

Welfare Reforms and Child Well-Being in the US and UK

Jane Waldfogel

Contents

The US reforms.....	1
The UK reforms.....	2
Effects of the reforms on child poverty.....	3
Effects of the reforms on family expenditures.....	5
UK reform outcomes.....	6
US reform outcomes.....	13
Effects on child health and development.....	17
Conclusions.....	22
References.....	24

CASE/126
July 2007

Centre for Analysis of Social Exclusion (CASE)
London School of Economics
Houghton Street
London WC2A 2AE
CASE enquiries – tel: 020 7955 6679

Centre for Analysis of Social Exclusion

The ESRC Research Centre for Analysis of Social Exclusion (CASE) was established in October 1997 with funding from the Economic and Social Research Council. It is located within the Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD) at the London School of Economics and Political Science, and benefits from support from STICERD. It is directed by Howard Glennerster, John Hills, Kathleen Kiernan, Julian Le Grand, Anne Power and Carol Propper.

In addition to our discussion paper series (CASEpapers), we produce occasional summaries of our research in CASEbriefs, and reports from various conferences and activities in CASereports. All these publications are available to download free from our website. Limited printed copies are available on request.

For further information on the work of the Centre, please contact the Centre Manager, Jane Dickson, on:

Telephone: UK+20 7955 6679
Fax: UK+20 7955 6951
Email: j.dickson@lse.ac.uk
Web site: <http://sticerd.lse.ac.uk/case>

© Jane Waldfogel

All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including © notice, is given to the source.

Editorial Note

Jane Waldfogel is Professor of Social Work and Public Affairs at Columbia University School of Social Work, and Research Associate at the Centre for Analysis of Social Exclusion (CASE) at the London School of Economics.

Acknowledgements

This paper was prepared for a conference on ‘From welfare to work’ sponsored by the Economic Council of Sweden. I am also grateful to CASE as well as the University of Michigan National Poverty Center and the University of Kentucky Poverty Center for funding to support the expenditures analyses.

Abstract

This paper examines the effects of recent welfare reforms in the US and UK on the well-being of children in low-income families, looking specifically at the effects on poverty, family expenditures, and child health and development. The paper finds some commonalities but also some notable differences. Common to both countries is a sizable reduction in child poverty, although the reduction in child poverty in the US has been less, and some families appear to have been left behind. Expenditure data also point to divergence across the two countries. In the UK, low-income families affected by the reforms are spending more money on items related to children and are more likely to own a car and a phone, while in the US, families affected by welfare reforms are primarily spending more money on items related to employment but not items for children. Finally, a common finding across countries is a relative dearth of more direct evidence on the well-being of children, and specifically how the reforms have affected child health and development. Identifying such effects remains an important topic for further research.

JEL numbers: I3, J1

Keywords: welfare, poverty, expenditures, child well-being

Address for correspondence: jw205@columbia.edu

Recent welfare reforms in the US and UK have altered the life circumstances of low-income families with children. The main thrust of the reforms in the US, and a major thrust in the UK as well, was to increase employment in low-income families and reduce their reliance on non-work-related cash assistance. A good deal of evidence now exists as to the effects of the reforms on these outcomes. However, another major goal of the reforms, explicit in the UK and implicit in the US, was to improve the material well-being and life chances of children in low-income families. We know much less about the effect of the reforms on these outcomes. In this paper I review the evidence we do have on how the reforms have affected child well-being, looking specifically at the effects on poverty, family expenditures, and child health and development.

The US reforms

The overall contours of the US welfare reforms are well-known, so I describe them only briefly here (for comprehensive overviews, see Blank, 2002, 2007; Grogger and Karoly, 2005; Moffitt, 2003, 2007). The reforms began at the state level in the early 1990s, as states used the waiver process to apply for permission from the federal government to make changes in their welfare programs. These waiver reforms were quite varied but most had in common a dual focus on reducing welfare use and increasing employment. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), passed in 1996 and implemented in all states by 1998, moved welfare reform further along, by replacing the long-standing cash assistance program, Aid to Families with Dependent Children, with a new time-limited and work-focused program, Temporary Assistance to Needy Families (TANF).

A key element of the welfare reform package was the expansion of provisions to make work pay. Particularly important in this regard were expansions in the Earned Income Tax Credit (EITC) for low-income workers, at both the federal and state level (see Meyer, 2007). The value of the minimum wage was increased, and there were substantial expansions in child care subsidies and child health insurance programs, again at both the federal and state level. Finally, it must be noted that all of these reforms were implemented in the context of a very strong economy in the US in the 1990s.

The fact that many reforms occurred together, and in the context of a strong economy, has made it difficult to sort out the precise role that specific reforms have played. However, there is consensus that the welfare reforms (including the EITC and other measures to make work pay) in combination with the strong economy resulted in very steep declines in welfare caseloads and dramatic increases in single mother employment. The expansions in the EITC are likely to have played a particularly important role (Meyer and Rosenbaum, 2000, 2001a, 2001b).

The statistics for the US are truly striking. Welfare caseloads fell from a high of nearly 5 million families in 1993 to about 2 million in 2000 (Haskins, 2006), as the share of the US population receiving welfare fell from 5.5% to 2.1% (Grogger and Karoly, 2005). Over the same period, the share of single mothers who were employed grew from 67% to over 80% (Grogger and Karoly, 2005).

The UK reforms

The Labour government's agenda to reduce poverty and improve the life chances of low-income families with children has the overall theme of 'work for those who can, security for those who cannot' (Department for Social Security, 1998), and includes three main elements: policies to promote paid work and make work pay; other policies to raise incomes for low-income families with children; and direct investments in children (see overviews in Hills and Stewart, 2005; Hills and Waldfogel, 2004).¹

The UK policies to promote paid work and make work pay have much in common with the US welfare reforms and include the introduction of the UK's first National Minimum Wage in 1999 as well as a Working Families Tax Credit (WFTC) (similar to the EITC) (Hills and Waldfogel, 2004).² However, the UK's welfare to work program for lone parents, the New Deal, is a voluntary program, in which lone parents receiving means-tested Income Support must attend job-focused meetings but are not required to take up training or work.³

As noted above, the UK reforms include two other elements. To further reduce child poverty (beyond what could be accomplished through the work-focused reforms), the Labour government introduced a series of tax credit and benefit changes including: significant real increases in the value of the universal child allowance, Child Benefit; substantial increases in the generosity of in-work tax credits for low-income working families with children under age 11; and substantial increases in allowances for children under age 11 in non-working families receiving Income Support.⁴

The UK reforms also include a set of direct investments in children, designed to reduce disadvantage and combat social exclusion. Early years programs that deliver child care or other services for pre-school age children have been particularly emphasized (HM Treasury, 2001; 2002; 2004). Part-time universal preschool

¹ See also Brewer, 2007; Brewer and Gregg, 2003; Hills, 2004; Hills and Sutherland, 2004; Walker and Wiseman, 2003.

² There have been several changes to WFTC and to the overall structure of benefits and tax credits for children during the reform period.

³ There is currently some discussion about requiring work of mothers with older children; see Freud, 2007.

⁴ As noted above, there have been several changes to the structure of benefits and tax credits for children over the course of the reforms.

provision is now in place for all 3 and 4-year olds, while additional spending on education has reduced class sizes in the primary grades and provided support for other reforms in the schools.

As expected, the UK reforms reduced the number of single parents claiming means-tested cash assistance, with the number on Income Support falling from 1 million in 1997 to 837,000 in 2003 (Department for Work and Pensions, 2003) and 783,000 in 2006 (Freud, 2007). Single mother employment rates rose from 45.3% in 1997 to 56% in 2005 (Department for Work and Pensions, 2007). The UK government would like to increase single parent employment further and has set a goal of raising this group's employment rate to 70% (Department for Work and Pensions, 2006a).

As in the US, it is hard to disentangle the effects of the reforms from the effects of the economy, but Gregg and Harkness (2003) estimate that around 5 percentage points of the increase in single mother employment that occurred between 1998 and 2002 was due to the policy reforms. It is likely that the expansions in tax credits played a particularly important role (Brewer et al., 2005).

Effects of the reforms on child poverty

Reducing child poverty was an explicit goal of the UK reforms, and an implicit goal of the US ones. The evidence indicates that both countries have been seen improvements in child poverty, but with the UK having achieved larger reductions than the US (Dickens and Ellwood, 2003; Hills and Waldfogel, 2004; Smeeding, 2007).

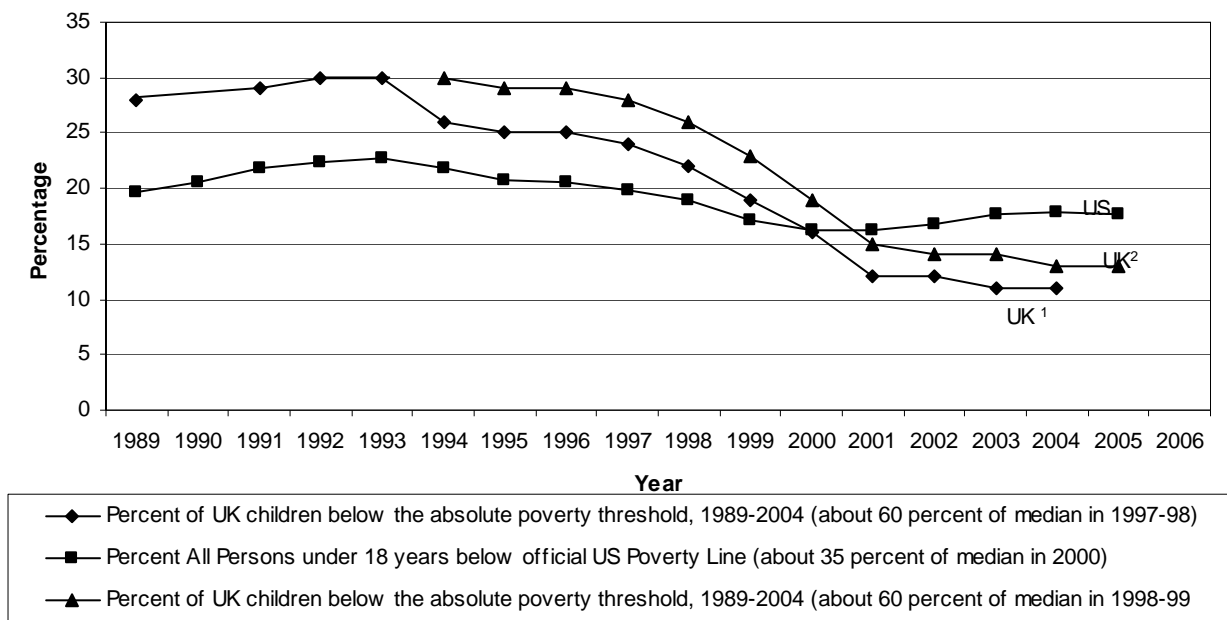
The UK measures poverty in both relative and absolute terms. The most commonly used relative measure of child poverty is the share of children below 60% of median income.⁵ On this measure, child poverty fell by 4.6 percentage points, from 26.7% to 22.1%, between 1996-97 and 2005-06 (Brewer, Goodman, Muriel, and Sibieta, 2007, Table 6). However, of concern is that the relative child poverty rate in 2005-06 was the same as it had been in 2003-04, and slightly higher than it had been in 2004-05, suggesting that progress in reducing child poverty, at least as defined in relative terms, may have stalled. Also of concern, current numbers suggest that the government, although making substantial progress and nearly hitting its target of reducing child poverty by 25% in the first 5 years, is not on track to meet its goal of cutting child poverty by 50% between 1998-99 and 2010-11. The reduction in relative child poverty was only 4 percentage points between 1998-99 and 2005-06, an 18% reduction. Drawing on advice from two independent policy reviews (Freud, 2007; Harker, 2006), the government has announced new anti-poverty measures, including more emphasis on getting parents to work alongside measures to help families at particular risk of poverty (Department for Work and Pensions, 2007).

⁵ The UK calculates its poverty measures both before and after housing costs. For simplicity, I use only the before housing costs numbers here.

Using a relative measure imposes a tough standard, because if incomes are rising elsewhere in the income distribution, pulling the median income up, the poor will fall further behind even if their incomes have not fallen in real terms. If we look at the UK progress using its second measure, an absolute poverty line (measured as the share of children below 60% of the median income in 1996/97, uprated for inflation) we see a very substantial reduction in child poverty, from a rate of 26.1% in 1998-99 to a rate of 12.7% in 2005-06, a reduction of 13.4 percentage points, or a fall of just over 50% compared to the 1998-99 rate (Brewer et al., 2007, Table 9). Moreover, absolute poverty did not rise significantly between 2004-05 and 2005-06, unlike the trend seen in relative poverty. This dramatic progress on the absolute child poverty measure confirms that incomes have been rising for families at the bottom, but since incomes are also rising for other families, this is not reflected in falling poverty rates when they are defined in relative terms.

The US uses an absolute poverty line and thus it is possible to compare the progress of the US and the UK in reducing child poverty in absolute terms. Smeeding (2007) does so using comparable data from the US and the UK and as we can see in Figure 1, the fall in UK poverty has been larger and more sustained than the comparable fall in the US. Earlier analyses (Dickens and Ellwood, 2003; Hills and Waldfogel, 2004) reached a similar conclusion.

Figure 1: Trends in absolute child poverty in the US and UK



Source: U.S. Census Bureau (2006); UK Department of Work and Pensions (2007); HBAI, P52

Source: Smeeding, 2007

It is important to note that although average incomes have risen for low-income families in both countries as poverty rates have fallen, analyses for the US indicate that incomes and living conditions may have deteriorated for families in the bottom fifth of the income distribution, as some families affected by welfare reform have not been able to replace their lost benefits with increased earnings from work (Bennett, Lu, and Song, 2004; Blank, 2007; Haskins, 2001; Primus, Rawlings, Larin, and Porter, 1999). In the UK, in contrast, real income grew over the 1996-97 to 2005-06 period for all income quintiles (Brewer et al., 2007 Figure 5). The only place in the UK income distribution where real incomes may have fallen over the reform period are the bottom few percentiles, where the measurement of income is notoriously noisy (Brewer et al., 2007).

Effects of the reforms on family expenditures

Another way to assess the material well-being of children in low-income families is to examine the level and pattern of their families' expenditures (see, e.g., Meyer and Sullivan, 2003). Income and poverty measures capture the resources potentially available to children but are potentially flawed in that they do not measure the resources actually spent on children. Low-income families may be able to borrow or share resources with other families, in which case measures of income and poverty might understate the resources available to children. At the same time, measures of income or poverty do not tell us how resources within the family are allocated. Perhaps low-income families spend more of their income paying for essential items such as housing and food costs, as well as back bills, and thus measures of current income might overstate the resources available to children. A further advantage of expenditure data is that they may shed light on whether families are purchasing items that are thought to be related to child health and development (items such as fresh fruit and vegetables, books and toys, or computers). Accordingly, there has been a good deal of interest in studying the effects of welfare reforms on family expenditures, both as a measure of possible effects on children's material well-being and as a source of some information as to possible effects on child health and development.

Bruce Meyer and Dan Sullivan (2004, 2006) have carried out several studies examining the effects of the welfare reforms of the expenditures of single mother families in the US. They find that average total expenditures for single mother families did not fall following the welfare reforms but rather rose, at least slightly, for most families. However, Meyer and Sullivan (2006) point out that these expenditure increases were largely focused on transportation and housing (with some additional spending going to food away from home and child care costs), and came at the cost of a decline in single mothers' non-market time (time available for leisure and household production).

A second group of studies, from both the US and UK, has looked at detailed patterns of expenditures following the welfare reforms. These studies shed light on changes in how families are allocating their spending and specifically whether they are shifting

toward more spending on items related to employment or items related to child health and development.⁶

UK reform outcomes

A 2005 study (Gregg, Waldfogel, and Washbrook, 2005) took a first step toward assessing how family expenditures changed following the reforms in the UK, by comparing families' expenditures in 1996-97 (pre-reform) to 2000-01 (post-reform). Using data from the Family Expenditure Survey (FES), a continuous survey of household expenditure and income in existence since 1957,⁷ this study found evidence across a number of expenditure categories and durable items that low-income families' spending was converging to that of higher-income families. This study spurred two further studies, one in the UK and one in the US, which we consider next. The UK study (Gregg, Waldfogel, and Washbrook, 2006) used data from the FES and applied a difference-in-difference-in-difference (DDD) methodology. This methodology begins with the estimation of the change in expenditures of the treatment group (the group most affected by the welfare reform, in this case, low-income families with children under age 11) between the pre-reform period and the post-reform period. This is the first difference. This difference is compared to the change in expenditures over the same time period for a group that is similar but was less affected by the reforms (in the UK case, this is low-income families with children age 11 to 15, who benefited from the reforms but not as much as those with younger children). This is the second difference. Finally, the difference in changes in expenditures between these two groups is compared to the difference in changes in expenditures for two control groups (higher-income families with children under age 11, or children age 11 to 15), resulting in the third difference.⁸

⁶ There are also some studies that focus specifically on low-income families and how they spend additional income. Analyses of the UK Families and Children Survey find that income gains for low-income families from 1999 to 2001 were translated into declines in hardship (e.g. problems with heat or housing, money worries, or shortfalls in food, clothing, durables, or leisure items) (Vergeris and Perry, 2003; see also Lyon, Barnes, and Sweiry, 2006). Also in the UK, Farrell and O'Connor (2003) find that as families move from benefits to work, they spend more money on food and clothing. In the US, Duncan, Huston, and Weisner (2007) document how families in the New Hope experiment used the additional income to purchase child care and after school activities for their children.

⁷ Starting in 2001-2002 the FES was merged with the National Food Survey and it is now forms the combined Expenditure and Food Survey (EFS). The definitions of the majority of variables used in the studies discussed here remained unchanged following the switch from the FES to EFS in 2001-02.

⁸ In the UK, youth age 16 and up are not usually referred to as children, so this study includes only families with children under age 16. The unit of observation in the FES is the household; I use the term family and household here interchangeably. A potential concern with using income to identify treatment and control groups is that the benefit changes may have moved some families from the bottom third to the higher income group. Gregg et al. (2006) also estimated some models dividing families by educational level rather than income, but this division is crude as half of all families fell into the lower education group (adults who left school at age 16).

This study examines the impact of the welfare reform changes that occurred between October 1998 and April 2000. Hence it pools data from April 1995 to March 1998 to capture expenditure patterns prior to the reforms and data from April 2000 to March 2003 to capture patterns post-reform. To take account of differences in household size and composition, income and expenditure figures for each household are deflated by the relevant modified Organization for Economic Cooperation and Development (OECD) equivalence scale rate to give its equivalent for a childless couple.⁹ The month in which the household is sampled can vary between January and December, and so to take account of within-year inflation, all income and expenditure figures are expressed in terms of the same price level (the All Items Retail Price Index for September 2003).

Table 1 summarizes the results for total expenditures and for the 9 major categories of goods and services recorded in the FES. The table shows simple differences in means and percentage differences in means over the 1995-98 to 2000-03 periods for low-income families with children under age 11, as well as DD and DDD estimates for the level and percentage differences in means. The (high) treatment group is low-income families with a youngest child age 0 to 10. The comparison groups are first low income groups with children aged 11-15 and then in the triple difference the same comparison is made with richer families. Thus, the DDD estimates are the difference between the DD for low-income families with children age 0 to 10 and 11-15 and the DD for high-income families with children in the same age groupings.

Table 1 shows strong expenditure gains for low-income families with children age 0 to 10, in both levels and percentage terms. The figures in columns 1 and 4 (entitled 1st D) show that these families are increasing expenditures on all items except alcohol and tobacco, where spending falls by just over a pound a week, but the increases in housing and personal goods and services are not significant. The DD estimates presented in columns 2 (money changes) and 5 (percentage changes) compare expenditure changes for low income groups according to whether they received the large age related benefit increases over this period. Whether we look at the changes in money values or the percentage changes, the DD estimates are significant for three categories: housing, food, and especially motoring and travel. As these are DD estimates, common shifts in tastes and relative prices that impact on both the low-income families with younger and older children are netted out. But they do not condition out changes in tastes or price shifts to which households with younger (or older) children are particularly sensitive, or shifts in parental employment or earnings more focused on those with younger or older children (such as the long term trend for mothers with younger children to enter the labour market sooner).

⁹ This equivalence scale is used in official UK and European Union (EU) statistics. It assigns a weight of 0.67 to the first adult, 0.33 to all other persons in the household aged 14 and over, and 0.20 to children under 14; hence a couple without children has a scale rating of 1. Expenditures on items that are used by only some household members are equivalized by the number of household members of that type (i.e. children under 16, adult females, adult males).

Table 1: UK results for total expenditures and major categories of expenditures

	Level differences in mean (£ per week)			Percentage differences in mean (percentage points)		
	1 st D	DD	DDD	1 st D	DD	DDD
Housing, fuel, heat & lighting	1.56 <i>1.15</i>	4.85* <i>2.53</i>	7.09* <i>3.74</i>	2.80 <i>2.09</i>	9.10* <i>4.64</i>	13.39** <i>6.33</i>
Food	2.60*** <i>0.71</i>	4.35*** <i>1.86</i>	4.02* <i>2.38</i>	5.98*** <i>1.67</i>	9.32** <i>3.64</i>	8.77** <i>4.20</i>
Alcohol & Tobacco	-1.11** <i>0.50</i>	-1.68 <i>1.23</i>	-2.85* <i>1.60</i>	-8.78** <i>3.78</i>	-13.07 <i>9.42</i>	-18.16* <i>10.70</i>
Clothing & Footwear	3.58*** <i>0.74</i>	1.72 <i>2.08</i>	4.86* <i>2.74</i>	28.33*** <i>6.57</i>	17.83 <i>13.36</i>	28.41* <i>15.12</i>
Household goods & services	6.64*** <i>1.16</i>	2.36 <i>2.13</i>	3.62 <i>4.60</i>	28.05*** <i>5.46</i>	9.61 <i>10.05</i>	16.52 <i>13.54</i>
Leisure goods & Services	9.72*** <i>1.25</i>	1.29 <i>4.11</i>	12.61* <i>7.49</i>	49.49*** <i>7.18</i>	20.51 <i>17.00</i>	34.21* <i>19.99</i>
Motoring & Travel	10.25*** <i>1.20</i>	8.76*** <i>3.12</i>	4.86 <i>5.00</i>	56.65*** <i>7.81</i>	50.88*** <i>13.98</i>	43.59*** <i>15.60</i>
Personal goods & services	0.52 <i>0.33</i>	0.11 <i>1.03</i>	1.32 <i>1.81</i>	7.44 <i>4.88</i>	1.73 <i>14.54</i>	9.21 <i>18.13</i>
Miscellaneous	-0.41*** <i>0.14</i>	0.61* <i>0.34</i>	-1.08* <i>0.57</i>	-28.70*** <i>8.11</i>	19.08 <i>12.49</i>	-12.52 <i>14.87</i>
Total	33.36*** <i>3.60</i>	22.37** <i>9.62</i>	34.45** <i>16.19</i>	17.16*** <i>1.96</i>	12.24*** <i>4.5</i>	15.36*** <i>5.82</i>

Notes: Data from Family Expenditure Survey. Figures are mean equivalized expenditures, expressed in 2003 prices, with (robust) standard errors in italics. ***, **, and * indicate significance at the .01, .05 and .10 levels respectively. 1st D = First difference/percentage change over time for treated group (low-income households with a youngest child age 0-10). DD = [1st D for treated group] – [1st D for less-treated group (low-income households with a youngest child age 11-15)]. DDD = [DD for low-income households] – [DD for higher-income households].

Source: Gregg et al., 2006

The DDD estimates (columns 3 and 6) adjust for these concerns and net off similar shifts that have happened to more affluent families. Looking at the increases in percentage terms, we see significantly positive DDD estimates for five of the categories, with faster increases in housing (13 percentage points), food (9 percentage points), clothing and footwear (28 percentage points), leisure goods and services (34 percentage points), and motoring and travel (a massive 44 percentage points, but from a very low base). The DDD estimates are negative, and statistically significant, in both levels and percentages for alcohol and tobacco. The evidence is striking that the extra spending by low-income families eligible for more direct financial support from the government than other low-income families (compared to equivalent high-income groups) is being focused on housing, food, clothing and footwear, leisure, and motoring, and with a clear switch away from alcohol and tobacco.¹⁰

Table 2 presents results of analyses similar to those reported in Table 1 but focusing on specific items. The DDD results indicate that the items where low-income families with a youngest child age 0 to 10 significantly increased their spending are children's clothing and footwear, fruit and vegetables, books, newspapers, and magazines, and holidays.

As families' incomes rise, they may also be more likely to possess durable goods such as a car or van, telephone, computer, and so on. Gregg et al. (2006) considered a broad set of goods: a car or van; telephone; washing machine; freezer; microwave; tumble dryer; computer; video cassette recorder; and CD player. Some of these goods may make a direct contribution to a child's health and development, while others may make an indirect contribution by helping the family connect with employment or leisure activities or by reducing parental stress and isolation. Figure 2 shows the gaps that existed in ownership of this broad set of durable goods pre-reform in the UK. Low-income families with children age 0 to 10 were substantially less likely to own a car or computer than were higher-income families with children in the same age range; gaps also existed in the ownership of goods such as a telephone, microwave, or CD player. First difference results in Table 3 (column 3) show that there were sharp increases in ownership of all these goods among low-income families with young children. However, the DDD results (column 5) show that the increase outpaced that of other groups for only two of the items – car ownership and having a telephone. Low-income families, if anything, lost ground in computer ownership, because although low-income families increased their ownership, their gains were dwarfed by even larger gains by higher-income families (although the DDD is not significant).

¹⁰ Gregg et al. (2006) report that results from models that include controls for family demographic characteristics in the regressions are broadly unchanged, with very similar coefficient magnitudes but larger standard errors.

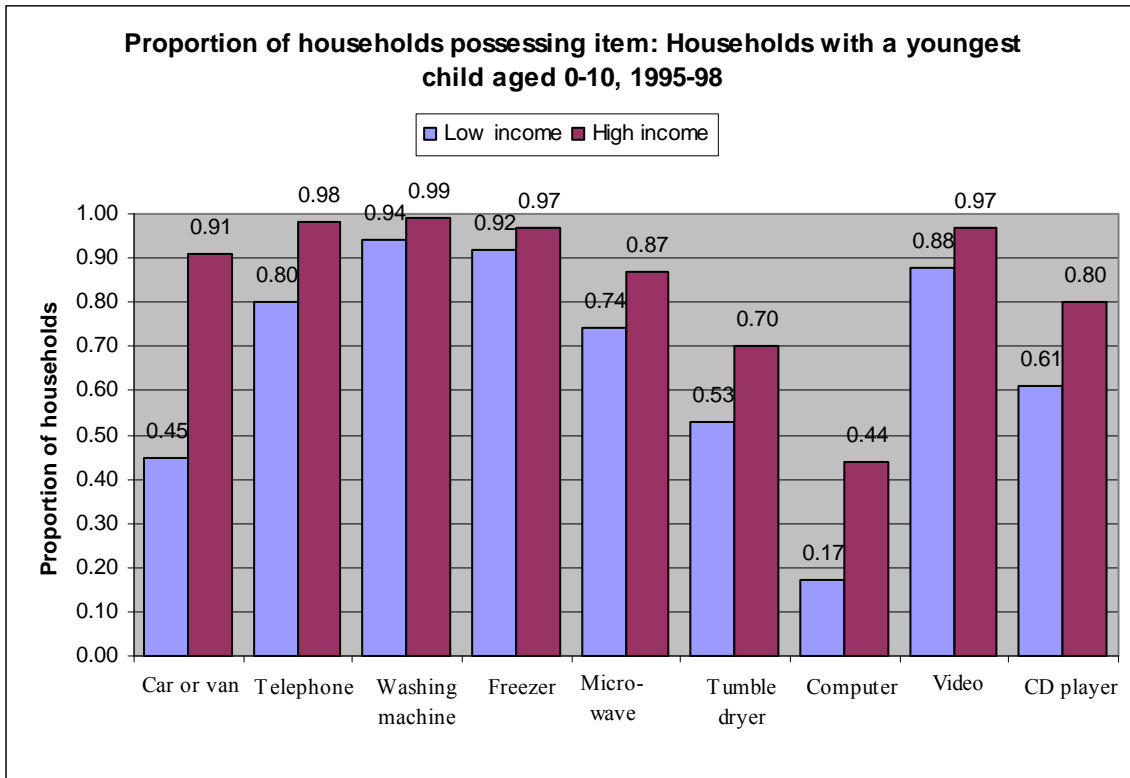
Table 2: UK results for specific items

	Level difference in mean (£ per week)			Percentage differences in mean (percentage points)		
	1 st D	DD	DDD	1 st D	DD	DDD
Children's clothing & footwear	0.92*** <i>0.27</i>	0.74 <i>1.18</i>	2.79* <i>1.50</i>	21.00*** <i>6.81</i>	18.86 <i>15.73</i>	37.75** <i>18.45</i>
Women's clothing & footwear	2.53*** <i>0.54</i>	-0.33 <i>1.60</i>	1.55 <i>2.17</i>	49.62*** <i>12.68</i>	15.16 <i>24.20</i>	22.73 <i>26.50</i>
Men's clothing & footwear	1.52** <i>0.76</i>	-1.78 <i>2.09</i>	-1.43 <i>2.51</i>	32.82* <i>18.72</i>	-17.73 <i>41.11</i>	-17.06 <i>43.28</i>
Fruit & Vegetables	0.21* <i>0.11</i>	0.82*** <i>0.31</i>	0.70* <i>0.39</i>	6.05* <i>3.29</i>	19.61*** <i>6.80</i>	17.09** <i>7.99</i>
Toys (inc. computer games)	1.05*** <i>0.24</i>	-0.37 <i>0.62</i>	0.10 <i>0.96</i>	63.80*** <i>17.98</i>	-39.94 <i>56.95</i>	-21.06 <i>62.36</i>
Books, magazines & newspapers	0.21** <i>0.09</i>	0.44* <i>0.25</i>	0.54 <i>0.36</i>	11.15** <i>5.14</i>	18.76** <i>8.99</i>	21.80** <i>10.67</i>
Holidays	1.29*** <i>0.40</i>	-0.56 <i>1.34</i>	5.78** <i>2.44</i>	71.50** <i>27.91</i>	12.74 <i>57.13</i>	61.86 <i>60.99</i>

See notes to Table 1.

Source: Gregg et al., 2006

Figure 2: Patterns of durable ownership in the UK



Source: Gregg et al., 2006

Table 3: UK results for durable items

	Mean 1995-8	Mean 2000-3	Difference in proportion possessing good		
			1 st D	DD	DDD
Car or van	0.45	0.57	0.12*** <i>0.02</i>	0.06 <i>0.04</i>	0.09** <i>0.05</i>
Telephone (any type)	0.80	0.96	0.15*** <i>0.01</i>	0.05** <i>0.2</i>	0.05** <i>0.03</i>
Washing machine	0.94	0.97	0.03*** <i>0.01</i>	0.01 <i>0.02</i>	0.01 <i>0.02</i>
Freezer	0.92	0.97	0.05*** <i>0.01</i>	0.02 <i>0.02</i>	0.01 <i>0.02</i>
Microwave	0.74	0.89	0.15*** <i>0.01</i>	0.03 <i>0.03</i>	0.00 <i>0.04</i>
Tumble dryer	0.53	0.58	0.05** <i>0.02</i>	-0.01 <i>0.04</i>	0.02 <i>0.05</i>
Computer	0.17	0.44	0.27*** <i>0.02</i>	0.01 <i>0.05</i>	-0.04 <i>0.05</i>
Video	0.88	0.94	0.05*** <i>0.01</i>	0.01 <i>0.02</i>	0.02 <i>0.02</i>
CD player	0.61	0.88	0.26*** <i>0.01</i>	0.03 <i>0.03</i>	-0.03 <i>0.04</i>

See notes to Table 1.

Source: Gregg et al., 2006

US reform outcomes

How do the effects of welfare reform on expenditures in the US compare? We can address this question using evidence from Kaushal, Gao, and Waldfogel (in press), who carried out a similar analysis for the US using data from the Consumer Expenditure Survey. Before turning to those results, it is worth recalling two major points of difference between the reforms in the two countries. First, the UK benefit increases were not contingent on employment, while in the US the only families that saw benefit increases were those who moved from welfare to work. Second, the UK reforms were explicitly child-focused, while in the US, the focus was more squarely on the behaviour of the adults. If either or both of these factors contributed to producing the child-oriented shifts in expenditures among families affected by welfare reforms in the UK, we might not see comparable effects in the US. Rather, we might expect to see more employment-oriented shifts in expenditures, in addition to or instead of the child-oriented ones.

Tables 4-6 provide the results of analyses for the US that are roughly comparable to the UK ones reported in Tables 1-3. Data are from the Consumer Expenditure Survey (CEX) and again a DDD methodology is used. The outcomes examined for the US are quarterly expenditures and the treatment group is low-educated single mother families (the main target of the reforms in the US).

As shown in Tables 4-6, the results for the US are indeed different. The US results indicate that the welfare reforms were not associated with any statistically significant change in total expenditures in households headed by low-educated single mothers. However, patterns of expenditure did change: the welfare reforms were associated with an increase in spending on transportation, food away from home, and adult clothing and footwear. In contrast, we see no statistically significant changes in expenditures on childcare or learning and enrichment activities. This pattern of results suggests that the welfare reforms in the US have shifted family expenditures towards items that facilitate work outside the home, but, at least so far, have not allowed low-income families to catch up with more advantaged families in terms of their expenditures on child-focused or learning and enrichment items.

A later study in the US (Gao, Kaushal, and Waldfogel, 2007) examines a related question, how the expansions in the EITC have affected family expenditures. Using Consumer Expenditure Survey data from 1993 to 2004 and estimating the effect of the value of the combined federal and state EITC benefit available (which varies by state and year), this study finds that families headed by mothers with a moderate level of education (at least high school but less than college) do spend more money when EITC benefits are higher, but these expenditure gains are focused primarily on housing (with smaller increases in items such as child care, as well as ownership of a car).

Table 4: US results for total expenditures and major categories of expenditures

	Level difference in means (in \$s)			Percentage difference in means (in %)		
	1st D	DD	DDD	1st D	DD	DDD
Total	529*** (124)	-588 (413)	21 (470)	15.5*** (3.6)	2.2 (5.7)	4.8 (6.3)
Housing	173*** (52)	-423*** (175)	-186 (199)	11.9*** (3.6)	-6.4 (5.9)	-5.8 (6.9)
Food	-19 (26)	28 (64)	46 (68)	-2.0 (2.7)	0.5 (4.8)	3.0 (5.2)
Alcohol & Tobacco	7 (7)	6 (12)	4 (14)	9.0 (9.5)	7.5 (15.3)	5.9 (16.4)
Clothing	19 (14)	107** (51)	22 (53)	8.6 (6.3)	24.4** (10.5)	13.6 (11.4)
Transport	259*** (59)	97 (153)	236 (175)	80.4*** (18.4)	67.8*** (20.5)	69.2*** (21.4)
Health	-0.5 (12.3)	-64* (39)	-52 (46)	-0.5 (14.7)	-15.0 (17.5)	-12.9 (18.4)
Leisure	39*** (10)	-45 (44)	38 (50)	32.9*** (8.4)	11.8 (13.0)	24.7* (14.5)
Personal	2 (3)	-2 (7)	-3 (8)	6.6 (9.2)	5.7 (11.2)	6.3 (12.0)
Education (incl. reading)	-4 (4)	-78* (46)	-21 (50)	-17.5 (17.6)	-28.6 (39.2)	-13.1 (42.2)
Misc.	54*** (17)	-251** (103)	-56 (120)	37.0*** (11.6)	1.6 (18.7)	7.8 (19.5)

Notes: Data from Consumer Expenditure Survey. Figures in columns labelled I and II are mean equivalized expenditures, adjusted for mothers' age, race and ethnicity, education, whether she lives in an urban area, family size, number of children under 18 and number of persons in the family aged 65 or above, and month effects, with robust standard errors clustered at consumer unit in parenthesis. Expenditures are expressed in January 2003 dollars. The comparison group in the DD analysis consists of households headed by high-educated (education ≥ 16 years) single mothers. The DDD estimates are derived by subtracting the DD estimates for low-educated married-couple families (with high educated married-couple families as comparison) from the DD estimates for low-educated single-mother families presented in columns labelled IV and VII. The sample of analysis consists of 3,201 families headed by low-educated single mothers, 2,446 families headed by high-educated single mothers, 8,217 families headed by low-educated married mothers and 21,143 families headed by high-educated married mothers. ***, **, and * indicate significance at the .01, .05 and .10 levels respectively.

Source: Kaushal et al., in press.

Table 5: US results for specific items

	Level difference in means (in \$s)			Percentage difference in means (in %)		
	1st D	DD	DDD	1st D	DD	DDD
Food at home	-69*** (23)	-20.6 (47.2)	0.7 (50.1)	-7.8*** (2.7)	-3.7 (4.5)	-5.6* (3.2)
Food away from home	34*** (10)	44.0 (39.4)	43.3 (42.1)	42.7*** (12.7)	43.5*** (15.5)	45.7*** (16.5)
Children's clothing/footwear	-1 (5)	-4.8 (11.8)	-16.6 (12.6)	-1.7 (6.9)	-5.1 (10.9)	-14.2 (12.0)
Adult's clothing/footwear	5 (8)	78.3*** (25.3)	42.0 (26.1)	7.3 (11.5)	37.1*** (13.9)	30.6** (14.9)
Learning and enrichment	9 (7)	-118.1* (63.9)	-26.1 (70.8)	16.3 (12.3)	-1.5 (26.7)	6.9 (28.7)
Childcare & baby-sitting	3 (7)	28.7 (32.1)	24.6 (34.7)	8.2 (23.0)	12.5 (31.8)	-30.6 (37.5)

See notes to Table 4.

Source: Kaushal et al., in press

Table 6: US results for durable items

	Adjusted mean probability of ownership (%)		Difference in proportion possessing good (% points)		
	1990-1995	1998-2003	1st D	DD	DDD
Microwave oven	52	77	24.8*** (2.8)	14.4*** (4.6)	4.0 (4.1)
Washer/dryer	50	51	1.0 (3.0)	-2.8 (4.1)	-1.6 (4.4)
Dishwasher	16	19	2.7 (2.3)	-5.3 (4.4)	-6.3 (4.8)
Computer	5	19	13.8*** (2.0)	-28.5*** (4.0)	-16.1*** (4.4)
VCR	51	71	20.4*** (2.9)	8.8** (3.9)	1.2 (4.2)
Phone	74	88	13.4*** (2.0)	13.2 (2.2)	6.4*** (2.4)
Car	41	52	10.3*** (2.7)	7.5 (3.6)	6.4* (3.8)

See notes to Table 4.

Source: Kaushal et al., in press

It is worth noting that many of the significant changes in expenditures observed in the US data are small in magnitude (and many others are not statistically significant). Thus, the conclusions we can draw about the changes in low-income single mother families' expenditures remain somewhat tentative. Nevertheless, the results for the US are consistent in suggesting that to the extent patterns of expenditures did change for families affected by welfare reform, the direction of that change was mainly to increase expenditures on work-related items (as well as housing), rather than child-related or learning and enrichment items. These results make sense given the work-oriented nature of welfare reform in the US, but leave open the question of the extent to which children are better off.

Effects on child health and development

What has been the impact of the changes brought about by welfare reforms for the well-being of children living in low-income families? To the extent that the reforms have reduced poverty and hardship, we would expect them to have been beneficial in terms of child well-being. Although parents try hard to protect their children from the effects of low-income and hardship, even young children are aware of their parents' financial situation and the constraints that it places on their families (Middleton, Ashworth, and Braithwaite, 1997; Shropshire and Middleton, 1999). And, many of the items that money can buy – items such as books, or fresh fruit and vegetables -- matter for child health and development (Burgess et al., 2004; Duncan and Brooks-Gunn, 1997; Gregg, Harkness, and Machin, 1999). As incomes rise and those constraints are eased, if parents are less stressed or purchase more beneficial items for their children, we would expect to see improvements in child health and development. However, there may also be countervailing effects of parents' having to spend more time in employment, particular if parents are working low-wage jobs that provide little scope for flexibility and autonomy (Parcel and Menaghan, 1994), that require long commutes (Dunifon and Kalil, 2005), or that require work at non-standard hours (Han, 2005a; 2005b) (see also discussions in Duncan and Chase-Lansdale, 2004; Smolensky and Gootman, 2003; Waldfogel, 2006). Thus, it is an empirical question to assess how welfare reforms may have affected child health and development.

However, assessing the effects of welfare reforms on child health and development is not straightforward. For the most part, we lack experimental evidence that would allow us to determine with confidence what impact the reforms had. Moreover, welfare reform is not a unitary phenomenon but rather is an umbrella term that encompasses many different types of reforms, enacted in quite varied settings. These are of course challenges in most welfare reform research, but research on child health and development faces two further obstacles. First, it is expensive and time-consuming to measure child health and development and so data on these outcomes tend not to be as readily available as are data on caseloads, parental employment, income, or expenditures. Second, it is possible and even likely that the effects of welfare reforms on children vary by factors such as the age, temperament, or gender of the child; if so, estimating average effects may not provide a full or accurate picture of how specific types of children are affected.

With these limitations in mind, what can we conclude from the research to date on the effects of welfare reforms on child health and development? In the US, a great deal of weight tends to be placed on evidence from a series of welfare-to-work experiments evaluated by the Manpower Demonstration Research Corporation (MDRC). It is important to note that these experiments actually preceded the passage of the federal welfare reform legislation, PRWORA, in 1996. These experiments tested a series of reforms undertaken by states who had obtained permission through the waiver process to try out alternative approaches to welfare policies and programs (MDRC also evaluated a few experiments carried out in Canadian provinces). Although these reforms preceded the federal welfare reforms, they are nonetheless informative as the

specific welfare-to-work reforms they examined (e.g. financial incentives to work or time limits on welfare receipt) are quite similar to those enacted under PRWORA.

The MDRC experiments collected data on child health, cognitive development, and emotional and behavioural development. Because families were randomly assigned to welfare-to-work reforms, the post-experiment differences in mean outcomes across the experimental and control groups provide evidence of the effects of the welfare reforms on the measured outcomes. Because developmental theory and research on the effects of parental employment and non-parental child care suggest that effects may vary by the child's developmental stage (see review in Waldfogel, 2006), I discuss the evidence from MDRC separately by the child's age group.

Few of the MDRC studies included data on children who were infants or toddlers at the time their mothers were exposed to the welfare reforms. The limited evidence that is available in the MDRC studies suggests that welfare to work reforms may have had negative effects on later achievement for children who were age 0 or 1 at the time their mothers were exposed to the reforms, although the sample sizes are small and the effects are mostly not statistically significant (Morris, Duncan, and Clark-Kauffman, in press).

For preschoolers (children who were age 2 to 5, or 3 to 5 when their mothers were exposed to the welfare reforms), there were few significant effects of work-oriented welfare reforms on children's health outcomes, but whether the reforms were accompanied by income gains mattered (Morris, Huston, Duncan, Crosby, and Bos, 2001). For instance, a Canadian program, SSP, which gave parents a cash supplement if they worked full-time, had statistically significant positive effects on the health of children who were age 3 to 5 at the time of the experiment (although a similar program in Minnesota had no significant effects on health for children in this age group). In contrast, in two of the six programs that mandated employment without supplementing earnings, the evaluators found negative effects on children's health (in the remaining four programs, the effects on health were not statistically significant).

The MDRC researchers found seven of ten programs had no significant effects on the cognitive development of preschool-age children (age 2 to 5, or 3 to 5) whose mothers were exposed to work-oriented welfare reforms; in the remaining three programs, where significant effects were found, these were positive, with the largest effects in the two programs that provided earnings supplements (the Canadian program SSP, and the Wisconsin program, New Hope) (Morris et al., 2001; see also Morris, Duncan, and Clark-Kauffman, in press). The MDRC researchers also found few significant effects of work-oriented welfare reforms on behavioural outcomes for children age 3 to 5 at the time of the experiment. Of the ten programs examined, only three (all of which mandated employment without offering earning supplements) had significant effects on behaviour problems for children age 3 to 5 at the time of the experiment; in one program, located in Grand Rapids, parents reported their children had more behaviour problems, while in two others, both located in Atlanta, parents reported fewer problems (Morris et al., 2001). The MDRC researchers also examined one

program that imposed time limits on welfare receipt for families with children age 1 to 8 (children age 3 to 5 were not considered separately), and found that the program reduced positive behaviour (as reported by the children's parents) four years later (Morris et al., 2001). These results suggest that the effects of work-oriented welfare reforms on preschool-age children are quite varied, depending on the context and program features.

Turning to children who were school age (age 6 to 10) at the time their parents were exposed to the welfare reforms, the findings for child health parallel those for the younger (preschool age) children: welfare-to-work programs that increased employment and income were neutral or improved child health, while programs that increased employment but not income were neutral or worsened child health. However, the effects on cognitive outcomes differed. The same types of welfare-to-work programs that had positive effects on school achievement for children who were preschoolers (age 2 to 5, or 3 to 5) at the time of the experiment had no effect on school achievement for children who were age 6 to 9 when their mothers were encouraged to work, and negative effects on school achievement for children who were age 10 to 11. These adverse effects for 10 to 11 year olds may reflect difficulties associated with school contexts (since many of them are making the transition from elementary to middle school), or may reflect demands placed on them within the family (e.g. if they are being asked to baby-sit younger children or help out with work around the house) (Morris, Duncan, and Clark-Kauffman, in press).

These worrisome findings for 10 and 11 year olds are echoed in the results of a comprehensive analysis by MDRC focusing specifically on adolescents (youth age 10 to 16 at the time of the intervention and followed up to ages 12 to 18), which found a pattern of significantly poorer school outcomes for youth whose mothers were exposed to the welfare-to-work reforms (Gennetian, Duncan, Knox, Vargas, Clark-Kauffman, and London, 2002). The most negative effects were found for adolescents who had younger siblings. These adolescents experienced the largest adverse effects on school performance and receipt of special education services and were also more likely than youth from the control group to be suspended or expelled from school or to drop out from school. The fact that impacts are strongest for adolescents with younger siblings suggests that they may be due to these adolescents' taking on more responsibilities, which in turn interfere with their schoolwork. Indeed, these youth were more likely to be babysitting younger siblings and less likely to be enrolled in after-school programs and activities themselves. They were also more likely to be employed, and for longer hours.

The MDRC studies did not collect as extensive data about adolescent behaviour as they did for school performance, and results on the outcomes they did collect were mixed (Gennetian et al., 2002). Of the six welfare-to-work programs for which data were available on adolescent's behaviour problems, only two led to significant increases. Of the two programs with data on police involvement, one led to a significant increase. The only program that collected data on delinquent behaviour and substance use found increased minor delinquent activity (like skipping school) and

drinking once a week or more, but no increase in major delinquent activity like using drugs or weapons. So, the results here point to some possible adverse impacts, but the effects are smaller and less consistent than the effects on cognitive outcomes.

As emphasized earlier, the MDRC studies preceded the passage of PRWORA and thus can not directly address the question of how that sweeping set of reforms affected child health and development in the US. Observational studies that are following children and families post-welfare reform face the familiar challenge of not being able to conclusively identify the counterfactual (that is, what children's health and development would have been like in the absence of the reform). Nevertheless, they can shed some light on how children are faring post-welfare reform.

Particularly notable in this regard is the Three City Study of Welfare Reform, which is following large samples of children in Atlanta, Boston, and Chicago. Several studies from this group have examined how children are affected when their mothers move off welfare and into work. One important finding has to do with the variability of effects for young children, as the researchers found that the children who were most affected by their mothers' employment and welfare transitions were those who had more emotionally reactive temperaments to start with (Li-Grining, Votruba-Drzal, Bachman, and Chase-Lansdale, 2004). Another important finding has to do with the effects of mothers' employment for adolescents. Here, the researchers have found that adolescents actually experience improved mental health when their mothers move from welfare to work; this seems to be due to the reduced financial hardship and strain that these families face and also due to the fact that the mothers on average are not cutting back on the time they spend with their adolescents (Chase-Lansdale et al., 2003).

Researchers have also documented that not all women affected by welfare reforms have gone to work, but we know little about child well-being outcomes in these families. Rebecca Blank (2007 and in press) and others (Turner, Danziger, and Seefeldt, 2006) have called attention to the increased share of single mothers who are not connected to welfare or work. Blank (2007) estimates that the size of this group doubled between the mid-1990s and the mid-2000s and now makes up 20 to 25% of all single mothers. We have more to learn about how these women are supporting themselves and how their children are faring. Blank (2007 and in press) points out that many of these women do not live with other adults and that on average they are very poor, with median household incomes under \$13,000 per year. Blank (2007) also notes that there is probably a good deal of overlap between these disconnected women and women who have been sanctioned for non-compliance with welfare work requirements or who have reached welfare time limits, many of whom suffer from poor mental health or other barriers to work (Reichman, Teitler, and Curtis, 2005; Seefeldt and Orzol, 2005).

Econometric studies that take advantage of variation over time and across states in welfare policies to estimate effects on child health or development are few.¹¹ One topic that has been examined is the effect of changes in work exemption policies for mothers with young children. Historically, under the Aid to Families with Dependent Children (AFDC) program, women with young children were exempted from work requirements. When the first work-oriented AFDC program, the Work Incentive Program (WIN), came into effect in 1967, only women who had children over the age of 16 were encouraged to work. In 1979, this was changed, and only women with children under age 6 were exempted. In the 1988 Family Support Act, the age of exemption was dropped again, such that only women with children under the age of 3 were exempt, and states could petition to lower this age exemption even further, although they could not require women to work before their child was 1. However, under PRWORA, states have the option to require work or work-related activity when children are under the age of 1. As of 2001, 20 states had taken advantage of this, establishing no exemption at all for women with newborns or exemptions that extend for only 3 or 4 months; the remaining states provide longer periods of exemption, but all but 5 require welfare recipients to work by the time a child is 12 months old (Brady-Smith, Brooks-Gunn, Waldfogel, and Fauth, 2001).

Given the evidence on the adverse effects of maternal employment in the first year of life and the beneficial effects of maternity leave (see review in Waldfogel, 2006), we might expect these shortened work exemption policies to have some adverse effects on child health and development. Two studies have examined the effects of these policies. One found that the tougher work requirements are hastening low-income mothers' entry into work following childbirth (Hill, 2006), while the other found that the tougher work requirements are significantly reducing breast-feeding (Haider, Jackowitz, and Schoeni, 2003).

If it is challenging to evaluate the effect of welfare reforms on child health and development in the US, it is even more so in the UK. The UK did not have a series of welfare reform experiments like those evaluated by MDRC in the US. And, its reforms include many distinct elements – changes in benefits and tax credits, expansions in parental leave and early childhood care and education, and improvements in the schools, to name just a few -- most of which were delivered at the same time. Teasing out the impact of any one element on child health or developmental outcomes is therefore very challenging, and I am not aware of any large-scale studies that have done so to date.¹² Indicators point to progress by low-

¹¹ There have been several studies of the effects of welfare reforms on health but many of these have focused on rates of health insurance or health care utilization (see review in Bitler and Hoynes, 2006). There has been surprisingly little attention thus far to the long-run effects of the reforms on outcomes related to cognitive or social and emotional development. An exception in this regard is a study by Miller and Zhang (2006) which looks at school performance of 4th and 8th graders, finding gains in 2003 and 2005 for children in low-income families.

¹² A possible exception is the National Evaluation of Sure Start, but this non-experimental study has yet to report final results.

income children on an array of outcomes (e.g. school attainment) (see e.g. Department for Work and Pensions, 2006b), but it is hard to determine which reform(s) were responsible for these particular changes. Thus, determining how the sweeping reforms in the UK have affected child health and development, and the extent to which they have narrowed the gaps in health and development outcomes between low-income and more advantaged children, remain important challenges for future research.

Conclusions

Comparing the effects of welfare reforms on child well-being across the US and the UK, we can conclude that there are some commonalities but also some notable differences. Common to both countries is a sizable reduction in child poverty. In the UK, explicit targets were set, and although these have not yet been met, the child poverty reductions are nevertheless very impressive. In the US, the reductions in child poverty have been less, and some families appear to have been left behind by the reforms and are possibly worse off or no better off than before. These differences make sense given the differential treatment across the two countries of those who can not work. The work-focused US reforms provide little or no support to those who do not work, and this is reflected in the concerning trends at the very bottom of the distribution. In the UK, in contrast, benefits for those who do not work have been raised, providing a more generous floor for those at the bottom.

Expenditure data, which shed further light on which families have seen gains and in particular on how those gains are being spent, point to more divergence across the two countries. For the UK, the good news is that low income families affected by the reforms are spending more money on items related to children and are more likely to own a car and a phone, items that are essential if families are to be connected to friends, family, and work. For the US, the story is somewhat different, with families affected by welfare reforms primarily spending more money on items related to employment but not items for children. The US results make sense given that parents had to go to work or increase their employment if they were to increase their incomes post welfare reforms, but are concerning if the intent of those reforms was to benefit children through increased expenditures on them.

When it comes to more direct evidence on the well-being of children, and specifically how the reforms have affected child health and development, the common finding across both countries is the lack of large-scale long-run studies of child health and development that could shed light on how the reforms have affected these important domains of child well-being. At the end of a decade of reforms (more in the case of the US), the truthful answer is that we know little about how children have been affected by this sweeping set of changes. In the US, evidence from the welfare-to-work experiments that preceded PRWORA suggests that the effects of reforms are likely to vary by the child's age, the nature of the reform, and in particular whether the family gained income. This is an important lesson to carry forward, as it suggests that

in future work, it will be essential to make careful distinctions among children and among reform programs.

If we extrapolate from the MDRC studies in the US and the larger body of prior work on parental employment (see review in Waldfogel, 2006), the groups we should be most worried about are children who are very young (under age 1 or 2) at the time their mothers go to work, and adolescents. We should also be concerned about reforms that require parents to go to work or increase their work effort but without income gains. And we should be concerned if welfare reforms place parents into low-wage and long-hours jobs that provide little flexibility and autonomy and require long commutes or non-standard work hours that interfere with family life and time with children.

Of course, in drawing lessons from the US and UK experience, we must not forget the institutional context. In the US, welfare reforms have had to consider how provision will be made for other benefits such as child health insurance and child care, which are not universally available and have in large part been targeted to welfare or low-income families. Although the UK did not confront issues regarding health insurance, providing an adequate supply of affordable and high quality child care has been a huge stumbling block in that country and continues to be a major challenge going forward. These considerations would not arise in countries where health care and child care coverage are universal or at least not tied to welfare use. There are also cultural considerations to take into account. The strong work requirements in the US, which reach even mothers of infants, would not be acceptable in the UK or many other countries. It is telling that the UK was extending its period of paid parental leave at the same time that the US was shortening the time that low-income mothers could stay home with a newborn.

Thus, the strongest conclusion that can be drawn from the US and UK experience is not what type of reform another country should enact, but rather, how outcomes for children are likely to vary depending on what type of reform is selected. There is a logic to the results for these two countries – to a large extent, the results are what we would expect given the design of the reforms. The UK made an exceptional effort to improve the position of children in low-income families and this is reflected in its success in reducing child poverty and raising the expenditures of low-income families on child-focused and learning and enrichment items. The US made an exceptional effort to increase employment among single mothers, even at the risk of leaving some who could not work without a source of safety net income, and it has been remarkably successful at attaining that goal, with more single mothers working, incomes rising and poverty rates falling, but with families spending much of those income gains on work-related, rather than child-focused, investments, and with some families being left behind. We know less about actual outcomes for children, but given these patterns of results, it seems fair to conjecture that low-income children in the UK may have gained more in terms of health and development. But this remains to be seen in what I hope will be future research on child well-being in both of these countries.

References

- Bennett, N.G., Lu, H.-H., and Song, Y. (2004). 'Welfare Reform and Changes in the Economic Well-Being of Children.' *Population Research and Policy Review* 23: 671-699.
- Bitler, M. and Hoynes, H.W. (2006). *Welfare Reform and Indirect Impacts on Health*. National Bureau of Economic Research (NBER) Working Paper 12642. Cambridge, MA.
- Blank, R. (2002). 'Evaluating Welfare Reform in the United States.' *Journal of Economic Literature* 40(4): 1105-1166.
- Blank, R. (2007). 'What We Know, What We Don't Know, and What We Need to Know about Welfare Reform.' Paper presented at the University of Kentucky Center for Poverty Research Conference on 'Ten Years After: Evaluating the Long-Term Effects of Welfare Reform on Children, Families, Work, and Welfare,' Lexington, Kentucky, April 12-13, 2007.
- Blank, R. (in press). 'Improving the Safety Net for Single Mothers Who Face Serious Barriers to Work.' *Future of Children* 17(2).
- Brady-Smith, Christy, Brooks-Gunn, Jeanne, Waldfogel, Jane, and Fauth, Rebecca (2001). 'Work or Welfare? Assessing the Impact of Recent Employment and Policy Changes on Very Young Children.' *Evaluation and Program Planning* 24: 409-425.
- Brewer, M. (2007). 'Welfare Reform in the UK: 1887-2007.' Paper presented at the Economic Council of Sweden Conference on 'From Welfare to Work.' Stockholm, Sweden, May 7, 2007.
- Brewer, M., Duncan, A., Shephard, A., and Suarez, A.J. (2005). *Did Working Families Tax Credit Work? Analyzing the Impact of In-Work Support on Labour Supply and Programme Participation*. London: Institute for Fiscal Studies.
- Brewer, M., Goodman, A., Muriel, A., and Sibieta, L. (2007). *Poverty and Inequality in the UK: 2007*. IFS Briefing Note No. 73. London: Institute for Fiscal Studies.
- Brewer, M. and Gregg, P. (2003). 'Eradicating Child Poverty in Britain: Welfare Reform and Children since 1997.' In R. Walker and M. Wiseman (eds) *The Welfare We Want*. Bristol: Policy Press.
- Burgess, S., Gregg, P., Hall, E., Meadows, S., Propper, C., and Washbrook, E. (2004). *Up to 5: Report to Department for Employment and Skills*. Bristol: University of Bristol, Leverhulme Centre for Market and Public Organisation (CMPO).
- Chase-Lansdale, P.L., Moffitt, R.A., Lohman, B.G., Cherlin, A.J., Coley, R.L., Pittman, L.D., Roff, J., and Votruba-Drzal, E. (2003). 'Mothers' Transitions from Welfare to Work and the Well-Being of Preschoolers and Adolescents.' *Science* 299(March 7): 1548-1552.

- Department for Social Security [DSS] (1998). *New Ambitions for Our Country: A New Contract for Welfare*, Cm. 3805. London: HMSO.
- Department for Work and Pensions [DWP] (2003). *Income Support Quarterly Enquiry*. February, 2002. London: DWP.
- Department for Work and Pensions [DWP] (2006a). *A New Deal for Welfare: Empowering People to Work*. London: DWP.
- Department for Work and Pensions [DWP] (2006b). *Opportunity for All: Eighth Annual Report*. London: DWP.
- Department for Work and Pensions [DWP] (2007). *Working for Children*. London: DWP.
- Dickens, R. and Ellwood, D. (2003). 'Child Poverty in Britain and the United States.' In Dickens, R., Gregg, P. and Wadsworth, J. (eds) *The Labour Market under New Labour: The State of Working Britain*. Palgrave.
- Duncan, G. and Brooks-Gunn, J. (eds) (1997). *The Consequences of Growing Up Poor*. New York: Russell Sage Foundation.
- Duncan, Greg and Lindsay Chase-Lansdale. (eds) 2004. *For Better and For Worse: Welfare Reform and the Well-Being of Children and Families*. New York: Russell Sage Foundation.
- Duncan, G., Huston, A., and Weisner, T. (2007). *Higher Ground: New Hope for the Working Poor and Their Children*. New York: Russell Sage Foundation.
- Dunifon, R. and Kalil, A. (2005). *Maternal Working Conditions and Child Well-Being in Welfare-Leaving Families*. National Poverty Center Working Paper #05-5. Ann Arbor, MI.
- Farrell, C. and O'Connor, W. (2003). *Low-Income Families and Household Spending*. Department for Work and Pensions Research Report No. 192. London: TSO.
- Freud, D. (2007). *Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work. An Independent Report to the Department for Work and Pensions*. London: DWP.
- Gao, Q., Kaushal, N., and Waldfogel, J. (2007). 'How Have Welfare Reform and Expansions in the Earned Income Tax Credit Affected Family Expenditures?' Paper presented at the University of Kentucky Center for Poverty Research Conference on 'Ten Years After: Evaluating the Long-Term Effects of Welfare Reform on Children, Families, Work, and Welfare,' Lexington, Kentucky, April 12-13, 2007.
- Gennetian, L.A., Duncan, G.J., Knox, V.W., Vargas, W.G., Clark-Kauffman, E., and London, A.S. (2002). *How Welfare and Work Policies for Parents Affect Adolescents: A Synthesis of Research*. New York: Manpower Demonstration Research Corporation.
- Gregg, P. and Harkness, S. (2003). *Welfare Reform and Lone Parents' Employment in the UK*. CMPO Working Paper No. 03/072. Bristol: University of Bristol, CMPO.

- Gregg, P., Harkness, S., and Machin S. (1999). *Child Development and Family Income*. York: Joseph Rowntree Foundation.
- Gregg, P., Waldfogel, J., and Washbrook, E. (2005). 'That's the Way the Money Goes: Expenditure Patterns as Real Incomes Rise for the Poorest Families with Children.' In J. Hills and K. Stewart (eds) (2005) *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*. Bristol: The Policy Press.
- Gregg, P., Waldfogel, J., and Washbrook, E. (2006). 'Tackling Child Poverty in the UK: Are Low-Income Families with Children Starting to Catch Up?' *Labour Economics* 13(6): 721-746.
- Grogger, J. and Karoly, L.A. (2005). *Welfare Reform: Effects of a Decade of Change*. Cambridge, MA: Harvard University Press.
- Haider, S.J., Jackowitz, A., and Schoeni, R. F. (2003). 'Welfare Work Requirements and Child Well-Being: Evidence from the Effects on Breast-Feeding.' *Demography* 40(3): 479-497.
- Han, W-J. (2005a). 'Maternal Nonstandard Work Schedules and Child Cognitive Outcomes.' *Child Development* 76(1), 137-154.
- Han, W-J. (2005b). 'Maternal Nonstandard Work Schedules and Child Outcomes.' Paper presented prepared for the Biennial Conference of Society for Child Development, Atlanta, Georgia, April 7-10, 2005.
- Harker, L. (2006). *Delivering on Child Poverty: What Would It Take? A Report for the Department for Work and Pensions*. London: DWP.
- Haskins, R. (2001). 'Effects of Welfare Reform on Family Income and Poverty.' In R. Blank and R. Haskins (eds). *The New World of Welfare*. Washington, DC: Brookings Institution Press.
- Haskins, R. (2006). *Work Over Welfare: The Inside Story of the 1996 Welfare Reform Law*. Washington, DC: The Brookings Institution.
- Hill, H.D. (2006). 'Maternity Leave for the Poor: Welfare-to-Work Exemptions and Employment Rates among Single Mothers with Young Children.' Paper presented at the Association for Public Policy Analysis and Management Annual Meeting, November, 2006.
- Hills, J. (2004). *Inequality and the State*. Oxford: Oxford University Press.
- Hills, J. and Stewart, K. (eds) (2005). *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*. Bristol: The Policy Press.
- Hills, J. and Sutherland, H. (2004). 'Ending Child Poverty in a Generation? Policies and Prospects in the UK.' In I. Sawhill (ed). *One Percent for the Kids*. Washington, DC: Brookings Institution.
- Hills, J. and Waldfogel, J. (2004). 'A 'Third Way' in Welfare Reform? Evidence from the UK.' *Journal of Policy Analysis and Management* 23(4): 765-788.
- HM Treasury (2001). *Tackling Child Poverty: Giving Every Child the Best Possible Start in Life. Pre-Budget Report document*. London: HM Treasury.

- HM Treasury (2002). *2002 Spending Review: Opportunity and Security for All*, Cm. 5570. London: The Stationery Office.
- HM Treasury (2004). *Choice for Parents, the Best Start for Children: A Ten Year Strategy for Childcare*. London: The Stationery Office.
- Kaushal, N., Gao, Q., and Waldfogel J. (in press). 'Welfare Reform and Expenditures on Children.' *Social Service Review*.
- Li-Grining, C.P., Votruba-Drzal, E., Bachman, H., and Chase-Lansdale, P.L. (2004). 'Welfare Reform and Preschoolers: Are Certain Children at Risk?' Paper presented at the Annual Meeting of the Population Association of America, Boston, MA, April 2, 2004.
- Lyon, N., Barnes, N., and Sweiry, D. (2006). *Families with Children in Britain: Findings from the 2004 Families and Children Study (FACS)*. Department for Work and Pensions Research Report No. 340. Leeds: Corporate Document Services.
- Meyer, B.D. (2007). 'The Earned Income Tax Credit in the US Welfare Reform.' Paper presented at the Economic Council of Sweden Conference on 'From Welfare to Work', Stockholm, Sweden, May 7, 2007.
- Meyer, B.D. and Rosenbaum, D.T. (2000). 'Making Single Mothers Work: Recent Tax and Welfare Policy and its Effects.' *National Tax Journal*, Vol. 53, Issue 4, Part 2, Special Issue: The Earned Income Tax Credit, December: 1027-1062.
- Meyer, B.D. and Rosenbaum, D.T. (2001a). 'Making Single Mothers Work: Recent Tax and Welfare Policy and its Effects.' In B.D. Meyer and D. Holtz-Eakin (eds.), *Making Work Pay: The Earned Income Tax Credit and Its Impact on America's Families*. New York: Russell Sage Foundation.
- Meyer, B.D. and Rosenbaum, D.T. (2001b). Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers. *Quarterly Journal of Economics* 116(3): 1063-2014.
- Meyer, B. and Sullivan, J.X. (2003). 'Measuring the Well-Being of the Poor Using Income and Consumption.' *Journal of Human Resources* 38(S):1180-1220.
- Meyer, B. and Sullivan, J.X. (2004). 'The Effects of Welfare and Tax Reform: The Material Well-Being of Single Mothers in the 1980s and 1990s.' *Journal of Public Economics* 88: 1387-1420.
- Meyer, B. and Sullivan, J.X. (2006). *Consumption, Income and Material Well-being after Welfare Reform*. NBER Working Paper 11976. Cambridge, MA: NBER.
- Middleton, S., Ashworth, K., and Braithwaite, I. (1997). *Small Fortunes: Spending on Children, Childhood Poverty, and Parental Sacrifice*. York: Joseph Rowntree Foundation.
- Miller, A.R. and Zhang, L. (2006). 'Did Welfare Reform Improve the Academic Performance of Children in Low-Income Households?' Unpublished paper, Department of Economics, University of Virginia.

- Moffitt, R.A. (2003). 'The Temporary Assistance for Needy Families Program.' In R.A. Moffitt (ed) *Means-Tested Transfer Programs in the United States*. Chicago: University of Chicago Press.
- Moffitt, R.A. (2007). 'Welfare Reform: The US Experience.' Paper presented at the Economic Council of Sweden Conference on 'From Welfare to Work.' Stockholm, Sweden, May 7, 2007.
- Morris, P.A., Huston, A.C., Duncan, G.J., Crosby, D.A., and Bos, J.M. (2001). *How Welfare and Work Policies Affect Children: A Synthesis of Research*. New York: Manpower Demonstration Research Corporation.
- Morris, P., Duncan, G., and Clark-Kauffman, E. (in press). 'Child Well-Being in an Era of Welfare Reform: The Sensitivity of Transitions in Development to Policy Change.' *Developmental Psychology*.
- Parcel, T.L. and Menaghan, E.G. (1994). *Parents' Jobs and Children's Lives*. New York: Aldine de Gruyter.
- Primus, W., Rawlings, L., Larin, K., and Porter, K. (1999). *The Initial Impacts of Welfare Reform on the Incomes of Single Mother Families*. Washington, DC: Center for Budget and Policy Priorities.
- Reichman, N., Teitler, J., and Curtis, M. (2005). 'TANF Sanctioning and Hardship.' *Social Service Review* 79(2): 215-236.
- Seefeldt, K.S. and Orzol, S.M. (2005). 'Watching the Clock Tick: Factors Associated with TANF Accumulation.' *Social Work Research* 29(4): 215-229.
- Shropshire, J. and Middleton, S. (1999). *Small Expectations: Learning to Be Poor?* York: Joseph Rowntree Foundation.
- Smeeding, T.M. (2007). 'Poverty, Work, and Policy: The United States in Comparative Perspective.' Testimony for the Subcommittee on Income Security and Family Support, Committee on Ways and Means, Congress of the United States.
- Smolensky, E. and Gootman, J.A. (eds) (2003). *Working Families and Growing Kids: Caring for Children and Adolescents*. Washington, DC: National Academies Press.
- Turner, L.J., Danziger, S., and Seefeldt, K.S. (2006). 'Failing the Transition from Welfare to Work: Women Chronically Disconnected from Employment and Cash Welfare.' *Social Science Quarterly* 87(2): 227-249.
- Vegeris, S. and Perry, J. (2003). *Families and Children 2001: Living Standards and the Children*. Department for Work and Pensions Research Report 190. London: TSO.
- Waldfogel, J. (2006). *What Children Need*. Cambridge: Harvard University Press.
- Walker, R. and Wiseman, M. (eds) (2003). *The Welfare We Want*. Bristol: Policy Press.