Welfare to work and vulnerable parents and young people in Australia - lessons from international experience

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1 Introduction

In recent months, the University of Sydney, University of New South Wales, UnitingCare Burnside and Anglicare (Diocese of Sydney) have been developing a research partnership to examine workforce participation among vulnerable parents and young people. The specific foci of the project are the impact of welfare-to-work policies

- on parents and children in families involved in child welfare systems,
- on young people leaving out-of-home care, and
- on the social service agencies that seek to assist these vulnerable families and young people.

The research team has been awarded seed funding from the ARACY ARC/NHMRC Research Network to convene a workshop to bring together leading researchers from universities, and community and government agencies; and to prepare background material (including this literature and policy review). The workshop will help support project development by embedding plans in a broader collaborative and cross-disciplinary research agenda.

This report, and the program of research, advocacy and service delivery it aims to inform, is concerned with the issues raised by three intersecting policy developments, none of which is likely to be completely wound back in the first term of the new Labor government:

- workforce participation requirements (and compliance measures) for income support recipients;
- welfare quarantining; and
- labour market deregulation.¹

The report outlines these developments in Australia (Section 2); examines other models of reform overseas (Section 3); and assesses evidence as to how these reforms have affected vulnerable recipients, their families and service systems (Section 4). Together, we hope this will:

- guide discussion about the possible implications of workforce participation and compliance systems for vulnerable families and young people with a view to developing robust policy and program responses; and
- inform a new program of collaborative research that explores patterns of need arising from changing intersections between income support and paid work in Australia.

¹ However, some changes have since been made to moderate policy and effect. The Senate passed the bill to begin the phase-out of Australian Workplace Agreements in March 2008.
2 Work and welfare policy in Australia: recent developments

In Australia, income support changes operational since July 2006 (and which the new Labor Government has signalled it will retain) extend requirements for workforce participation, mandatory job search and the work programs associated with mutual obligation to new groups of working age recipients (Section 2.1); while adding benefit control (variously termed income management, welfare quarantining or financial case management) to existing systems of benefit withdrawal (Section 2.2). As income support changes take effect, labour market deregulation is reshaping working conditions, returns to work, and intersections between work and family life, especially at the bottom end of the labour market (Section 2.3).

2.1 Workforce participation and compliance

Policies requiring ‘inactive’ income support recipients to look for and accept paid work are ways governments can seek to expand labour supply, discipline the labour force, and reduce welfare expenditure while increasing tax revenue. In Australia, welfare to work programs can be traced to the tightening of job search requirements in the 1990s, and the introduction of Work for the Dole for 18-24 year olds unemployed for 6 months. Compulsory job search and workforce participation have since expanded, under principles of Mutual Obligation. In 2002 Work for the Dole was progressively rolled out to include all those under 40 years of age who had been receiving unemployment benefits for 12 months.²

Changes announced in the 2005-06 Federal Budget and introduced in the Family and Community Services Legislation (Welfare to Work) Bill 2005 extended workforce participation requirements (and the compliance systems outlined above) to recipients of disability and parenting payment. This tightened eligibility for the Disability Support Pension (DSP) and Parenting Payment Single (PPS) narrowed from 1 July 2006. For DSP, qualification criteria were tightened through changes to the work capacity test. Whereas previously, those able to work 30 hours a week were required to look for work, changes oblige those assessed as able to work 15 hours a week to seek employment.

Sole parent pensioners could previously remain income support beneficiaries, fulfilling their unpaid care responsibilities without having to look for paid work until their youngest child turned 16. However, recipients are now required to look for and accept part time work a week once their youngest child is seven (or six for new claimants). Parents also have mutual obligation requirements, so must participate in job search, voluntary or paid work, and Work for the Dole, and face sanctions for non-compliance. When their youngest child turns eight, sole parents become defined by their unemployed rather than caring status, and are transferred to Newstart Allowance (NSA), with its lower payment rate,³ and tighter income and activity tests. Partnered

² Work for the Dole participants are usually required to participate for fifteen hours per week over six months. However, very long term unemployed who have been assessed as having a pattern of work avoidance are required to participate for 25 hours a week for 10 months.

³ In February 2008, the maximum rate of Parenting Payment Single was $538 per fortnight, compared with a maximum Newstart Payment (for a single person with children) of $471. Modelling undertaken prior to the
parents are also transferred to NSA, when their youngest child turns six. Temporary exemptions from participation requirements can be made if transport or child care is not available or too expensive, if families are experiencing breakdown or domestic violence, or if they care for a sick or disabled person.

The compliance mechanisms introduced with changes to payment structures and conditions include benefit withdrawal. Eight week non-payment penalties apply for ‘serious participation failures’ (such as being dismissed or resigning from a job, or failing to participate in full-time Work for the Dole without a reasonable excuse); or the third ‘participation failure’ in a year (such as not fulfilling job search requirements or attending a Job Network appointment) without ‘reconnecting’ to the system. Benefit control (welfare quarantining, or payment of essential expenses by Centrelink) may apply where benefit withdrawal would impact adversely on dependents or vulnerable recipients (see Section 2.2 below). An additional compliance mechanism is that those who wrongly report their earned income have to make repayments, with Centrelink charging a 10% collection fee.

2.2 Welfare quarantining

A second income support change introduced from 1 July 2006 is financial case management, also termed ‘welfare quarantining’ or ‘income management’. This system was originally introduced to help sanctioned recipients who have dependents or who are deemed vulnerable, by Centrelink paying their essential expenses, up to their previous level of income support and using vouchers, store cards and direct account payments, for an eight-week period. In other words, income is not withdrawn, but part of it is controlled. The use of income management has since been expanded.

As part of the Federal Government’s emergency response in the Northern Territory, welfare quarantining is being applied to all welfare recipients (both Indigenous and non-Indigenous) in ‘prescribed communities’.4 Half of all income-support and family-assistance payments in these areas are ‘income managed’; a measure designed to direct payments to basic necessities such as food, clothing and shelter. The justification is that:

*When payments are made to parents, they should be used to help their children and not spent on alcohol, drugs or gambling.* (FaHCSLA, 2008a)

Welfare quarantining policies will be extended nationally from 2009. Aimed at reducing intergenerational welfare dependency, parents will lose discretion over a portion of their payment if their child is deemed by state authorities to be at risk of neglect or if they

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4 Prescribed areas include all of the NT, with the exception of non prescribed areas of the major centres of Darwin, Alice Springs, Katherine, Tennant Creek, Nhulunbuy and some smaller non Indigenous town centres on major thoroughfares. Obligations follow individuals as they move out of prescribed areas. As of late May 2008, Income Management was affecting 48 communities, associated outstations and seven Town Camp regions in NT, with 11,222 people being income managed (FaHCSLA, 2008b). Income management is also being trialled in certain Cape York communities in Queensland from 2008.
irregularly attend school (FaCSIA 2007a, 2007b). In the Minister’s Second Reading Speech, these measures were described as part of the Government’s aim to

‘extend the principle of mutual obligation beyond participation in the workforce to a range of behaviours that address, either directly or indirectly, the welfare and development of children’

and as

‘a step forward in Commonwealth/State relations [offering] an additional tool that will be of assistance to States and Territories in meeting their responsibilities for child welfare and schooling’.5

Labor has stated its intentions to continue this policy, planning to give child protection authorities power to quarantine both family and welfare payments, and to incorporate quarantining into child protection case planning (ALP, 2007). This will be trialled in Western Australia from mid-2008, with the Department for Child Protection able to request income management from Centrelink as part of case management work where there is risk of neglect (FaHCSIA, 2008b)

Further, school attendance requirements have already started to be implemented, in the Northern Territory from early 2008. These requirements are due for national implementation from 2009 (for parents of primary school aged children) and 2010 (for parents of high school aged children). Parents will be required to provide proof of school enrolment to Centrelink and ensure satisfactory attendance, with a period of income management applied where no reasonable excuse is deemed to exist. While initially there was no indication support services would be introduced to support families comply with school attendance requirements, FaHCSIA has more recently suggested that collaboration with parenting support services could enhance the child protection aims of income management (FaHCSIA, 2008c).

2.3 Labour market deregulation

The changes to income support outlined above mesh with changes affecting the pay, hours and conditions of work in Australia. At the same time that reforms compel an expanding range of welfare recipients to participate in paid work (thereby expanding labour supply), policies have dismantled Australia’s traditional protections of award-based pay and conditions, in part as a strategy for promoting employment growth and lowering production costs. Work Choices legislation, passed quickly and opportunistically with the former Coalition Government’s senate majority, represents the culmination of a series of reforms aimed at expanding the labour market, promoting greater flexibility in bargaining, decentralising and decollectivising the industrial relations system, and removing restrictions on unfair dismissals. Premised on a changing constitutional basis6 and principles of ‘freedom’, ‘choice’ and ‘flexibility’,

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6 The corporations power. See Hall (2006) for an outline.
reforms effectively rationalise protections to five areas; reduce the powers of the Australian Industrial Relations Commission to enforce standards; reduce the power of trade unions; and extend opportunities for employers to offer jobs with worse pay and conditions (Hall, 2006).

In a deregulated industrial environment, the economic wellbeing of vulnerable young people and families depends on their capacity to comply with workforce participation requirements, to bargain with employers in low-wage areas of the economy, and to shape personal and family care routines around requirements of low wage, often casual employment. Early evidence suggest Work Choices is impacting adversely in the low-paid, low-skilled sectors of the labour market (where women are over-represented) pointing to an erosion in pay, conditions, job security and family friendly arrangements (see Van Wanrooy et al., 2007; Elton et al., 2007). While the Transition Bill introduced by the new Federal Government earlier this year will gradually phase out Australian Workplace Agreements and introduce a wider safety net from 2010, existing AWAs will continue until they expire (or December 2012).^8^

### 2.4 Significance to child welfare systems

These developments are potentially problematic for disadvantaged people involved with community service systems including child welfare services. In addition to the economic adversity that welfare-to-work programs seek to redress, these people tend to face multiple social and personal obstacles to participation, including low levels of education, social isolation, domestic violence, substance misuse and learning difficulties. Church-based and other community service providers have voiced concerns that reforms conflict with their social justice values, and risk exacerbating the already adverse life circumstances of their client base, raising questions about how vulnerable individuals might fare in a deregulated labour market without formal qualifications, co-ordinated social supports, and quality childcare (ACOSS, 2005b; Anglicare, 2006; The Smith Family, 2005; Rogers, 2007: 400; UnitingCare Burnside 2007a; UnitingCare Burnside, 2007b). Reflecting the depth of concern, major nonprofits chose not to register as financial case management providers in 2006, or withdrew their services.

Developments in work and welfare policy have particular relevance for services concerned with preventing (and responding to) child abuse and neglect, and promoting the wellbeing of children and young people. Young people leaving care, and parents involved with child protection or early intervention services, are among the most likely to be affected by these changes, because the multi-faceted nature of their disadvantage requires interface with a range of support systems, including income support. Explanations for the overlap between child welfare and social security clients include that the hardship of receiving social security may undermine the capacity to care; social

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7 Under WorkChoices protection extends to minimum conditions of minimum wages; maximum ordinary hours of work; four weeks paid annual leave; ten days personal/carers leave; and one year of unpaid parental leave. Individuals can trade off their public holidays, meal breaks, penalty rates, shift/overtime loadings, annual leave loadings and allowances.

8 New legislation should help stem the growth of AWAs by disallowing new agreements (although 'Transitional Individual Employment Agreements' will be allowed in the interim).
security recipients may be subject to heightened child protection surveillance; and the complex nature of disadvantage (including circumstances like poor mental health) can lead to both social security receipt and child protection involvement (Slack, Lee and Berger 2007: 208). With the populations overlapping, tightening income support eligibility, enforcing sanctions, and stimulating growth in low wage jobs may have particular impact on families involved with child welfare services, and services themselves.

2.5 Significance of overseas experience

Welfare arrangements and welfare reforms encompass a range of policy and program settings, enacted in varied social, economic and organisational contexts (Waldfogel 2007:17). Elements of Australian reforms appear unique, including the use of income management as a strategy for preventing child abuse and neglect, and for encouraging school attendance. Examining welfare to work in other countries provides insight into alternative responses to core ideological concerns. While the review of four welfare reform approaches (Section 3) and evidence of their effects (Section 4) is not exhaustive, it outlines some different interpretations of welfare to work, and can inform discussion of directions for Australian research and policy.
3 Policy objectives and program design: international examples

Internationally, welfare to work policies are underpinned by core ideological concerns – that passive receipt of welfare will undermine responsibility, self-reliance and other desirable attributes of citizenship. International institutions, such as the OECD and EU, support activation agendas, emphasising the importance of supporting participation in member countries, especially by improving work incentives (OECD, 2007). Despite common pressures, reform objectives and design vary in different contexts, with welfare programs needing to mesh with other arrangements, including tax systems, labour market regulations, and immigration policies.

Differences can be identified in how systems use ‘work first’ requirements versus human capital development and job creation initiatives to promote participation; whether programs are compulsory or voluntary (and for whom); what kinds of sanctions and rewards are attached to participation; which additional support services are available; and which groups are targeted (Lorentzen and Dahl, 2005). Context also matters, including the norms on which policies and programs are built, as well as business cycles and labour market conditions (Lorentzen and Dahl, 2005). Dean (2006, cited by Carney, 2007) offers a useful schema for understanding welfare reform approaches (see Figure 1).

Figure 1: Approaches to welfare to work policy

<table>
<thead>
<tr>
<th>Quadrant</th>
<th>Description</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Authoritarian</td>
<td>Coercive/work first</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Australia/USA/Japan)</td>
</tr>
<tr>
<td>2</td>
<td>Egalitarian</td>
<td>Human capital development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Netherlands, Denmark, UK)</td>
</tr>
<tr>
<td>3</td>
<td>Authoritarian</td>
<td>Right-to-work ‘insertion’</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(France)</td>
</tr>
<tr>
<td>4</td>
<td>Egalitarian</td>
<td>Active job creation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Sweden/Norway)</td>
</tr>
</tbody>
</table>

Quadrant 1 (‘competitive-authoritarian’) includes the USA and represents the contemporary workfare paradigm. Behavioural objectives take precedence, with welfare arrangements designed to discipline disadvantaged groups and engineer personal responsibility for economic security. In contrast, regimes with egalitarian features (quadrants 2 and 4) are likely to more strongly prioritise goals of expanding (and improving) labour supply, engineering demand for labour via job creation, improving the wellbeing and life chances of disadvantaged citizens, and promoting social inclusion through work. The following sections outline reforms representing each regime type, to illustrate the design and objectives of welfare to work in different contexts.
3.1 United States: Competitive-Authoritarian

The US Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) replaced ‘Aid to Families with Dependent Children’ (AFDC) with ‘Temporary Assistance for Needy Families’ (TANF). The legislation involved a raft of changes, including:

- the 60 month lifetime limit on the receipt of federal funds; and
- devolution of responsibility for policy and program design and sanctioning to states, who were then required to demonstrate that a proportion of TANF recipients were in paid work or work related programs.

The reforms entrench state responsibility for designing work requirements, time limits, sanctions and income disregard policies, although some states had already developed their own arrangements, under the previous Federal waiver options. Rather than a single national model, US welfare reform is best considered a patchwork of different state arrangements, although there are debates about whether elements of state systems are clustering and converging or are likely to (for example eligibility requirements in neighbouring states) (Volden, 2006; De Jong et al., 2006).

US reforms prioritised system level goals of welfare caseload (and cost) reduction and individual behavioural change, underpinned with strongly moral justification for the government’s role in enforcing responsibility and compliance through supervision and sanctioning, most influentially articulated by Mead (1997). Rather than aiming to remedy income shortfalls, two explicit goals of TANF were to end parents’ dependence on government benefits by promoting job preparation, work and marriage; and to encourage the formation and maintenance of two parent families. Reducing poverty, and improving parent and child well-being and parenting quality were not explicit objectives of the law (although the possibility that time limits and work requirements might harm children was part of policy debate).

The agenda of behavioural change is reflected in the ‘personal responsibility’ contracts which most states require of recipients. Sanctions for individuals are up to the states, but are attractive not only for eliciting compliance in the case management process, but also because states are able to keep part of the payment sanctioned clients would have received (Handler and Hasenfeld, 2006: 200). A lifetime ban can be imposed for repeated non-compliance.

Funding for TANF and related programs was reauthorised with the Deficit Reduction Act (DRA) in 2005. The DRA prescribes that 50% of all adults receiving TANF assistance must participate in work activities, with states penalised for not complying with caseload reduction targets. For states to count parents toward their workfare targets, single parents must participate for an average of twenty hours per week while their child is under six, and thirty hours a week when their child is older. As well as paid work itself, some structured programs may count: of job search and job readiness training (supervised daily); subsidised employment; work experience; community service; vocational education; and provision of childcare to a TANF recipient performing community service.
State and local governments may obtain grants with which to contract nonprofit and private organisations to provide job preparation training and career advancement activities, job creation, supportive services (such as childcare and transportation), and post-employment services such as job retention supports (including non-medical substance abuse treatment) (Hasenfeld and Powell, 2004). However, participation in state or community funded activities like mental health counselling, drug treatment, housing and domestic violence services don’t count towards the federal participation rate, reducing the incentive for states to fund their own programs (CBPP, 2007:22).

School attendance

After PRWORA, a majority of states adopted policies linking cash assistance to school attendance (40 states by 1999, see Campbell and Wright, 2005). These apply both to the school attendance of young parents, and to the children of adult parents. School attendance requirements are seen as ways to reinforce norms of personal responsibility for children as well as parents, and to improve children’s skills to decrease welfare dependency in the future (Campbell and Wright, 2005). In this view, income management appears to have somewhat paradoxical program logic: a paternalistic measure is used to evince more responsible behaviour from recipients of support (and their children). Indeed, school attendance arrangements extend expectations about adult recipients’ behaviour onto children, who carry an increasing burden of responsibility for family’s receipt of income support and financial wellbeing. Where state programs are well supported with case management resources, monitoring attendance can offer opportunities for ‘early warning systems’ for vulnerable families (Campbell and Wright, 2005).

3.2 United Kingdom: Competitive-Egalitarian

Reforms in the United Kingdom have been based on the idea that social inclusion is best achieved through paid employment, reflected in the principle of ‘work for those who can, security for those who cannot’ (DSS, 1998). Reforms to income support, phased in from 1998, respond to concerns about numbers of benefit recipients (especially long term unemployed youth), macroeconomic instability, a regressive tax-benefit system, and high rates of child poverty (DWP 2008). Welfare reform interlocks with a broader agenda of reducing child poverty in the UK. As well as seeking to promote inclusion through paid work, the Blair Government also made a series of direct investments in childcare, universal preschool for 3 and 4 year olds, and early years programs to combat social exclusion.

Income support reforms centre on several ‘New Deal’ programs:

- **New Deal for Young People** (introduced in 1998). Aimed at 18-24 claiming Jobseeker’s Allowance (JSA) or National Insurance credits for 6 months or more, this was financed by an innovative windfall tax on the excess profits of privatised utilities. Activity is mandatory.
• New Deal for Lone Parents (1998) Provides personalised support for lone parents to return to work, including informal support and advice to financial and practical assistance with training and childcare.

• New Deal for Partners (introduced in 1999). Offers partners of people claiming certain benefits support in tackling barriers to work.

• New Deal 50 plus (2000). Designed to facilitate employment re-entry for those over 50 who have been claiming specified benefits for six months or more.

• New Deal for Disabled People (2001). Provides job-brokering advice and support to Incapacity Benefit claimants, largely through the private and non-government sectors. Enhanced to include access to training, personal adviser and return to work credits in 2003.

Common features of these programs are rights and responsibilities for individuals (especially for the two mandatory programs); and personal advisers via Job Centre Plus to assist with jobsearch, motivation and overcoming barriers (DWP, 2008).

Under the New Deal for Young People a personal advisor provides individualised assistance in identifying and overcoming barriers to work, including applications and employment goal setting. Sanctions for non-compliance (such as non-attendance at a meeting or refusing, leaving, or being dismissed from a job) escalate. The first episode results in termination of all cash assistance for two weeks, rising to four weeks for the second episode, and 26 weeks in the third instance. The New Deal for Young People has been criticised on a number of fronts. Individual action plans are sometimes drawn up mechanically (Finn and Blackmore, 1997, cited in Handler, 2003), with the program more generally criticised for helping clients with fewer barriers, with job search support lacking integration with other services to overcome social exclusion (Finn, 2003).

The New Deal for Lone Parents seeks to promote paid work through voluntary job-focused meetings; and to make work pay for low income families through a minimum wage and working families tax credit. The adequacy of the safety net for children is a key policy concern, with benefits available both to parents in and out of paid work. For families with children under 11 for example, ‘in work’ tax credits are available, while reforms have also involved increases in allowances for non-working families (Waldfogel, 2007). Advisors must complete an action plan for clients, although these plans reflect less in the way of both client obligations and expectation of behavioural change than in the US and Australia (Dostal, 2008).

Reforms affecting lone parents will however, extend through 2008 and 2009, with plans to guarantee job interviews for lone parents willing and able to work; to extend availability of personal adviser services to lone parents who have entered work; to reduce eligibility by reducing age of youngest child requirements; and to place a legal obligation on local authorities in England and Wales to ensure childcare provision is meeting community needs (DWP, 2008).

9 The age will drop to 12 in October 2008, 10 in October 2009, and 7 in October 2010 (DWP, 2008).
3.3 France: Authoritarian-Inclusive

France does not have a functional equivalent to US, UK or Australian welfare to work policies. French social assistance arrangements do contain ‘activation’ strategies however, including employment planning and ‘insertion’ contracts, and public sector job creation, mostly aimed at young people (Barbier and Theret, 2001; Daguerre and Taylor-Gooby, 2003).

French policies have not targeted mothers, who remain entitled to a universal family benefit and several entitlements, depending on income, child age, and family size. These include support for child care and hiring childminders, and payments for circumstances like illness and disability, birth or adoption, housing and moving house, or returning to school. A minimum income level is guaranteed to single mothers with a child under 3 under the Allocation de Parent Isolé or API. Until 1999, income from paid work was taxed at 100%, but this was reformed to allow women working to keep their full earnings on top of API for 3-6 months. After 9 months, earnings would be taxed at 50%, and 100% after that. Unsurprisingly, this reform increased single mothers’ employment rates (Gonzales, 2005).

Parents can also access a non-means tested supplement to stop or reduce paid employment to look after a child aged under 3, but this is contingent on having worked for 2 years within a reference period prior to the birth (which varies depending on the number of other children). Women also have access to assistance through a bonus, after a period of mothering to return to work, start a business or begin training, to help organise childcare. This assistance is targeted to recipients of RMI (see below) and lone parents.

As well as a sole parent allowance and family payments, there are three main tiers of social security. Unemployment insurance benefits (financed by contributions) provide the highest level of protection, followed by Plan d’aide au retou a l’emploi (PARE) aimed at the long term unemployed (and financed by taxation), and Revenu Minimum d’Insertion (RMI) financed by taxation and aimed at addressing social exclusion. These forms of assistance are based on notions of solidarity: state provision is seen as an obligation and right of citizenship, and participation in paid work is not compulsory.

PARE involves a projet d’action personalise (Personal Action Plan), an individually negotiated plan of services, introduced in 2001 after employers lobbied against ‘passive welfare’. The planning process obliges recipients to have their skills assessed, to undertake training and to take up an acceptable job (Barbier, 2005:122). Plans are assessed at six monthly meetings, with sanctions for non-attendance or refusing work or training, in the form of a decrease, suspension or refusal of benefits. Activation policies have also involved the creation of minimum wage jobs in the public sector, especially aimed at young people (Daguerre and Taylor-Gooby, 2003). However, as for RMI (see below) these sanctions are rarely enforced.

A small (but growing) share of spending goes toward addressing social exclusion, primarily through the ‘last resort’ of social assistance, the minimum means-tested benefit for adults, the Revenu Minimum d’Insertion (RMI) or ‘Minimum Income for Insertion’ (which pays less than API). The RMI guarantees a decent living standard for.
those unable to work, once eligibility to other benefits is exhausted. It is a residual, targeted, tax-funded, means tested payment available to those aged 25 and over. Designed to encourage workforce participation through the use of individualised plans or contrat d'insertion, the RMI is the payment considered to most resemble workfare (Barbier and Theret, 2001).

Under RMI, recipients make a contract with society (via an advisor) to commit to a reinsertion program, which could involve job seeking, vocational training, or activities designed to increase social autonomy. RMI insertion contracts can include goals to improve health, housing and education, as well as work. However, they not evenly implemented. Insertion contracts tend to be viewed as part of the paperwork necessary to obtain benefits rather than as opportunities, and only around a half of beneficiaries have them in place (Handler, 2003). Contracts are poorly implemented and resourced, with workers reportedly unwilling to impose sanctions where suitable opportunities are lacking (Fafo, 2001, cited by Handler, 2003). Indeed, while state provision of services and activities are entitlements, provision, especially job creation in the public sector, is considered inadequate (Barbier, 2001).

3.4 Norway: Inclusive-Egalitarian

Norway has a tradition of strong social democracy, with principles of equality and universalism influencing welfare traditions. Inclusion, integration and citizenship are pursued primarily through labour market participation, although Norway’s welfare system places more emphasis on supporting motherhood roles than other countries (Duncan and Strell, 2004).

Resembling the European concept of ‘flexicurity’ (of which Denmark provides the paradigmatic example), work and welfare attempts to balance flexibility and security through labour regulation and active labour market policies; through legislated rights to education; and through generous social security arrangements (Larsen, 2006). Benefits are usually considered high. Welfare to work reforms have been implemented primarily to stimulate flows into the labour market. At the same time, reforms have sought to rebalance rights and obligations and discipline welfare recipients, although this is a weaker theme than elsewhere. Reforms have not had the same focus on cost cutting as in other countries, with changes introduced in the context of low unemployment and the absence of significant pressures on welfare expenditure. Halvorsen and Jensen (2004) interpret workfare reforms since the late 1990s as continuing Norway’s longer history of using welfare policy to expand labour supply, improve the quality of the labour force, and promote inclusion in the labour market.

Program supports are extensive, compared to elsewhere, with Lorentzen and Dahl (2005) describing a ‘program chain’, designed to lead participants into work. Since the 1990s, emphasis has been on curtailing eligibility rules, reinforcing requirements concerning participation, reducing benefit duration, promoting geographic and professional mobility, and ensuring acceptance of job offers (Halvorsen and Jensen 2004). However, this has been in the context of job creation and human capital investment.
One element of Norway’s welfare to work strategy is the requirement for recipients to develop ‘action plans’ as to how they will achieve self-sufficiency through paid work. Individual action plans outline individual objectives and set out how goals will be achieved, reflecting efforts by the bureaucracy to involve recipients (albeit under the threat of sanctions) (Halvorsen and Jensen 2004). Unemployed workers with unemployment insurance are targeted by active labour market programs, which involve (mostly public sector) job creation and wage subsidisation programs. Participants receive regular wages and working hours, and training. Other labour market measures include rehabilitation and reactivation of disabled pensioners, including job placement in normal and sheltered industries.

Social assistance applies to those not participating in active labour market schemes. Since 1991, local authorities have been allowed to require work in exchange for social assistance benefits, with a high degree of local autonomy over operation, including the duration of any work requirements, the length of the working week, and the level of social assistance. Local authorities also have wide discretion over which groups they target (Lødemel, 2001). As of 2001, work requirements were used in only about half of the municipalities, targeting only a small minority people not covered by unemployment insurance and not making use of the education or labour market measures available under Active Labour Market Programs (Lødemel, 2001). Work is restricted to local authority services (e.g., cleaning up parks, painting buildings, helping the elderly). Many programs involve working alongside regular employees (albeit for lesser pay), so don’t carry the stigma of work for the dole type programs.

Lone parents have access to a separate payment, the ‘Transitional Allowance’. This guarantees a minimum income for lone parents with small children, allowing mothers to stay home full time. When single parents are no longer eligible, for the Transitional Allowance, they can apply for an inferior means tested social assistance scheme. Changes to the Transitional Allowance took effect from 1998, in response to arguments that the payment was too high to encourage paid work, encouraging passivity. The payment was restricted to a three year period. Eligibility was restricted to those with children under 8 years old (it was 10 years prior to 1998), although parents with children over 3 need to participate in education, half time employment or job search to remain eligible. However, when activation policies were introduced, allowance levels were also increased by around 13% (Duncan and Strell, 2004). Activation was also accompanied by wage subsidies, rights to education, a cash benefit for childcare for under 3 year olds (which can pay for childcare or help offset the costs of foregone parental earnings).

A unique activation program also exists for sole parents: OFO (translates as ‘follow up arrangements for lone parents’). OFO aims to help lone parents take up employment or education, and to improve self-esteem, social networks and money management (Skevik, 2005). OFO involves ‘mediators’, or unpaid workers trained by local authorities, who counsel other recipients in fulfilment of their own participation goals (Skevik, 2005). These mediators help recipients to map their needs, raise self-esteem and networks (through, for example, classes on child development or social outings), before plans are put into action. OFO represents a uniquely community-based element
of Norwegian reforms. While education and employment are key goals, secondary goals like improving confidence, networks and practical skills are also supported.

### 3.5 Summary

The US reforms set the paradigm for contemporary workfare, prioritising coercive behavioural change and caseload reduction, reinforced by sanctions on states and recipients. UK arrangements combine behavioural incentives and a ‘human capital’ approach (Dean, 2003), with reforms integrated with broader goals of reducing child poverty. French and Norwegian ‘activation’ policies aim to expand labour supply, and stimulate demand for labour through job creation. There is more emphasis on program supports in these countries (especially childcare), although French evidence suggests social supports and job creation may be inadequate. All systems include forms of planning and advisory support for jobseekers.

With the US, Australia shares some coercive participation requirements and, as a result of the most recent wave of reform (affecting school students nationally from 2009), the link between welfare receipt and school attendance (although Australia uses benefit control, whereas the US states tend to use benefit withdrawal). A notable difference between Australian reforms and those in the UK is the latter’s emphasis on promoting outcomes for children, with welfare to work accompanied by investment in childcare and early years services. Australia lacks the layered financial and service support available in the French and Norwegian systems, and anything like Norway’s innovative peer support program OFO (although features of this may be found in small, community based programs).
4 Assessing the impact of welfare to work: overseas experience

This section outlines evidence of the impact of some of the types of reforms outlined in Section 3. We draw on evidence of impact in three areas: on welfare caseloads (Section 4.1); on vulnerable recipients and their families (Section 4.2); and on social service providers (Section 4.3). In the US, research initially focused on using administrative data to assess the extent of caseload decline, before evidence from survey data emerged about the wellbeing of children and families (Lichter and Jayakody, 2002). More recently, studies have sought to identify the activities and wellbeing of families who have left welfare but have not moved into work (Blank, 2007). Fewer studies have been conducted into the broader impact on service systems, with those which have relying on localised survey and qualitative data rather than the large surveys and administrative data informing studies of caseload, behaviour and wellbeing.

4.1 Caseload decline

In the United States, caseloads have fallen by around 62% since TANF was enacted to June 2007 (OFA, cited in Cowling, 2007). This has been attributed to the effects of both economic growth on job creation, and the effect of welfare reform on job seeking behaviour (although researchers vary in the balance attributed to each). New supports for the working poor, including expanded earned income tax credits, Medicaid and child care subsidies may also be confounding factors (Corcoran et al., 2000).

Research has started to look behind the success story of US caseload decline to explore the activities and wellbeing of the estimated 20-25% of low income single mothers who have moved off welfare but not into work. Blank (2007) estimates that there are over 2 million single mothers in this situation (connected neither to welfare nor work) with almost 4 million children. This group includes mothers who may be of particular concern to social service providers, as they are more likely than those moving into work to experience serious and multiple disadvantages, including physical and mental health problems (Urban Institute, 2006).

Caseloads have also declined in other countries, including in Norway (by around 20% between the mid 1990s and 2001, see Dahl et al., 2001: 37). UK reforms have reduced caseloads, although success has been less dramatic than in the US, and has also occurred in a period of economic growth. The UK Government credits the New Deals with helping more than 1.85 million people into work; reducing numbers of claims for Jobseeker Allowance and Incapacity Benefits, and reducing numbers of lone parents on income support (DWP, 2008). The number of single parents claiming means tested cash assistance declined, and single mothers’ employment rates rose from 45% in 1997 to 56% in 2005 (DWP, 2007).
4.2 Impact on vulnerable recipients and their families

Here we consider the impact reforms on vulnerable recipients and families in the following domains:

- Responses to work requirements and compliance systems;
- Economic wellbeing; and
- Child and family wellbeing.

4.2.1 Responses to work requirements and compliance systems

*Behavioural responses*

Research raises questions about whether and how vulnerable welfare recipients have responded to the behavioural logic of welfare reform. While behavioural change depends on recipients’ capacity to rationally calculate the costs and benefits of taking up paid work and complying with participation requirements, researchers point to the moral and relational rationalities with which lone mothers make decisions about parenting and combining work and care.

Duncan and Strell’s (2004) interviews show that rather than rationally responding to payment incentive structures and pursuing income and self-development, mothers’ decisions respond to moral notions of what is right not just for themselves, but for others, taking children’s needs and preferences into account (Duncan and Strell, 2004). Dodson (2007) shows poor mothers may defy requirements to take up jobs deemed as poor quality or ‘anti-child’, reflecting refusal to collude with society’s lack of concern for children. Hasenfeld and colleagues (2004) also question assumptions about how welfare recipients will respond to payment design and compliance systems. Their interviews found many welfare recipients were unaware of expectations about their behaviour, and which benefits they risked losing (and for how long). Dean and colleagues show how labour market engagement is not necessarily the highest priority for vulnerable people in the UK. Using 50 in-depth interviews, they show how poor housing, physical and mental health and drug abuse problems impacting on participants employment records, and make respondents mindful they have other things to ‘get sorted out’ before getting a job (Dean et al., 2003: 21).

*Sanctioning*

Research also questions the effectiveness of sanctioning. Using a longitudinal survey and administrative data in the US, one study found the threat of sanctions didn’t affect work participation or welfare receipt, but that actual sanctions increased the probability not only of working, but of working in the informal labour market (Lee et al., 2004). Another found those sanctioned with a preschool aged child were 63% more likely to report maternal and child hunger, 76% more likely to report having utilities cancelled, and 79% more likely to report they were unable to pay for required medical care ((Reichman et al., 2005, cited in Handler and Hasenfeld, 2006: 202-203).

Hasenfeld and colleagues (2004) analysed surveys and administrative records for 1202 Californian women receiving welfare, confirming sanctioning may impact on those with
highest support needs. They found that sanctioned recipients face greater barriers to meeting work requirements than others, being younger, having more children, less education and work experience, facing more transport difficulties, and having more care responsibilities. Indeed, having an additional child in the household was found to increase the odds of being sanctioned (Hasenfeld et al., 2004: 313). Interestingly, 41% of sanctioned mothers surveyed were unaware that they had been sanctioned, being unable to recall reductions in their payment (possibly due to lapse in time, because the fluctuations in work and wages to which they were accustomed make this hard to discern, or because their arrangements were poorly communicated by administrative staff).

Together, these studies raise questions about the logic underpinning welfare to work, especially for the most vulnerable recipients. Work requirements may fail to recognise, or even divert parents’ moral and relational rationalities of care; other social needs make take precedence over labour market attachment for vulnerable recipients; and sanctioning may not be well understood, and may penalise those confronting the most complex barriers to participation.

4.2.2 Economic wellbeing

Poverty and job quality

In the UK, while the New Deal pilot programs were criticised for their limited achievement with respect to people with multiple needs (Millar, 2000), reforms have since been attributed with successfully helping reduce child poverty, with US reform less successful in this area (Waldfogel, 2007). Several studies highlight poor job quality as a constraint on the capacity of welfare reform to alleviate poverty. Evans (2007) highlights how mothers moving from welfare to work in Canada and the United Kingdom tend to enter precarious, poorly paid jobs. Similarly, in the US, women leaving welfare tend to move into low wage jobs (primarily in service and sales occupations) without benefits (Corcoran et al., 2000), and which don’t accommodate their caring roles (Dodson, 2007). French employment and insertion policies have also been criticised for expanding the numbers of working poor.

Ethnographic panel data collected from 46 low-income mothers from Cleveland and Philadelphia who were making transitions from welfare to work after the passage of the PRWORA identified mixed experiences of work. The mothers reported benefits in the form of increased income and self-esteem, feelings of independence and social integration, and the ability to model work and self-sufficiency values for their children. However, these benefits were diminished or extinguished when paid employment did not generate higher income or when work hours and associated stress meant less time and energy to be with, supervise and support children (London et al., 2004).

Several US studies point to poor stability of employment among welfare leavers, and poor job quality. Corcoran and colleagues (2000) point out that in the early post-PRWORA years, recipients were working in mainly low skill, low pay jobs without health care benefits. Large minorities reported material hardship even when working. Although half of employed welfare leavers worked 30 or more hours a week, most were not earning enough to lift their families out of poverty. Job instability (and the
completion of job training) appeared a problem for welfare leavers, especially for those experiencing physical and mental health problems, family stress, substance abuse, violence and employer discrimination.

**Job training**

Interview data also raises questions about the value of the type of job training provided in the UK and US. Dean and colleagues (2003) found that despite having largely realistic ambitions and training needs, UK welfare recipients were disappointed with available training, with some overly optimistic about how short courses would be valued in the labour market. Korteweg (2006) examined the nature of the employment oriented support Californian sole mothers were receiving after PRWORA (Korteweg, 2006). In that qualitative study, job search services sought to prepare mothers for low wage service sector work, focusing on improving ‘soft’ presentation and motivational skills rather than retraining, with motherhood framed (and valorised) as a set of marketable skills. Mothers recognised they would be entering a gender segregated workforce, and trainers were open about the negative aspects of low-wage work.

**Family Expenditure**

One rationale for promoting workforce participation is that increased income will enable disadvantaged families to better meet their basic needs, including child nutrition and education. In the United Kingdom the expenditure of low income families eligible for government financial support was found to increase after New Deal reforms, with spending becoming more focused on housing, food, clothing and footwear, leisure and motoring, and less focused on alcohol and tobacco (Waldfogel, 2007: 9). In the United States, studies examining how welfare reforms have impacted on family expenditures have found no significant change in total expenditures in single parent households post-PRWORA (cited in Waldfogel, 2007). However, families were found to shift family spending to items facilitating work outside the home, rather than child focused learning or enrichment activities (cited in Waldfogel, 2007 p 13). In another study (Meyer and Sullivan, 2004, 2006) total expenditures in single mother families were found to rise slightly, with more spent on transport, housing, eating out and childcare, reflecting reductions in lone mothers time for household production.

**4.2.3 Child and family wellbeing**

**Child care**

Mandatory work requirements increase the need for non-parental care, raising possibilities that children may be left unsupervised or in low quality or unsafe care. One study involving interviews with 38 welfare-reliant mothers in disadvantaged neighbourhoods in Cleveland examined how women organised child care when mandated to work (Scott et al., 2003). This showed lone parents sought alternative sources of child care to replace their own unpaid care, spending large amounts of time and energy to patch together a creative mix of formal and informal arrangements to cover work and travel. Arrangements depended on the resources available to families, with trade offs between quality and flexibility. While the ‘patchwork’ could be reliable and stable, it could also be risky (Scott et al., 2003). Another US study (Fuller et al,
2002) suggests any ‘risky patchwork’ may be short term. They found that although most mothers relied on informal child care arrangements when they began welfare to work programs, as they moved off welfare and their jobs stabilised, mothers became more likely to use steady formal child care services.

**Parenting quality and child development**

Workforce participation may improve outcomes for children and families, not only by reducing economic deprivation, but also by raising parents’ self-esteem and social connectedness, lowering maternal depression and the use of negative parenting styles.

Evidence of the impact of reform on mothers’ health and well-being, income and parenting appears mixed (Coley et al., 2007: 723-25). Using the Three-City Study, Coley and colleagues found mothers’ movement into work post-PRWORA correlated with economic stability and psychological well-being, but this was ‘not substantially related to the quality of parenting and home environments’ (2007: 738). Waldfogel (2007; citing Morris et al.) highlights the importance of income. For primary school aged children, increases in mothers’ income and employment were found to either improve, or have a neutral effect on health. However, increasing employment without increasing income had a neutral or negative impact on child health. Kalil and Ziol-Guest (2005) also suggests a living wage can improve the development of children from single-parent families, highlighting the importance of job quality.

Effects of work and welfare also depend on child’s developmental stage. For very young children, Waldfogel (2007: 21) highlights concerns about requirements to rapidly return to work after childbirth (12 months in almost all US states), because of the implications for low income mothers’ breastfeeding rates. Chase-Lansdale and colleagues (2002) found preschoolers and adolescents in sanctioned families showed problematic cognitive and behavioural outcomes, and preschoolers of recent welfare leavers had the highest levels of problem behaviour.

For children aged 10-11, work participation appears to have adverse effects on school achievement, possibly because of increases in domestic responsibility (including care of younger siblings) for this group (Morris et al., cited by Waldfogel 2007: 19). For teenagers, mothers’ entry into employment has been found to be associated with improvements in teenagers’ mental health, while leaving employment was associated with increases in adolescents’ depressive and aggressive behaviour problems (Chase-Lansdale et al., 2003).

**School attendance**

Studies of the effects of linking welfare receipt to school attendance highlight the importance of case management services (Campbell and Wright, 2005). Campbell and Wright’s (2005) assessment of 7 programs reports that sanctioning clients without providing case management resources tended not to improve attendance. Programs combining sanctions with case management services had limited but positive results,

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10 Based on Chicago, Boston and San Antonio.
although effects were more evident in rates of school enrolment than in improved
attendance, graduation or longer term wellbeing. Importantly, Campbell and Wright
(2005) also identified inconsistencies arising when application of rules was
discretionary. School administrators became the street level bureaucrats, and there was
great variation in how they assessed explanations for absences, and intervened prior to
sanctioning.

Campbell and Wright (2005) identify the series of choices involved in designing
welfare-school attendance policies; including how to define and monitor satisfactory
attendance; how to balance support services and sanctions; how to communicate
requirements to parents and children; how to manage and coordinate data including
maintaining confidentiality; and how to maintain consistency across schools. Schools
may bear some costs of monitoring and compliance unless additional resources are
provided to support implementation. Campbell and Wright maintain a positive view of
the potential of school attendance policies, where they are well integrated with case
management resources:

‘Because sanction programs do require some form of attendance monitoring, they create the
potential for an early warning system that can trigger social service interventions aimed at
resolving the family problems that underlie absenteeism’ (Campbell and Wright, 2005:20).

Domestic violence

The impact of welfare to work on women experiencing domestic violence is unclear.
Working may have a protective effect on domestic violence, but violence may make it
difficult to sustain employment and meet participation requirements. In the US,
advo cates were concerned about mandatory work requirements, on the basis that:
domestic violence could make it difficult to sustain employment; time limits shrink
welfare’s capacity to provide a safety net for women seeking to escape abuse; and
obligations to seek work might exacerbate abuse where men’s attempt to deny women
independence (Riger and Staggs, 2004). While US states do have scope to waive some
welfare requirements for battered women (and there are temporary exemptions
available in Australia), this relies on women disclosing abuse. Moreover, Australian
exemptions apply only where violence has ‘recently’ occurred, and exempt parents from
activity tests not lower NSA payment rates.

Child maltreatment

The link between child maltreatment and poverty is strong (Paxson and Waldfogel,
2002), with most families involved with child welfare systems (or at risk of becoming
so) also receiving income support. However, the link between maltreatment and welfare
reform is unclear. The severe and complex problems (including poverty) that bring
families to the attention of child protection authorities also make it difficult to obtain
and sustain paid work within welfare to work stipulations. Welfare reform may impact
negatively on these families (Wells and Guo, 2006). In particular, work requirements
may increase neglect, due to reduced maternal supervision and placement of children in
unsafe care environments. However, any relationship is likely to depend on parental
circumstances, community supports, and responses of child protection agencies.
Whether US welfare reform has affected maltreatment is unclear. While Slack and colleagues, (2007: 210) argues there is little evidence that state child protection services have been greatly strained by the policy changes associated with PRWORA, other evidence links increases in mothers’ paid work to increases in reported and substantiated cases of abuse and neglect (Paxson and Waldfogel, 2002; Paxson and Waldfogel, 1999; Slack et al., 2003). A major study using state-level panel data by Paxson and Waldfogel (2002) found the risk of exposure to child protection systems (CPS) is heightened by reductions in benefit levels Where work participation and the absence of quality child care arrangements result in less child supervision and higher levels of fear and anxiety, there is a positive association between employment and CPS intervention. Paxson and Waldfogel (2002: 453) pointed to work participation as the salient factor, predicting that a shift of 1% of children from non-working single mother families to working single mother families would result in a 5.7% increase in substantiated cases of physical abuse and a 7.8% increase in child neglect. In contrast, Courtney and colleagues (2005) link sanctioning rather than work per se to maltreatment, pointing to an association between being sanctioned while receiving welfare in Wisconsin, and having subsequent child maltreatment report.

However, links between welfare reform and maltreatment are contested. Other studies have found children of TANF recipients were more likely to have substantiated reports of maltreatment while on welfare than after exiting (Goerge and Lee 2000). Slack and colleagues (2003) also found that sole parents who remain on welfare, or who have returned to welfare, exhibit greater child protection risk than welfare leavers.

In terms of family reunifications, Wells and Guo (2006) report on a longitudinal study in Ohio. They found that in the first four and half years of reform, increasing proportions of children were placed in foster care, reunification speed decreased, smaller proportions of children were placed with guardians, and larger proportions of children remained in foster care for more than 12 months. Reunification was strongly linked to family income. The authors highlight a need to assess the extent to which impoverished mothers involved in both the welfare and child welfare systems can meet requirements of both- that is, to perform paid work, participate in required services and to make the changes necessary to regain custody of children (Wells and Guo, 2006: 957).

Using data from Illinois (where welfare policy is considered relatively generous), Slack and colleagues (2007) sought to assess whether sanctioning in particular affects child maltreatment outcomes. Based on linked survey and administrative data for 1260 respondents, their study suggests sanctions have a positive and statistically significant association with the rate of having an investigated child neglect report. Sanctioned recipients were increasingly coming to the attention of child protection authorities, and grant reductions without extra earnings or food stamps were associated with increased rates of neglect reports. However, while sanctions themselves may elevate the risk of maltreatment, they may also attract heightened surveillance by child protection authorities. Indeed, the type of assistance required by families may fall outside the scope of traditional child protection services, raising questions about how services should seek to address the needs of sanctioned families.
'it is possible that welfare reform policies have led to a kind of social service no-mans land, where families that fall through the TANF safety net are not detected by the CPS system or are screened out of this system because the family’s hardship does not pose a sufficiently high risk to the safety of the children. Whether such families are or should be the responsibility of the CPS system, the welfare system or some other service system is one of several questions requiring further debate’ (Slack et al. 2007: 224).

4.3 Impact on social services

While attention has focused primarily on welfare reform’s impact on caseloads and on outcomes for families, non-profit social service providers are also affected by welfare reforms, in their roles in providing services to complement and supplement public provision, and as advocates for their clients and for policy change (Reisch and Sommerfeld, 2003).

Effects may be direct, affecting the programs which non-profits provide in partnership with government agencies. In the US for example, PRWORA enabled states to delegate more decision making and program responsibilities to nonprofits via contract (Bishop, 2006). In this context of ‘second-order devolution’, non-profits may be contracted to provide mandated services, including education, training and childcare, under state or Federal programs (for example, the ‘Welfare to Work Grants Program’, which gives state and local governments resources to serve the hardest to employ). Welfare reform may raise tensions for non-profits as they seek to provide services to complement public provision, where program orientation shifts toward work-related programs, or where reinforcing work-first ideology conflicts with organisational values (Reisch and Sommerfeld, 2003). Welfare reform may also affect contracted non-profits, where rules contribute to bureaucratisation and routinisation, and change levels of discretion at the front line (Handler and Hasenfeld, 2006). Reisch and Sommerfeld (2003) for example, found that 55% of the 77 Michigan nonprofits they surveyed felt welfare changes affected their objectives, nearly all felt reforms caused them to focus more on documenting program results, and some respondents commented their agencies had become more focused on numbers rather than promoting long term self-sufficiency.

Welfare reforms may also affect non-profits indirectly, affecting nonprofit organisations in their roles as supplementary service providers, filling gaps in public service provision, and as advocates for individuals and for broader social change. US welfare reform has been argued to be predicated on assumptions that most welfare recipients would find work, and that private, nonprofit organisations would be able to provide additional supports for those in need and fill the gaps from government withdrawal (Kissane and Krebs, 2007; Sommerfeld and Reisch, 2003). Welfare reform may affect non-profits as they seek to fill gaps in public provision, where changes affect levels and patterns of community need, and generate changes in help-seeking behaviour (Reisch and Sommerfeld, 2003). As a result, even those services not contracted to assist welfare recipients overcome barriers to employment may find demand to intensify.

In the US, welfare reform has been found to have increased expectations on nonprofits, with some reporting struggling to respond to increases in referrals, especially for emergency services (Bishop, 2006; Sommerfeld and Reisch, 2003). This raises questions about the supposed success of caseload reduction. Evidence of
increased service demand arises from surveys and qualitative data drawn from managers and senior staff in nonprofit agencies (Abramovitz, 2005; Sommerfeld and Reisch, 2003; Bishop, 2006). In Reisch and Sommerfeld’s (2003) survey of 77 nonprofits in Michigan, increases in demand for free meals and food assistance programs were particularly apparent, along with demand for emergency shelter. Sommerfeld and Reisch (2003) report increased referral numbers, increased duration of client contact, and more repeat requests. Reisch and Sommerfeld (2003) report agencies were reassessing their services to ensure they were capturing those who might ‘fall through the cracks’ of government support, serving more working poor, and spending more time advocating for clients than previously (Reisch and Sommerfeld, 2003). A survey of 92 service providers in Delaware similarly found agency staff were spending more time on welfare rules affecting their clients, especially around child care, workfare, sanctions, and job searches. Requests for basic needs and emergency assistance also increased (Curtis and Copeland, 2003). Reisch and Sommerfeld (2003) suggest these pressures intensified competition for resources, straining inter-organisational relationships.

Bishop (2006) examined directors’ and service co-ordinators’ perceptions of the impact of welfare reform on Community Services Block Grant (CSBG) program in Missouri. Respondents identified clients were facing increased financial hardship as they reached time limits on TANF, with many struggling to earn a living wage at the bottom end of the labour market; as well as increasing needs for childcare, housing, health care, transport and food. Interestingly, more than half the ‘street level administrators’ in the study also claimed their services were directed more toward the individual and less toward addressing problems of the community as a whole (Bishop, 2006: 712). There is also evidence from the US that some nonprofit services have adjusted eligibility standards and program focus to accommodate the working poor, including changing service hours, eligibility criteria, and developing employment training components of services (Abramovitz 2005; Sommerfeld and Reisch, 2003).

Studies also reveal evidence of impact on staff. Social workers reported having to spend more time on paperwork, advocating with government agencies and solving client crisis post PRWORA, and felt they confront more dilemmas between professional ethics and state mandates. Some felt more stressed and ineffectual as they dealt with welfare related challenges, raising concerns about staff burnout (Abramovitz, 2005). Another US study highlights a different element of nonprofit capacity and capability, highlighting how program directors in 28 Pennsylvania nonprofits tended to have low levels of knowledge about welfare reform, which may raise difficulties where they need, increasingly, to assist clients negotiating requirements and sanctions (Kissane, 2006).
5 Lessons for Australian research and policy

With a view to informing discussion about research and policy directions in Australia, this report has outlined examples of overseas welfare to work policy objectives and program reforms (Section 3), and evidence of the impact of policies on vulnerable children and families, and the agencies that seek to support them (Section 4). Overseas and in Australia, welfare reforms are being instituted to respond to core ideological concerns about passivity, and economic concerns about costs and labour supply. Yet arrangements differ in how systems emphasise ‘work first’ versus human capital development and job creation initiatives, the degree of compulsion in the system, who is targeted, how sanctions and incentives are used, and which additional support services are available.

US reforms prioritise coercive behavioural change and caseload reduction, compared with the UK approach which includes behavioural incentives and the pursuit of reductions in child poverty. French and Norwegian goals of activation focus on expanding labour supply, and stimulating demand for labour through job creation (although this may be inadequate, as some have suggested is the case in France). Behavioural contracts are standard characteristics of activation arrangements, although these can be applied unevenly or treated largely as an administrative requirement, eg France). Current Australian developments share a focus on expanding labour supply and promoting behavioural change. However, Australian policies being phased in extend concepts of mutual obligation beyond workforce participation, to other areas of individual behaviour and family life. While it is unclear whether and how income quarantining will achieve goals of reducing child neglect, it underlines the need for more effective integration of income support and early interventions services, like family support.

In terms of the impact of welfare reforms, US and UK data demonstrates clear evidence of caseload reduction. However, much of the research reviewed raise questions about using caseload reduction as a measure of success. Firstly, job quality among welfare leavers is poor, constraining the capacity of workforce participation to alleviate poverty (Evans, 2007). While Australian labour markets retain stronger employment protections than the US, the prospect of working poverty provides a caution for Australia. Moreover, there is mounting evidence that high proportions of US mothers have moved off welfare but not into work with little currently known about their wellbeing.

Further, the review has outlined evidence, albeit from surveys and qualitative studies rather than large administrative and longitudinal datasets, that some non-profit agencies in the US have faced increased demands as withdrawal of public support has created new needs and left holes in service provision. Emergency services in particular reported serving more clients described as working poor (Sommerfeld and Reisch, 2003). The combination of labour market deregulation and welfare reform highlights possibilities for similar (though less dramatic) growth in Australia.

In terms of sanctioning, evidence suggests the neediest recipients may be most harshly affected. Sanctioned mothers fare worse on a series of basic wellbeing measures,
including hunger and access to medical care, and face more barriers to work (Hasenfeld et al., 2004; Reichman et al., 2005). Indeed, research suggests that welfare recipients are unlikely to rationally respond to compliance mechanisms such as these. Behavioural change depends on recipients’ capacity to rationally calculate the costs and benefits of taking up paid work and to comply with participation requirements. However, mothers must also respond to moral and relational rationalities, taking their children’s needs and preferences into account.

In terms of child wellbeing, US welfare leavers have been found to rely on a patchwork of informal arrangements (although form childcare may become more routine as employment patterns settle, see Fuller et al., 2002). In Australia, there is also evidence that children from sole parent families experience multiple care arrangements, with their unpredictable or inconsistent nature contributing to parental and child stress (Qu and Wise, 2005).

While there is evidence that work contributes to maternal psychological wellbeing and economic stability, these benefits do not appear to translate into parenting quality and child development. However, the child’s developmental stage, and the quality of employment appear to make a difference. Concerns have been raised about the impact of reforms on very young children and preschoolers, and on adolescents (Chase-Lansdale et al., 2003). In terms of maltreatment, evidence is mixed. While studies have linked work and maltreatment in the US, others find sole parents on welfare to be greater child protection risks than those working (Goerge and Lee, 2000; Slack et al., 2003). The impact of work and welfare on parenting quality and maltreatment may present issues in Australia, raising questions about co-ordination of federal, state and non-government policies and programs.

An interesting finding of the review is that while most US states require welfare recipients’ children to attend school, Australia appears unique in its plans to use income management as an intervention responding to child abuse and neglect. The complexity of poor school attendance, and child abuse and neglect means sanctions of either benefit withdrawal or control are unlikely to work on their own. Campbell and Wright (2005) found case management services to be the critical ingredient of success. Preventing these social problems is likely to require intensive and ongoing support from services, including from schools, child protection and early intervention services, and other support agencies. As Campbell and Wright (2005: 16) point out, linking welfare and school attendance may provide an important foundation upon which to build constructive collaborations between schools and social service agencies. How these collaborations might best be shaped in the emerging Australian context is final issue for further research.
6 References


