exceed the time limits for the receipt of a benefit -- are an integral part of many workfare regimes. Usually, the application of sanctions results in a reduction or total loss of benefit, which effectively penalises children because of the rules applied to the behaviour of adult beneficiaries. As in many other instances, those children who live with the most disadvantaged parents are likely to be at greatest risk.

By contrast, Britain's co-ordinated approach to reducing both child poverty and welfare rolls has produced a combination of work opportunities, child tax credits and universal child benefit that has been more effective in securing better employment rates for lone parents and lowering child poverty than the compulsory approach adopted in the United States. It is therefore a much better model for social security development in New Zealand than any replication of American style workfare.

It is the amount of income in the household, rather than whether the parent is working, that is vital to the child's well-being.

The childcare and out-of-school care associated with workfare have resulted in the greatest improvements for children (rather than just moving off a benefit).

Britain is a much better model for social security development for New Zealand than any replication of American style workfare.

Introduction

Paid employment increasingly is seen as the primary route for meeting the financial needs of able-bodied welfare recipients, including lone parents.

In New Zealand compulsory “workfare” was known as the “community wage” when it operated in 1998-1999.

The primary goal of active, work-focused income support policies must be the reduction and eventual elimination of poverty and deprivation for children.

The last fifteen years have seen significant shifts in approaches to provision of income support for families. In particular, paid employment increasingly is seen as the primary route for meeting the financial needs of able-bodied welfare recipients, including lone parents. This change is often expressed in the phrase “moving from a passive to an active approach to welfare”. This phrase, or variants thereof, has been used in both policy and academic literature and was used by the Minister of Social Development and Employment in setting out the changes in family support in the 2004 Budget (Maharey, 2004). The active approach to work has two critical features. The first (and most obvious) is the emphasis on a range of policies to move people from an income support benefit to paid work. The second is the development of a range of “in work” benefits to support paid work.

There have been two different approaches to active welfare policies and paid work. The first approach uses some form of **compulsion**. This requires beneficiaries and those reliant on state support to undertake work and/or training as a condition of continuing to receive that income support. This compulsory emphasis has been commonly referred to as either “workfare” or “work for the dole”. In New Zealand it was known as the “community wage” when it operated in 1998-1999.

The alternative approach focuses on providing **incentives** and encouragement for beneficiaries to move into paid work by providing a range of “in work” benefits as a supplement to earnings, and access to services such as subsidised childcare. (Some of these benefits may also be available to those receiving income support). In New Zealand these policies have included family support, accommodation supplement, tax credits. They effectively serve to supplement low wages. The 2004 budget extended this approach by including an “in work” payment, to commence in 2006, which will be available only to those working a minimum number of hours per week. While there are fundamental differences between the two approaches, there is one vital common element, namely the emphasis on paid work as the route to securing sufficient income for economic well-being.

This paper addresses the first of the above options, workfare, and its impact on children and poverty. The primary reason for concentrating on workfare is that it has been the dominant international policy approach through the 1990s, and there is now a considerable body of research (especially in the United States) as to its effectiveness and its impact on welfare recipients and their families. Although not currently the central thrust of New Zealand policy, workfare remains an area of key interest and attention in this country (particularly with the focus on compulsion) and hence warrants closer consideration than it has received to date. The same attention to children and poverty needs to be applied to incentive-based approaches.

The primary goal of active, work-focused income support policies must be the reduction and eventual elimination of poverty and deprivation for children. Shields and Behrman express this argument clearly: “the goal of welfare programmes should be to reduce poverty among families with children. Ending dependence on benefits should be the *result* of achieving this goal *not* be the goal itself. Otherwise, programmes will succeed only in moving families off the rolls, not in helping them escape poverty or improve their children’s - and society’s - chance for a brighter future” (Shields and Behrman, 2002:20. Emphasis added).

The evidence presented here endorses this and argues that the focus on dependency is useful *if* it reduces levels of poverty. Benefit reform and reducing benefit numbers is effective only to the extent that there are fewer children in poverty as a result. The emphasis given to the effects on children is critical because of the particularly vulnerable position of children.

Evidence presented in this paper clearly indicates that there are no grounds for supporting workfare as a step towards improving the position of children and further indicates that there are significant risks for children - not only for the most disadvantaged.

The paper begins with a brief summary reviewing the available data about children and poverty in New Zealand and provides important background for the subsequent discussion of workfare. A description of the idea and practice of workfare, nationally and internationally, follows. The major part of the paper summarises the key considerations and evidence about the effect of workfare on the lives, opportunities and experiences of children, focusing particularly on the impacts on child poverty.

There are no grounds for supporting workfare as a step towards improving the position of children – in fact, it exposes children to significant risks.

Children and Poverty in New Zealand

In her review of the influence of parental income on the lives of children, Mayer notes: "Parental income is positively correlated with virtually every dimension of child well being that social scientists measure, and this is true in every country for which we have data" (Mayer, 2002:30).

Mayer's clear statement about the significance of income is in sharp contrast to the argument which we often hear, namely that being in a household dependent on a benefit (rather than just having a low income) creates the problem for children. Her argument highlights that income levels and poverty, not welfare dependence, shape outcomes for children. Income, not the source of income, matters.

The effects and significance of poverty on children are now well-documented (Bradshaw, 2001; Child Poverty Action Group, 2003; St John et al., 2001). Research has consistently shown that approximately one third of New Zealand's children live in poverty or have low living standards (Easton, 1995; Agenda for Children, 2001; Ministry of Social Development, 2002)¹. To use the terminology from the Ministry of Social Development study, 28% of families with dependent children have living standards that are somewhat restricted or very restricted (Krishnan, 2002). Work released since this paper was finalised indicates that the figure could fall to 20% by 2007 when all elements of Working for Families are finally phased in.

Approximately one third of New Zealand's children live in poverty or have low living standards.

Table 1 - Trends in the ages of children dependent on core benefit recipients

| Age of children at 30 June | Children dependent on core benefit recipients | | | | |
|----------------------------|-----------------------------------------------|---------|---------|---------|---------|
| | 1999 | 2000 | 2001 | 2002 | 2003 |
| 0-4 years | 88,952 | 86,609 | 83,146 | 80,459 | 78,638 |
| 5-9 years | 90,759 | 87,835 | 83,848 | 81,035 | 79,700 |
| 10-14 years | 73,016 | 74,027 | 74,036 | 73,442 | 72,917 |
| Total | 252,727 | 248,471 | 241,030 | 234,936 | 231,255 |

Source: Ministry of Social Development, 2004b (Adapted from Table 2.18). In the 2004 Ministry of Social Development statistical report, the 2002 figures are in error as they replicate the 2001 figures. These figures have been subsequently corrected.

¹ The poverty line used here is 60% of median income, a measure used extensively in both national and international research on poverty.

The day-to-day lives and longer-term development of around a quarter of New Zealand's children are determined by what happens to the benefit system.

Children's material lives should not be negatively affected by changes in income support policy aimed at changing the behaviour of adults.

Workfare is a requirement that recipients of publicly provided financial assistance must undertake work and/or training.

A substantial number of children are dependent on the social welfare system and would be affected by changes in the social security structure and rules.

As Table 1 above demonstrates, there were 230,000 children under the age of fifteen in New Zealand as of June 2003 whose day-to-day lives and longer-term development were determined by what happened to the benefit system. Using the Statistics New Zealand definition of 'child' as someone under the age of 15, this represents approximately 24% of New Zealand children. Thus, changes to benefit rules and requirements have the potential to have a marked effect on a significant number of children.

There is a second group of children who are potentially affected by changes to the benefit rules, namely those children whose carers move from a benefit into work. If carers who have left welfare to take up paid work lose their jobs or have their hours reduced below the threshold required to be eligible for the "in work" incentive payment, they will then lose that additional "in work" benefit. This is particularly true for the Working for Families package announced in the 2004 budget, which handsomely rewards those who work the required hours each week. The loss of this reward could potentially return a family to below the poverty line.

The links between poverty and health, educational and social disadvantage, both currently and into the future, are now well established (Bradshaw, 2001; Vleminckx, 2001; Bradshaw, 2003; Mayer, 2002). Because children have only one opportunity for development, it is vital that every chance be made available to them while, at the same time, ensuring that every possible step is taken to avoid harm during the vital early years of growth and development. In the context of workfare and social security changes, it is critical that children's material lives should not be negatively affected by changes in income support policy, particularly when that policy change is aimed at changing the lives and/or the behaviour of adults. Undertaking work as a condition for receipt of a benefit must not mean an increase in child poverty. We have an obligation and a responsibility to ensure that changes contribute positively to children's lives and opportunities, particularly when so many children already have a low standard of living.

Workfare

What is Workfare?

Workfare -- sometimes expressed in phrases such as 'work first' or 'work for the dole' or 'activation policies' -- has been the dominant feature of international social security and income support policy developments over recent years. While the specific legislative and administrative details have differed across jurisdictions, many countries have used various forms of work requirement as the fundamental instrument of changes to Social Security provision and legislation. The central theme of these changes has been a requirement that recipients of publicly provided financial assistance must undertake work and/or training in order to continue to be eligible for public assistance. There are considerable differences between countries in how they approach work requirements, and who they target. American policy and practice has concentrated on lone parents, while in their version of workfare European countries have given priority to the unemployed.

In their comparative study of workfare, Lodemel and Trickey (2001:6) define workfare as: "programmes or schemes that require people to work in return for social assistance benefits." Three elements are clearly identified in the definition quoted above:

- workfare is compulsory
- it is focused on work and/or training

- it is concentrated on public income support systems

We are using the term ‘workfare’ here to include both work and training requirements.

In New Zealand, initial policy focus in the 1990s was on both lone parents and the unemployed. The policy changes introduced by the Labour-led government have reduced the emphasis on lone parents, although not completely². The New Zealand version of workfare, known as ‘the community wage’, was introduced in 1998. The term ‘community wage’ was abolished following the election of the Labour-led government in 1999, although the sanctions for non-compliance with work and/or training requirements remained. The major amendment was to remove the sanctions for lone parents receiving the DPB, but a 2002 amendment to the Social Security Act imposed other obligations on lone parents and widows, along with sanctions for non-compliance.

Why Workfare?

Workfare is seen by its proponents as a response to a range of social problems including labour market marginalisation (that is, adults who have irregular employment or are unemployed), high levels of unemployment, fiscally expensive benefit and benefit dependence. Proponents often claim that workfare restores the ‘social responsibility’ of those receiving benefits. (‘Social responsibility’ refers to the idea that people on benefits should exercise greater responsibility by making more effort to secure work and by inculcating a work ethic in their children).

Two closely linked ideas - **benefit dependency** and the **obligations and responsibilities of beneficiaries** - have been central to the development of recent policies featuring work obligations for beneficiaries. These ideas, however, make up only half the spectrum of possible approaches. While a focus on the internal motivations and behaviour of the beneficiaries (the dependency approach) has been dominant, there has also been some, albeit limited, consideration of the role of external conditions (such as the extent of social exclusion). Although these approaches are often presented as distinct, there is considerable overlap between the two arguments, and both justifications for workfare are included in much of the policy, and public, discourse. Lodemel and Trickey (2001) demonstrate that different political traditions and different countries take quite different and distinct policy approaches, despite the overlap.

Dependency arguments focus on the behaviour and values of those who are dependent on a benefit. The focus is invariably negative. These arguments are the ideological descendant of nineteenth century England’s Poor Laws and related concerns with the deserving versus the undeserving poor. Proponents of this line of argument assume that those who are dependent on a benefit lack a work ethic, lack incentive to provide for themselves and their families, lack the necessary skills and the motivation to acquire those skills and are content with the lifestyle which being on a benefit creates. In this view, being on a benefit is a lifestyle choice, and it is therefore necessary to make this lifestyle unattractive. This approach has underwritten many of the reforms in the United States and has been, and largely remains, the dominant theme in New Zealand’s welfare debates.

The alternative approach is covered by the expression ‘social exclusion’, a term that is used with a number of different meanings. In their discussion of the social exclusion approach to workfare, Lodemel and Trickey (2001:17) emphasise social cohesion and solidarity and efforts to “reinsert excluded people.” They emphasise the critical role of the state in ensuring that economic, labour market and social policies meet the needs and interests of those who are disadvantaged in the job market by ensuring that policy creates work opportunities and ensures adequate wages.

The term ‘community wage’ was abolished by Labour in 1999, although the sanctions for non-compliance with work and/or training requirements remained.

Proponents often claim that workfare restores the ‘social responsibility’ of those receiving benefits.

The assumption that those who are dependent on a benefit lack a work ethic and are content with the beneficiary lifestyle largely remains a dominant theme in New Zealand's welfare debates.

² It should be noted here that the workforce participation of sole parents in New Zealand is low by OECD standards. The available evidence suggests that this is largely attributable to low levels of state-supported childcare, and the low-level, poorly paid work most sole parents would find themselves doing.

The weaker expressions of this approach, as favoured by 'Third Way' Labour governments for example, advocate using a range of incentives and more or less intensified case management to support movement from a benefit into paid work. A stronger version of the social exclusion approach goes a step further, highlighting the ways in which the economy operates and the effect this has on employment and incomes. This approach emphasises the big picture, showing critical ways in which processes such as economic restructuring, globalisation and reforms to enhance labour market flexibility have changed the nature of work, the certainty of employment and income security. Thus, the problem of 'benefit dependency' is seen to result from the creation of more part-time and insecure jobs (usually with low pay and inferior working conditions) and the growth of global markets in which local jobs and working conditions are markedly influenced by the availability of cheap labour in third world countries (Anderson, 2002; Torres, 2004).

'**Benefit dependence**' (or the wider term, 'welfare dependence') became the political and ideological rallying cry for associated social security reforms, in New Zealand and internationally. Its core feature is the idea that being dependent on a benefit results in recipients being unwilling to take responsibility for their own lives and those of their dependents. Advocates of the dependency argument essentially draw a causal connection between receipt of a benefit and some perceived moral weakness, in spite of the lack of any evidence to support this view. Furthermore, it is argued, the results of benefit dependence are seen in the behaviour and attitudes of children living in families who rely on benefits. These children, it is claimed, lack personal incentive and motivation and do not develop good work habits. It is also often asserted that the children fail to develop an attitude and culture in which work and taking responsibility for oneself are seen as central values. It is assumed that the example set by non-working parents will not inculcate a work ethic and other important values in their children. Conversely, it is assumed that working parents automatically produce hard-working children. The extent to which 'dependency' has dominated debate about income support in New Zealand is reflected in the emphasis of the Ministry of Social Policy conference in 1997. Entitled 'Beyond Dependency', it dealt almost exclusively with the apparently aberrant behaviour of beneficiaries.

Closely linked to the focus on 'benefit dependence' is an emphasis on what are often called '**reciprocal obligations**' or 'mutual obligations' (Goodin, 2002; McClelland, 2002; Saunders, 2002; Brennan, 2002). Reciprocal obligations stress the responsibility of beneficiaries to behave in a 'socially and personally responsible' manner as a condition for continued benefit payment. These obligations are presented as the solution to the problem of 'dependence'. The socially responsible beneficiary will do all he/she can to become independent through taking up paid work or through training to improve future work prospects. In New Zealand the 1996 Briefing Papers³ described reciprocal obligations as: "the idea that receipt of benefit creates a responsibility to take action towards enhancing capacity to be self-reliant, minimising the duration of dependence, or improving the well-being of family or community" (Ministry of Social Policy, 1996). The Code of Social Responsibility proposed in New Zealand in 1996 (and later formally abandoned) extended this further than an emphasis on work and/or training. It proposed, inter alia, that continued benefit receipt would be dependent on ensuring that children had received their vaccinations and were regularly attending school.⁴

'Dependency', in the context of welfare policy, is used in a very moralistic and judgemental way to imply that 'being dependent' on income support automatically signifies inferiority and moral failure. Dependency is dysfunctional; working is "conventional behaviour"

³ Briefing Papers are prepared by government Departments and Ministries following each election and identify current issues and priorities within the particular Department or Ministry.

⁴ Although formally abandoned, many of the ideas expressed in the Code remain. Some of them were contained in Dr Brash's speech in 2004 setting out the National Party's approach to welfare reform (Brash, 2004).

Children in benefit-dependent families, it is claimed, lack personal incentive and motivation, and do not develop good work habits.

Reciprocal obligations stress the responsibility of beneficiaries to behave in a 'socially and personally responsible' manner as a condition for continued benefit payment.

(Stoesz, 2000: 90), and to be encouraged. Hence, welfare reform based on 'dependency' has sought to change the behaviour of the welfare-poor. In New Zealand, this approach to dependency has been reflected in arguments made by the National Party spokesperson on welfare issues, Katherine Rich (2003).

These contentions about benefit dependence and beneficiary obligations are widely supported in public comment, but do they have any sound factual basis? In brief, no. Evidence follows to support this position.

Summarising the empirical work, Lodemel and Trickey (2001) note that there is little support for the moralistic assumptions that are made about benefit dependency. Drawing on Leisering and Walker (1998), they note: "while the probability of escaping from poverty or benefit decreases with time, the simple assertion that this is evidence of dependency, of the morally enervating effects of being on benefits, receives little support" (Lodemel and Trickey, 2001: 22). There is no thoughtful and reliable research about the lives and ambitions of those dependent on income support which supports the key ideas of the argument that beneficiaries and the poor lack ambition and motivation (Dean, 1992; Fraser and Gordon, 1994). Indeed, the evidence points in the opposite direction. Similarly, there is little support for the dependency thesis advanced by writers such as Mead (1985) and Murray (1984). Stoesz (2000) has noted the surprise of both conservatives and liberals when evidence emerged that beneficiaries are considerably more active and resourceful than had been assumed.

There is no evidence that lone mothers do not want to work. On the contrary, the data show that lone parents do take up work if the appropriate supports are available and if their particular needs are adequately met in the workplace. In the absence of sound evidence, surely compulsion only creates unnecessary and potentially destructive pressures on beneficiaries generally, and lone mothers in particular, as they struggle with balancing competing demands while ensuring that the needs of children are met. The striking thing is not that so few lone mothers work, but, given the poor job security and pay most of them face, that so many of them do.⁵

The New Zealand benefit reforms of the 1990s were shaped by the dependency approach to workfare. The 1996 Briefing Papers to the incoming government suggested a range of measures to deal with 'the problem of dependency'. These included tightening and extending the work test, strengthening sanctions for non-compliance, assessing capacity of those with sickness or injury and provision for people to undertake community work. Furthermore, the review of the 1999 reforms to the Domestic Purposes Benefit and the Widows Benefit refers frequently to reducing the numbers dependent on a benefit as the one of the key considerations underlying those 1999 reforms (Ministry of Social Development and Department of Labour, 2002). (See O'Brien, 1997 for a summary of the usage of the idea of dependency within the Briefing Papers and subsequent policy documents).

In fact, the important considerations in shaping the employment behaviour of beneficiaries are the availability of jobs, the adequacy and security of income, the state of the economy and the availability of childcare, rather than lack of motivation and poor work ethic (the key assumptions of the dependency argument). Moreover, the term 'reciprocal obligations' means that there are obligations and responsibilities on both parties. Alongside the responsibility to undertake work or training must be placed an obligation on the state to ensure that work is available at an adequate wage and that there are the necessary supports to enable beneficiaries to take up paid work.

Noticeably, most of the public debate on benefit dependency centres on the responsibilities of the beneficiary to seek or prepare for work. Few proponents of workfare-style reform appear to accept the idea that there is a responsibility to ensure that

There is no thoughtful and reliable research which supports the idea that beneficiaries and the poor lack ambition and motivation. Indeed, the evidence points in the opposite direction.

Lone parents do take up work if the appropriate supports are available and if their particular needs are adequately met in the workplace.

Alongside the beneficiary's responsibility to undertake work or training, an obligation must be placed on the state to ensure that work is available at an adequate wage.

⁵ It is likely to be less significant for lone fathers because the children for whom they have responsibility are usually older.

adequately paid, secure work is available to those who transfer from income support. In that sense, obligations can hardly be called 'reciprocal' or 'mutual'. Security and certainty of employment are crucial issues facing beneficiaries who are required to work as a condition of receipt of their benefit.

The importance of economic conditions and of the labour market is well taken up by Mackay in his review of the development of workfare in New Zealand. He notes that in poor economic and employment conditions:

...efforts to change the labour supply behaviour of beneficiaries will be largely ineffective and may even be self-defeating if they engender frustration on the part of those who are unable to find work despite their best efforts. At best, under such a scenario, welfare to work programmes are capable only of stirring the pot and sharing the pool of unemployment among a wider pool of people (Mackay, 2001:109).

Economic and employment conditions are seen by many commentators to have been critical in determining the outcomes of the workfare experiments in the United States. They will also be very important in New Zealand over the years ahead in determining the impact of the 2004 Working for Families package, as the major benefits of the package go to those in paid work.

Why, does this matter? It matters because the jobs that many beneficiaries (especially lone parents) take up on leaving the benefit are in areas of the labour market where jobs are short-term and/or temporary. Linking income support to paid work means that when work is not available, poverty is likely to increase significantly when incomes are reduced drastically almost overnight. Children in these circumstances will be especially vulnerable.

Alongside the economic and employment conditions, availability of and access to affordable childcare is a critical ingredient shaping the outcomes of workfare. Consistent with overseas research (Adams and Rohacek, 2002; Mistry et al., 2004), a government review of the New Zealand benefit changes identified the cost of childcare as one of the major barriers for parents taking up and remaining in work (Ministry of Social Development and Department of Labour, 2002).

Workfare, then, represents an important development in state provision of income support. While workfare extends to a range of income support recipients, the focus here is on the position of families and children and it is to this we now turn.

The Outcomes for Families and Children

Workfare - and the sanctions associated with failing to meet its requirements - significantly affect the lives of children and families, especially children living with lone mothers. The significant proportion of lone-parent families receiving social security provides compelling reasons for focusing primarily on this group. Furthermore, much of the research from the United States has concentrated on children in lone parent families. These families have been the particular focus of workfare programmes.

Second, and much more importantly, the levels of children's physical, economic, social and emotional well-being are entirely dependent on what happens to the adults who are responsible for their care. They can do little by themselves to alter the circumstances of their lives and development. They are in a particularly vulnerable position when the behaviour and lives of their carers change, or are forced to change. Changes in policies that affect families must be required to improve the lives of children.

Workfare effects on children can be described as being indirect or direct. **Indirect effects** are those that arise from changes to the circumstances and lives of their parent/s or

Linking income support to paid work, as the Working for Families package does, means that when work is not available, poverty is likely to increase significantly, almost overnight.

Changes in policies that affect families must be required to improve the lives of children.

carer/s, particularly financial and employment changes. Those effects are indirect because they impact on the lives of the parents and through the parents have an effect on the children. For example, if a lone mother is required to work in order to continue to receive a benefit, the changes in her life can be expected to have an indirect effect on her children.

Direct effects on the other hand are those which are not mediated through a third party. They are experienced directly by the children. They are manifest in two ways: first they may change the opportunities available for children, and second there may be changes in children's behaviour.

INDIRECT EFFECTS

1. Work and Parental Incomes

Because workfare is directed at changing the lives and behaviour of adults, much of the international evaluation of the effect and impact of workfare has focused on this. For example, Holcomb et al (1998) focus their review entirely on the effectiveness of the reforms in creating work on moving people from welfare to work. There is no examination of the outcomes for children or families. In New Zealand, the review of the 1999 reforms to the Domestic Purposes Benefit and the Widows Benefit (Ministry of Social Development and Department of Labour, 2002) is explicitly focused on the changes in adult behaviour. Indeed, the Ministries' report noted that the effect on children and families could not be determined.

The emphasis on moving beneficiaries into paid work suggests that simply getting more people into jobs will reduce levels of poverty. However, the evidence indicates that this is not the case. Work alone does not guarantee that children will move out of poverty. For this to happen, in addition to obtaining work, beneficiary parents need secure, ongoing income. Four points emerge from the evidence:

- falls in welfare rolls are not necessarily the result of the introduction of workfare
- falling welfare rolls appear to be closely correlated to buoyant economic conditions
- moving into work does not guarantee reduction in child poverty
- workfare has produced a group of recipients known as "churners" - people who move in and out of benefits and paid work.

In their overview of workfare, Sawhill and her colleagues (2002) argued that the introduction of workfare in the United States was not solely responsible for reductions in the welfare rolls. There were two other equally important interconnected factors:

- the start of workfare coincided with a period of economic and employment growth
- the number of lone mothers declined.

It is impossible, they argued, to determine the specific significance of workfare *itself* in reducing the welfare rolls. Nor could it be argued that workfare alone reduced the numbers receiving social security; other factors were of critical importance. Interestingly, these factors are paralleled in the review of the New Zealand changes. The state of the economy, the signals given by the introduction of the community wage and improvements in employment may jointly have been important in shaping responses to the introduction of reforms (Mackay, 2001).

The effect of these multiple factors is taken up again later in Sawhill et al's review, together with a key proviso: "whether they (work requirements) will be equally effective in a weaker economy is less certain" (Sawhill et al., 2002:10). This is a very important reservation because it suggests that when the economy weakens and unemployment increases then reducing benefit numbers is less likely. Mackay (2001) makes a similar comment in his review of the effectiveness of New Zealand training programmes for beneficiaries (quoted above). The importance of economic conditions and of levels of employment and

unemployment can similarly be advanced as integral to the success of current New Zealand policies, which selectively grant in-work benefits to support the children of those in paid work in an effort to encourage beneficiaries to move into the workforce⁶.

In an extensive review of welfare reform in Miami-Dade County, Brock et al. also found a dramatic fall in welfare rolls, but noted that this fall began in 1993, prior to the implementation of welfare reform, and continued to fall thereafter. The authors could not conclude whether welfare reform was responsible for the fall in rolls, or simply reinforced a trend that was already under way (Brock et al, 2004).

A review by Acs et al (2003) also found that the number of mothers on welfare fell, this time after reforms were introduced, but the reduction was shown to have occurred largely because *entry* rates declined. The number of new recipients of welfare declined and it was this fall which accounted for the drop in numbers on the welfare roll. They found that “neither changes in the characteristics of low-income single mothers nor improvements in the economy” accounted for the change. Significantly, they also found that declining entry rates were “not accompanied by substantial improvements” in the circumstances of single mothers (Acs et al, 2003: 2).

Schoeni and Blank (2000) found that while welfare reform in the U.S. had a strong impact on caseloads, the favourable labour market enjoyed by the U.S. economy during the second half of the 1990s had a stronger effect than welfare reform on the labour force participation of recipients. Loprest (2002) also found that most of the recipients she observed moved into jobs. She, too, noted that those who leave welfare may not have such high rates of employment in the future because they may not face the same favourable labour market conditions as those enjoyed in the late 1990s.

Taking up a different aspect of the data, Wiseman noted it was misleading to claim that an increase in employment rates among welfare recipients reflected changes in behaviour: “What has changed in many states is policy towards continuing eligibility for recipients who take jobs” (Wiseman, 2003:48). In other words, workfare has not meant that beneficiaries are more active in seeking work. Rather, Wiseman argues rolls have declined because policy changes made a number of beneficiaries ineligible for welfare assistance. Trends he identifies include:

- a fall in the poverty rate for all types of households, not just for those receiving welfare payments
- a fall in the combinations of work and welfare among lone female parents
- decline in benefit numbers
- decline in the share of the poor who receive welfare and food stamp benefits.

Wiseman noted that the positive results reported in the research occur because data used to evaluate the outcome of the reforms is not as strong as is often claimed, due to inconsistencies in collection and auditing processes. He argued that workfare has improved the position of those able to work and weakened the position of those who cannot, again highlighting the dangerous position of the most vulnerable: “lowering of the safety net has increased the vulnerability of lone-income families to economic downturn” (Wiseman, 2003: 49).

The research evidence makes it clear that obtaining work does not in itself guarantee either that a family will move above the poverty line or that the needs of children will be protected and enhanced. A review by Sawhill et al (2002) covering a range of studies in a number of US states notes that while work pays better than welfare, a number of important

⁶ To be eligible for the In Work payment, a lone parent needs to be working for a minimum of 20 hours per week and a couple need to be working for a minimum of 30 hours between them.

Wiseman argues US welfare rolls have declined because policy changes made a number of beneficiaries ineligible for welfare assistance.

Obtaining work does not in itself guarantee that a family will move above the poverty line.

conditions must be met if poverty is to be overcome. First, work needs to be continuous and full-time. Second, escape from poverty is possible only if a lone parent is receiving the benefits she is entitled to in addition to the wages she is earning. Low take-up rates are one of the major problems of targeted benefit systems, and not all those entitled to benefits receive them.⁷

Up to 40% of women who left welfare were not working and as many as 18% did not work for a year after leaving the rolls (Sawhill et al., 2002). Some of these women had limited income support from a partner while others lived with family or relied on other government programmes. Frequently, their financial position was perilous. Earlier in their review the researchers had noted that: "Studies of mothers leaving welfare show that one in five goes through long periods without work and many more are without jobs from time to time" (Sawhill et al., 2002: 25). It is worth highlighting here that those who are least likely to have taken up work are also the most disadvantaged. They have the poorest health and lowest education levels, an issue which, as we will see, is taken up by other research.

The presence of a group of women who have left welfare and are not doing well is consistent with broader trend studies indicating that *the poorest single mother families have experienced declines in income in the post reform period* (Sawhill et al., 2002: 84). (Emphasis added).

Another review, the Delaware programme, also focused on the movement into work. It noted that, while the majority of those leaving welfare went to work, "few participants achieved economic independence within the study period and the majority still was struggling to make ends meet" (Fein et al., 2001: i). Stoesz (2002) also noted that low wage mothers earned more but, because of the extra costs incurred as a result of working, they had less money at the end of the week than those mothers who remained on a benefit.

The evidence from the research suggests that for many who leave welfare, any improvement in income is likely to be temporary. Fluctuating parental income levels mean that children are faced with both recurring experiences of poverty and uncertainty and insecurity about the financial position of their family. This uncertainty and insecure living standards are harmful and destructive for children.

The evidence suggests that by 2002 there was significant churning beginning to emerge among former welfare recipients. ("Churning" is the term used to refer to the pattern of repeated movement between benefit receipt and work). The evidence from Sawhill et al above demonstrates the extent of some of the movement into and out of paid work.

Churning is significant for several reasons. Richburg-Hayes and Freedman (2004) found that "cyclers" (their term for churners):

- tended to be younger
- were more likely to lose their jobs than those who stayed on welfare for only short periods
- tended to start having children younger
- were most likely to be the parent of a child under the age of six
- were the most likely to have a child while receiving welfare.

They were also less likely to be partnered than those who were unemployed for short periods.

It is not clear from their study whether these recipients were cyclers because of these characteristics, or because these characteristics made it more difficult for them to find and

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Up to 40% of women who left welfare were not working and as many as 18% did not work for a year after leaving the rolls... Research indicates the poorest single mother families have experienced declines in income in the post reform period.

Low wage mothers earned more but, because of extra costs such as childcare, they had less money at the end of the week than those mothers who remained on a benefit.

⁷ 'Take up rates' refers to the percentage of eligible recipients who actually apply for assistance. In many targeted benefits, take up is low. This may arise from lack of information, complex procedures, problems of literacy and/or from a sense of stigma at having to apply and declare oneself poor.

The uncertainty of employment and income that is associated with parents moving in and out of the workforce adds to the stress experienced by poor children.

Many beneficiaries are thought to return to benefits within two years of taking up work – a trend partially attributed to low wages and jobs which are temporary and/or casual.

hold down jobs. Loprest (2002) found that, among welfare recipients with families who had left the rolls, approximately 25% were not working, and had no partner working. Significantly, from a policy point of view, Richburg-Hayes and Freedman (2004) found that the incidence of churning *increased* following federally mandated welfare reform and was highest in states such as Florida, where stringent welfare regimes are applied.

It is easy to imagine how the very erratic pattern of income arising from churning affects the lives of children. These children are already economically vulnerable. Workfare, with the uncertainty of employment and income that is associated with their parents moving in and out of the workforce, adds to the stress experienced by poor children and their caregivers.

While Sawhill et al's (2002) initial arguments are optimistic about the effect of workfare on reducing benefit rolls, serious concerns are raised about the position of children. They suggest that improvement is likely to be temporary and so consideration of the poverty of children as parents move from welfare to paid work takes on considerable importance.

Similar results are to be found in the New Zealand research. Mackay quotes departmental research which estimates that most classes of beneficiaries return to benefit within two years of taking up work. He suggests that: "many beneficiaries find it difficult to re-establish themselves in sustained employment after exiting from benefit" (Mackay, 2002: 108). Part of this at least he attributes to low wages and the temporary and casual nature of many of the jobs they take up. His arguments are consistent with the conclusions reached by the Departmental review of the 1999 reforms, where it was noted that there were financial gains from work but these took time to develop and were fragile and uncertain. Moreover, many of those who moved into work were still on low incomes, and for those in part-time work: "loss of income owing to debt or abatements made part-time work only of marginal financial value" (Ministry of Social Development and Department of Labour, 2002: 9). Part-time work seemed to be of limited advantage, but the difficulties of responsibility for children make full-time, permanent work difficult to manage. In this context, it is worth noting that current research and policy work in the United Kingdom and parts of the United States is focusing on work retention and the quality of jobs (Kellard, 2002; Rangarajan, 2002) rather than merely moving people 'off welfare' and 'into work'.

For families with children, income is the critical determinant of well-being. Yet: "despite the high employment levels of women who have left welfare, their incomes increased only modestly after leaving the rolls" (Sawhill et al., 2002: 82). The small increase in incomes is seen to be the result of three factors:

- low levels of earnings from work
- removing women from the welfare rolls through the use of sanctions
- high abatement rates, (loss of benefits because of earnings).

Low rates of food stamp take-up and difficulties in accessing Medicaid (the public health care programme) have an important effect in reducing the extent to which work lowers poverty levels. Loprest (2002) found that many welfare leavers moved into jobs, but those jobs were mainly at the lower end of the labour market, with poor pay and conditions.

To summarise: Obtaining work is insufficient in itself to ensure that children move out of poverty. Adequate incomes and permanent, secure work are much more vital considerations.

Scenario One

A mother of four goes out to paid work. In this case she is still on the DPB as the job does not pay enough to make it worth going off it. She is going to be \$30 a week better off with the new accommodation supplement. In her budget this is a huge amount. Her oldest daughter who is 15 spends nearly all of her holidays looking after her three younger siblings. She does an excellent job.

In addition to the inadequate and insecure income obtained in much of the work undertaken by beneficiaries, research also noted the critical ways in which lone parents' family circumstances impacted on employment. For example, a recent study examining the profiles of families described as 'cyclers' highlighted the variability in circumstances of families receiving welfare assistance. Health of adults and children was referred to as one of the important causes of this variability. The report noted the consequent importance of differential policy responses to reflect these different family circumstances (Richburg-Hayes and Freedman, 2004). To date, tailored policy responses have not been a feature of the welfare reform debate, or of the policies arising from it.

Similar issues are also noted in the New Zealand research. The Departmental review noted the difficulties face by lone parents attempting to juggle the requirements of work and children:

Their circumstances were fragile and their resources to deal with changes (e.g. failure in childcare, health issues, job changes) in these circumstances were limited. Concern that their children's emotional, social and educational well-being was suffering along with insufficient income to care for their children were key reasons why people applied for, stayed on, and returned to the benefit (Ministry of Social Development and Department of Labour, 2002: 9).

The lone parents interviewed for this Departmental review were generally positive about the value of obtaining work, but:

They were constantly concerned that the delicate network of support (families, neighbours and employers) that allowed them to continue working could be broken through events largely outside their control (e.g. deterioration in their own, their children's or their supporters' health, or changes in the employment market, or changes in the cost of living). Their circumstances were fragile and their resources to deal with changes in these circumstances were limited (Ministry of Social Development and Labour, 2002: 50).

The significance of these "fragile circumstances" and of the health issues is well demonstrated by Baker and Tippin (2004) and by Worth and McMillan (2004). Baker and Tippin's (2004) discussion about the links between the health of lone parents, work and living standards suggests that here too it is the most vulnerable who are at greatest risk. This uncertainty about the permanence of work is noted too by McLaren (2004) in her brief summary of the experiences of "non-standard" workers interviewed as part of their research on the labour market. The work lives and pattern of lone parents can certainly be described as "non-standard".

Scenario Two

A sole father with three daughters. He tried to go back to paid work. There was a lack of continuity with caregivers. A large amount of responsibility was falling on his oldest daughter who was ten at the time. He recognised that his girls were not better off without him being home with them. He is fortunate in that he is very mechanical and gets a balance in his life by helping friends with their cars. It keeps him sane.

Clearly, this is a problem for many beneficiaries. The work they obtain is often erratic and poorly paid, and the needs of their children and their own health often make finding suitable work difficult. Given the serious health disadvantages faced by lone parents, and the implications of those disadvantages for paid employment, compulsory work requirements put lone parents and their children at risk of serious disadvantage.

What, then, are the advantages from work? The parents interviewed for the Departmental review referred to above identified the capacity to buy extras for their children, the parents' increased self-esteem and the positive role modelling of being in paid work. However, working also created additional pressures, including the expense of childcare, concern for their children's well-being and worries about maintaining social networks. These social networks were crucial in providing lone parents with support and the practical help they need in caring for their children. It is placing the advantages of employment alongside the

Simply concentrating on reducing welfare rolls by forcing work requirements without any critical supports worsens poverty levels for those already at the bottom.

pressures caused by meeting the needs of children that creates the strains caused by compulsory work requirements (Ministry of Social Development and Department of Labour, 2002).

Economic and employment conditions have been critical in determining the outcomes of workfare reforms in the United States. They will also be very important in determining the impact of changes to New Zealand family support announced in the 2004 Budget. Under Working for Families, income supplements and tax credits are available to those who enter the labour market and take up jobs that are poorly paid. Because income support is linked to work, if those jobs vanish, it is highly likely that these families will fall back below the poverty line. Children in these circumstances will be especially vulnerable. Simply moving beneficiaries into work is insufficient. Economic and employment policy, along with other necessary supports such as childcare, must enable beneficiaries to remain in jobs that provide an adequate income. The dependency approach, which simply concentrates on reducing rolls by forcing work requirements without any of the other critical supports, actually worsens poverty levels for those already at the bottom.

2. Child Poverty

Sawhill and her colleagues (2002:40) argue that the workfare reforms in the United States have produced a decline in child poverty both for children as a whole and for African-American children. However, the evidence is not as conclusive as their general claim would suggest:

Even where averages are encouraging, the condition of those at the bottom, such as those who leave welfare and do not hold jobs remains a focus of research and debate....[T]he decline in poverty has not been as steep as the decline in the caseload and concern about the most disadvantaged families persists (Sawhill et al., 2002: 17).

Concerns about the precarious position of the most disadvantaged and most vulnerable children echo throughout this paper. Sawhill's positive overall view stands in contrast to other evidence. For example, Levitan and Gluck argue that the claims that welfare reform reduced levels of poverty are not sustainable. Their argument is worth quoting at some length as a summary of the overall position:

At the end of the longest economic expansion in the nation's history, six out of ten single mothers could not, through their own labour and the "largesse" of government transfers, lift their families up to what many consider an adequate standard of living. Those who claim that welfare reform was an unalloyed success point to the decline in poverty rates among families headed by single mothers as evidence that the new system not only put people to work but brought them out of poverty. But the decline in single mother poverty does not necessarily imply that working poverty fell during these "golden years". In fact, the poverty rates for families headed by a working single mother showed little change from the three years preceding welfare reform (1994-1996) to the last three years for which data is available (1998-2000)....What drove down the poverty rate for all single mother families was a composition shift, not a change in poverty rates. (Levitan and Gluck, Undated : 40). (Emphasis added).

Their argument highlights yet again the critical role played by the economy in reducing benefit rolls through workfare. As they note, despite the good economic circumstances of the time, large numbers of lone mothers (and their children) remained in poverty. Furthermore, they argue that the improvements identified are significantly influenced by the narrow definition of poverty that is used in measuring poverty rates in the United States. One of the effects of this narrow definition is to inflate the effects small income changes have on poverty levels. Rather than poverty being reduced to the extent to which it is claimed, their data shows that families moved from a group with high poverty rates (those reliant on some form of welfare payment) into a group with lower poverty rates (those in work). The number in poverty remains the same, but the families do not fall so far below the poverty line.

Reflecting a similar argument, Zaslow et al. argue that much of the decline in poverty among families who left welfare is attributable to small increases in income that pushed families from just below the poverty line to just above it:

The increase in disposable income among lower income single parent families since welfare reform may generally be too small to improve the overall economic picture of many of these families, and is therefore unlikely to lead to substantial improvements in child well-being (Zaslow, 2002a: 85).

The arguments about the persistence of relatively high poverty rates among those in work is supported by Weil (2002). In a key finding entitled “Deep Hardship Has Increased” he noted the deteriorating position of low income families reliant on income support. While the American welfare programme, Temporary Assistance to Needy Families (TANF) emphasised the role of work, the programme which it replaced, Aid to Families with Dependent Children (AFDC) served as a safety net, averting “deep poverty”. TANF, introduced in 1997 under the Personal Responsibility and Work Opportunity Reconciliation Act 1996 was, he argued, less effective at reducing poverty levels for the neediest families.

3. Sanctions

Sanctions are an integral part of many workfare regimes, and include the range of penalties imposed on beneficiaries who fail to meet the work or training requirements, or exceed the time limits for the receipt of a benefit. (‘Time limits’ can be a maximum period allowed for receiving a benefit at any particular time and/or a lifetime allowable maximum. The limit is usually two years).

Usually, the application of sanctions results in a reduction or total loss of benefit. However, Holcomb and Martinson (2002) note that in the United States there has been wide variation between states in the ways in which sanctions and time limits have been applied and enforced.

When sanctions are enforced, children are effectively punished because of the rules applied to the behaviour of adult beneficiaries. As in many other instances, those children who live with the most disadvantaged parents are likely to be at greatest risk.

Sawhill et al (2002) noted that while many families have been the subject of sanctions, little is known about their position. Chase-Lonsdale et al. argued in their review of the legislation in three American cities that particular attention needs to be paid to families who have been the subject of sanctions: “sanctioned families have a number of characteristics which serve as markers⁸ of concern for the healthy development of children and youth” (Chase-Lonsdale, Undated : 6).

Sanctions were also part of the New Zealand version of workfare (the “community wage”) in the 1990s, and have continued for the unemployed. The effects of those sanctions were not included in the evaluation of the New Zealand reforms (Ministry of Social Development and Department of Labour, 2002), in part because workfare itself had not been in operation for long enough to make such an evaluation feasible.

In the United States there are federally mandated limits for the receipt of TANF. These limits are five years over the course of a lifetime and two years for any one time. States can - and do - set lower time limits if they wish. As noted above, Holcomb and Martinson (2002) suggest that there is considerable variation in practice in the ways in which the time limit requirements are enforced and applied. The system has not been in place long enough to generate useful research material about what happens to children when the time limit is reached. However, it is reasonable to suppose that children in families subject to time limits are likely to be placed in a very hazardous position.

When sanctions are enforced, children are effectively punished because of the rules applied to the behaviour of adult beneficiaries.

⁸ “Markers” refers to indications of difficulties reflected in poor school performance, offending and poor mental health.

The data indicate that a large number of children are disadvantaged by the loss of income resulting from removing beneficiaries from welfare rolls. These harmful consequences appear to have their strongest influence on those children who are in the most vulnerable circumstances, a point well-demonstrated by Zedlewski (2002). She examined the financial resources of single-parent families and noted that the most at risk families (lone parent families in the lowest income group) had an 8% fall in income between 1996 and 1998. This fall was, she argued, due to leaving welfare rolls or avoiding applying for welfare assistance. During those two years, there was a decrease in families receiving TANF and food stamps. This, she argues, suggests that the reforms were ineffective in supporting the neediest families:

[A] look beneath the averages for all families shows that disposable income for those most at risk of welfare - independent single-parent families in the bottom quintile - declined by 8 percent between 1996 and 1998. The number of persons in independent single-parent families who lived in extreme poverty increased by 224,000 (Zedlewski, 2002:70).

These statistics are particularly significant because they took place during a period of unprecedented economic growth.

The research indicates that the financial position of many mothers who formerly were receiving welfare has deteriorated, and some of those mothers cannot be traced and are highly likely to be caring for the most vulnerable children. It is reasonable to predict that the children in these families will suffer more negative consequences than those found in the families which can be located and traced. When parents move off the rolls but are not working, whole families simply vanish from the statistics. While this certainly contributes to the prima facie case that welfare reform reduces beneficiary numbers, it is certain that the position of the most disadvantaged children will not be recorded because, by definition, they have been rendered invisible.

DIRECT EFFECTS

As set out above, 'direct effects' refers to the effects which workfare has on the behaviour and performance of children and young people. The available literature tends to distinguish between the effects on young children, on primary school age children and on adolescents. The literature also distinguishes between effects resulting from workfare itself and those attributable to programmes associated with workfare such as the development of childcare and out-of-school care. If this important distinction is not made, then unjustified effects (positive and negative) will be attributed to requiring lone parents to take up work or training, whereas the effects in fact result from the new support programmes, *not* from workfare. Clearly identifying effects that result from associated programmes allows us to specify programmes that make a difference to children. Such programmes can (and arguably should) be developed irrespective of the introduction of workfare.

Turning first to **preschool children**: "not much evidence exists on children under the age of three" (Sawhill et al., 2002: 19). This finding is supported by Hamilton who notes that "overall, the impacts were not favourable or unfavourable" (Hamilton, 2002: 43). Effects differed between programmes and varied in size. Sawhill et al's evidence suggests that it is enrolment in childcare that makes a difference, rather than workfare itself. The significant contribution of childcare (as distinct from workfare itself) is also noted by Zaslow et al. (2002a) and by Morris (2002).

When attention is shifted to **school age children**, Sawhill et al. argued that there is "little evidence of widespread harm" to children as a result of workfare. Severe forms of deprivation have not increased and: "the data suggests that the overall effects of work requirements on children are likely to be small. Children seem to be neither positively nor adversely affected by their mother's employment" (Sawhill et al., 2002: 10). They noted that when work resulted in extra income, primary school age children seem to be better off. This additional note about the effects of extra income is important because it indicates that

When parents move off the rolls but are not working, whole families simply vanish from the statistics. Such welfare reform certainly reduces beneficiary numbers; the most disadvantaged children have been rendered invisible.

Childcare programmes can (and arguably should) be developed irrespective of the introduction of workfare.

it is the improvement in *income* that matters, not whether the mother is working. Increased family income seems to have a positive effect on school, health and behaviour.

In a similar vein, Morris notes that the improvements in school achievement occurred only when work was accompanied by an *increase in income* (Morris, 2002), an effect also noted by Zaslow et al. Favourable impacts from workfare occurred:

for school age children in programmes that resulted in improvements in family economic status, not only in terms of employment and earnings, but also in terms of overall family income and proportion of families in poverty. This pattern of economic impacts occurred most consistently, though not only, in programmes that had strong financial incentives and supports for working (Zaslow, 2002a: 87).

Conversely, deteriorating income as a result of workfare is associated with poor outcomes for children (Weil and Finegold, 2002).

Adolescents are the one group of children that the research consistently reports to have been negatively affected by workfare. The “only negative findings to date are for teenagers, whose school performance appears to have been adversely affected” (Sawhill et al., 2002: 5). Zaslow and her colleagues also noted unfavourable outcomes for adolescent children in homes where parents were subject to the requirements of workfare, including low school activity, school suspension or expulsion, lack of participation in extracurricular activities, emotional and behavioural problems and poor health status, limiting activity (Zaslow et al., 2002b).

These unfavourable impacts for adolescent children of welfare recipients occurred in programmes taking very different approaches. Similar negative effects are also noted by Morris (2002). Hamilton found the same impacts, and also noted that “adolescents’ academic functioning may have been especially vulnerable to...employment gains and income losses” (Hamilton, 2002: 44), reinforcing again that it is income that appears to be the key determinant of outcomes for young people.

Scenario Three

A sole parent with two teenagers. She is out working in a supervisory position in her job. One son is in trouble with the police who are around nearly every week. The son is on curfew. The fifteen year old daughter has just had a baby. There are teenagers hanging around this house in the daytime all week long while the mum is at work.

Interestingly, in a slight variation on this theme, the review of New Zealand workfare policies identified responsibility for and supervision of adolescents as one of the significant issues for those interviewed (Ministry of Social Development and Department of Labour, 2002). Some adolescents were being left at home unsupervised or were expected to take responsibility for younger children -- responsibility which legally they were not allowed to assume. Morris found some parents were concerned about the responsibilities being placed on their adolescent children and felt that they (the adults) needed to be supervising them or available to them (Morris, 1999).

This is a good example of the contradictory pressures often experienced by lone mothers and, to a lesser degree, lone fathers. On the one hand they are expected (or required) to undertake paid work and are criticised strongly for not doing so - a criticism that is not levelled at partnered mothers. On the other hand, they are also criticised for not supervising their children satisfactorily and for failing to bring them up to be responsible children and adults.

Scenario Four

A mother with two teenagers and a seven-year-old. She was doing what she perceived was the right thing by pursuing further studies and holding down a paid job. The children coped and were doing fine. The mother lost large amounts of weight began to have trouble sleeping due to pressure. A year ago, she stopped paid work and recovered her health. She knows the whole pressure of trying to be superwoman was too much for her. The DPB

Adolescents are the one group of children that the research consistently reports to have been negatively affected by workfare.

Some adolescents were expected to take responsibility for younger children, which legally they were not allowed to assume.

Lone parents are criticised strongly for not undertaking paid work - a criticism that is not levelled at partnered mothers. Yet they are also criticised for not supervising their children satisfactorily.

is too low to remain on and have quality of life so, as her oldest two children are about to leave home, she is now ready to go back into paid work. She says the time at home with the children has been invaluable even if they cannot really see it yet. They have been able to stay home and be cared for when sick. They have not had to take care of their younger brother after school and in the holidays. Their friends spend a lot of time at their house, feeling very welcome but with an adult there. It is a way happier home than a year ago. They were short of money either way but at least this way they had time and a mother who was happy and not stressed. The word that comes to mind is availability. The sole parent being available to parent!

Research on the Delaware programme into the relationship between workfare and child abuse and neglect notes a slightly higher rate for child neglect but small reductions in child abuse. In a similar result in relation to child abuse, Zaslow et al. (2002b) report that there is no statistical relationship between welfare reform and increased child abuse. The Delaware research also notes that: "subgroups with increased neglect tended to represent more socio-economically disadvantaged families" (Fein et al., 2001: iv). Again, as we have noted throughout this paper, there are particular risks for those children in the most disadvantaged families.

While the worst outcomes were generally experienced in the most disadvantaged families, they were not limited to that group of families. (Zaslow et al. 2002b). The outcomes were sometimes worse for children in families that were *not* the most disadvantaged. This unexpected pattern cut across different ways of defining the initial levels of disadvantage, and also across different programme approaches to workfare. A number of different possible explanations are advanced for this result. The researchers suggest that recent stressful events such as parental separation may have greater immediate effects on children than longer term patterns of disadvantage. It is also possible that the effect of the longer term patterns would come through more strongly if a longer timeframe were used to measure outcomes.

Conclusion

Earlier in this paper an argument from Shields and Behrman (2002) was quoted which clearly expressed our position, namely that workfare programmes must have the reduction of child poverty as their first aim. This review demonstrates that workfare itself is not particularly effective in reducing poverty and indeed places large numbers of the most vulnerable children at considerable risk. Moving off welfare does not guarantee improvements for children. As Zaslow et al note: "Children in families that left welfare did not appear to fare better than children in families currently receiving welfare" (Zaslow et al., 2002b: 92).

In reviewing the effects of workfare on children and families, income has been consistently identified as *the* critical factor for children's well-being. It is the level of income that matters, not whether the mother is moved off a benefit. This argument is made clearly in two of the major reviews of the evidence about the effect of workfare.

Parental work appears to yield better outcomes for children only when it results in additional financial resources for the family - and then only for some subgroups (Weil, 2002: xxii).

Programs that provided earnings supplements had positive impacts on children while those without such supplements did not. A simple move from welfare to work does not appreciably alter family income, with families continuing to exist around the poverty

The outcomes were sometimes worse for children in families that were *not* the most disadvantaged.

Workfare itself is not particularly effective in reducing poverty and indeed places large numbers of the most vulnerable children at considerable risk.

threshold (Morris, 2002). Improved income is a fundamental requirement if there are to be any improvements at all for children as a result of workfare.

Given the critical role of the economy in determining the extent to which beneficiaries are able to move into work, it seems obvious that the most significant improvement in poverty levels comes from improving the economic conditions in which families, particularly lone mothers, find themselves. However, buoyant employment and economic conditions are not in themselves always sufficient to improve the incomes of those in poverty. Reliable and secure work options with adequate income and appropriate supports in areas such as access to quality childcare and flexibility to meet responsibilities for children are the critical components in reducing *both* child poverty *and* welfare rolls.

Hamilton (2002) suggests that it is not simply working that pays, even with add-ons such as raising abatement limits, extending childcare benefits, and assisting those who leave welfare and then lose their jobs. For her part, Loprest concludes that welfare policies that: “encourage and support work might usefully be focussed more generally on low-income families with children rather than specifically directing services to former welfare recipients” (Loprest, 1999:3). The work reviewed here makes it clear that a wide focus on both economic and employment policy and on a range of programmes to support and encourage families is crucial.

In their recent comparative examination of the British and American approaches to the introduction of work requirements for lone parents, Walker and Wiseman (2003) demonstrate clearly that the comprehensive approach used in the United Kingdom is much more effective than narrow, compulsory workfare requirements in reducing levels of child poverty:

Britain’s strategy for what would be called welfare in the US is long-term and embracing. Social assistance and welfare-to-work measures are not viewed so much as independent programmes but as part of a panoply of policy instruments....designed to eradicate child poverty and promote individual opportunity to the benefit of the economy and society as a whole (Walker and Wiseman, 2003 : 178).

Britain’s co-ordinated approach to reducing both child poverty and welfare rolls has produced a combination of work opportunities, child tax credits and universal child benefit. Walker and Wiseman (2003) argue that this voluntary approach to employment of lone parents, coupled with financial incentives, has been more effective in securing better employment rates for lone parents than the compulsory approach adopted in the United States. Moreover, there is a lower rate of return to benefit (less churning) in the British approach than is apparent in the United States. The British approach meets the goals of increasing work participation and lowering child poverty. Because of its effectiveness in meeting the latter goal, it is a much better route for social security development in New Zealand than any replication of American style workfare.

Welfare reform programmes must have the reduction of child poverty as their first aim, not the manipulation of labour markets, or punishment of the allegedly aberrant behaviour of welfare recipients. Good policy responses to poverty are much more likely to be co-ordinated through a focus on the availability of well-paid, stable employment and high quality childcare, rather than on creating compulsory work and training requirements and implementing sanctions for those who fail to make the jump.

Reliable and secure work options with adequate income and appropriate supports such as access to quality childcare are the critical components in reducing *both* child poverty *and* welfare rolls.

In Britain, a voluntary approach to employment of lone parents, coupled with financial incentives, has been more effective in securing better employment rates for lone parents than the compulsory approach adopted in the United States.

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