

**Department for Work and Pensions**

**Research Report No 632**

# **Lone Parent Obligations**

**A review of recent evidence on  
the work-related requirements  
within the benefit systems of  
different countries**

**Dan Finn and Rosie Gloster**

A report of research carried out by the Centre for Economic & Social Inclusion on behalf of the Department for Work and Pensions

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First Published 2010.

ISBN 978 1 84712 708 2

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# Acknowledgements

The authors would like to thank Karen Elsmore, Jane Hall, Lisa Taylor, Alison Herrington, Christine Daniels and Kris Chapman at the Department for Work and Pensions for their comments and helpful thoughts on the literature search strategy and earlier drafts of this report. Our thanks also go to Genevieve Knight at the Policy Studies Institute for her comments on the draft report.

Thanks also for advice on recent international developments to Jane Millar at the University of Bath, David Grubb at the Organisation for Economic Co-operation and Development, Peter Davidson at the Australian Council of Social Service and Mark H. Greenberg, Senior Fellow at American Progress, Washington D.C.

At Inclusion we are grateful to the research team: Fatima Husain, Lidija Mavra, Nilufer Rahim, Michela Franceschelli, Jo Casebourne, and Danielle Whitehurst, who assisted with the literature review and provided project support.

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# Abbreviations

AFDC	Aid for Families with Dependent Children (USA)
AWT	Australians Working Together
CWI	Centre for Work and Income (Netherlands)
DRA	Deficit Reduction Act (USA)
DWP	Department for Work and Pensions
EITC	Earned Income Tax Credit (USA)
ERA	Employment Retention and Advancement
ESA	Employment Support Allowance
EZ	Employment Zone
GAIN	Greater Awareness for Independence
GB	Great Britain
GED	General Educational Development
HHS	Department for Health and Human Services (USA)
HRA	Human Resource Administration (New York City)
IDT	Interventions Delivery Target
IS	Income Support
JET	Job, Education and Training Programme (Australia)
JN	Job Network (Australia)

JOBS	Jobs for Oregon's Future
JSA	Jobseeker's Allowance
LPO	Lone Parent Obligations
MDRC	Manpower Demonstration Research Corporation (USA)
NDLP	New Deal for Lone Parents
ND+fLP	New Deal Plus for Lone Parents
NEWWS	National Evaluation of Welfare to Work Strategies (USA)
NYC	New York City
OECD	Organisation for Economic Co-operation and Development
QWFI	Quarterly Work Focused Interview
SSAC	Social Security Advisory Committee
SSI	Supplemental Security Income (USA)
TANF	Temporary Assistance for Needy Families (USA)
UI	Unemployment Insurance
UK	United Kingdom
US	United States
UWV	Institute for Employee Benefit Schemes (Netherlands)
WeCARE	Wellness, Comprehensive Assessment, Rehabilitation and Employment (New York City)
WFI	Work Focused Interview
WFTC	Working Families Tax Credits

# Glossary of terms

## Anticipation effects

These include any impacts a policy has on individuals' actions (in particular, likelihood to claim benefit) prior to the policy directly affecting them.

## Child poverty

There is no single, universally accepted definition of poverty.

In the UK, three measures of poverty are used:

- Absolute low income: this indicator measures whether the poorest families are seeing their income rise in real terms.
- Relative low income: this measures whether the poorest families are keeping pace with the growth of incomes in the economy as a whole. The indicator measures the number of children living in households below 60 per cent of contemporary median equivalised household income.
- Material deprivation and low income combined: this indicator provides a wider measure of people's living standards.

The Government monitors child poverty against all three measures, with a target attached to the relative low-income measure.

<b>Disconnected families</b>	These are families who are neither in receipt of cash social assistance benefits nor recorded as receiving any income from working.
<b>Employment and Support Allowance (ESA)</b>	From 27 October 2008, ESA replaced Incapacity Benefit and Income Support paid on incapacity grounds for new customers. ESA provides financial assistance as well as personalised support for people with an illness or disability to help them move into suitable work.
<b>Income Support (IS)</b>	IS is a means-tested benefit for those who cannot be available for full-time work. This includes some lone parents, who are not subject to Lone Parent Obligations (LPO) or are exempt from LPO.
<b>In Work Support</b>	Available to lone parents who have participated in the New Deal for Lone Parents or been receiving certain benefits for six months. It provides financial and advisory support to lone parents with the aim of easing the transition into work and aiding retention and progression.
<b>Jobseeker's Allowance (JSA)</b>	JSA is the main benefit for people of working age who are out of work, or work less than 16 hours a week on average, and are available for and actively seeking work.
<b>Lone parent</b>	This is an individual who has their marital status recorded as 'single', 'widowed', 'divorced', or 'separated', and has an open Child Benefit claim for at least one child under 16.

**Lone Parent Obligations**

From 24 November 2008, most lone parents with older children will no longer be entitled to claim Income Support if they are only claiming it because they are a lone parent, subject to certain exemptions and conditions. Instead, those able to work may claim JSA. They will be expected to look for suitable work in return for personalised help and support. Lone parents with a health condition or a disability may be able to claim Employment and Support Allowance.

The change will be introduced for most lone parents with:

- a youngest child aged 12 or over from 24 November 2008;
- a youngest child aged ten or over from 26 October 2009; and
- a youngest child aged seven or over from 25 October 2010.

**JSA additional flexibilities**

These are flexibilities that have been incorporated into JSA regulations for all parents to take into account their caring responsibilities for a child who is a member of their household.

**New Deal for Lone Parents (NDLP)**

NDLP was launched nationally in October 1998. It is a voluntary programme that aims to help and encourage lone parents to improve their job readiness and employment opportunities and gain independence through working. This is achieved through providing access to various elements of provision made available through a Personal Adviser. Eligibility for NDLP includes all lone parents aged 16 or over whose youngest child is aged below 16, and those who are not working, or are working less than 16 hours a week.

**New Deal Plus for Lone Parents (ND+fLP)**

This has been delivered through a number of pilot areas since April 2005. The pilot tests the delivery of an 'enhanced' package of support for lone parents and couple parents (key elements of the pilots were extended to couple parents from April 2008) to increase the number of parents finding and remaining in work through both increasing NDLP/NDP participation and outcome rates. Some elements tested in the earlier phase of the pilots have not been rolled out nationally, including In Work Credit and Childcare Assist. For lone parents, the In Work Advisory Support and In Work Emergency Discretion Fund elements have also been rolled out, and these are available to couple parents in the pilot areas. This adds an additional range of support to existing NDLP provision. ND+fLP will be run as a pilot until March 2011 and is designed to assist lone parents in keeping their jobs.

**Options and Choices Event**

These are events organised for lone parents affected by LPO. The purpose of the events is to let lone parents know about changes to Income Support entitlement that affect them, as well as the support that will be available to help them with the changes and to develop skills and a better understanding of the labour market.

**Personal Adviser**

Based in Jobcentre Plus offices, Personal Advisers assess the needs of people looking for work and offer help, support and advice to assist customers to find a job. Some Personal Advisers specialise in working with particular groups such as lone parents. In other countries these functions may be performed by social workers or case managers.

**Progression**

This refers to advancement in work through either increased earnings or improved skills.

**Quarterly Work Focused Interview (QWFI)**

From November 2008, QWFIs were introduced for lone parents in the last year before their child reaches the relevant age where they may lose entitlement to Income Support under LPO.

The QWFI enables Personal Advisers to provide advance notice of these changes and explain the differences in benefits and responsibilities when claiming JSA. They also allow Personal Advisers to offer an intensified service, helping the customer identify and tackle barriers to work, understand the help available to them from Jobcentre Plus and partner organisations, and move towards work.

**Sanction**

This is a penalty imposed by a Decision Maker. It is the removal of a proportion of benefit payment due to: loss of previous employment through the action of the benefit applicant, refusal to take up a reasonable opportunity of employment, or non-compliance by the customer with conditions placed on benefit receipt.

**Sustained employment**

The Department for Work and Pensions generally defines sustained employment as a job that involves a minimum of 16 hours a week, where the customer is in employment for at least 26 weeks out of 30. Breaks in employment must total no more than four weeks. Other countries also typically use 26 weeks of employment as the definition for sustained employment.

**Treatment effects**

Treatment effects concern the impact of interventions from the point at which a participant is first in contact with a particular service or programme. It is generally measured by reference to the experience of a control group whose characteristics and progress will be matched with those of the treatment group.

**Work Focused Interview (WFI)** This is a mandatory interview for engaging with customers on benefits on a regular basis. It involves a face-to-face interview with a Jobcentre Plus Adviser. The aim is to encourage and assist customers to address barriers to work and move towards sustainable employment, through accessing a range of support options. In particular, for lone parents, the interviews are intended to get them to consider taking part in the NDLP programme and for those who have moved on to JSA to discuss their jobsearch and any problems they are experiencing. Lone parents are required to attend all interviews.

# Evaluation of Lone Parent Obligations

The evaluation assesses changes in lone parent eligibility for Income Support (IS) (known as Lone Parent Obligations (LPO)). The aim of the evaluation is to explore how lone parent employment interventions provide persuasive incentive to look for paid employment, alongside an effective package of support for workless lone parents to enable them to find, enter and sustain paid employment.

Changes in lone parent IS eligibility are being rolled out over a three-year period, depending on the age of the customer's youngest child. The research examines both the transition phase and the final regime. In the first phase the research considers the implementation, delivery, effects and experiences of the changing regime on customers whose IS eligibility has been reduced when their youngest child is aged eight to 15. The final regime phase considers the delivery, effects and experiences of the regime on customers whose IS eligibility ends when their youngest child is aged seven.

The evaluation comprises both qualitative and quantitative studies in addition to a review of international evidence.

Qualitative research is being undertaken with staff and customers in five case-study areas throughout England, Wales and Scotland. The qualitative work consists of three studies, each focusing on a separate phase of LPO: the IS regime for lone parents and the ending of IS eligibility; the Jobseeker's Allowance (JSA) regime for lone parents (including sanctioning and application of the parent flexibilities); other destinations of lone parents (including Employment Support Allowance (ESA), unknown destinations, lone parents remaining on IS because they are exempt from the changes and those who start work).

There will be a longitudinal cohort survey of lone parents affected by LPO. This will take place over four years and track the destinations and experiences of lone parents. There will be four published reports based on this survey. The first of which will be published in late 2010. Reports will then follow in the autumns of 2011, 2012 and 2013 respectively.

A feasibility study for an impact assessment has been undertaken and the decision on whether a full impact assessment of LPO proceeds will be taken later this year.

Two synthesis reports will draw together the findings from the various aspects of the LPO evaluation. The subjects of these reports remain to be decided. It is anticipated that the first synthesis report will be published in early 2011, with the second available when all the strands of evaluation have been completed in 2014.

The evaluation of LPO is part of a consortium approach to the evaluation of current 'welfare to work' policy for parents. The consortium consists of the Department for Work and Pensions and independent research organisations working on the evaluations of New Deal Plus for Lone Parents, In-work Credit and LPO. The aim of the consortium is to have consistency in reporting and analysis across evaluations and to facilitate a strategic approach to research outputs. Two additional synthesis reports will be produced by the consortium drawing on the evaluations of the policies that affect all parents. The first of these reports is likely to be published in summer 2010 and the second in 2013.

# Summary

The Government is committed to eradicating child poverty by 2020 and to increasing the employment rate of lone parents. Government support has involved a range of measures, including increased cash benefits for children, more proactive employment assistance, and tax credits.

Paid work is seen by the Government as the main route out of poverty for families with children, particularly lone parents. Over half (56 per cent) of children in non-working lone parent families live in poverty, compared with 17 per cent of children of lone parents who work part-time and seven per cent of those working full-time.

The work-related requirements within the benefit system for lone parents in Great Britain (GB) have increased gradually since the introduction of Work Focused Interviews in 2001. Since November 2008, the Government has introduced Lone Parent Obligations (LPO), which changed the Income Support (IS) entitlement conditions for lone parents so by October 2010 those lone parents who claim IS solely on the grounds of being a lone parent with a youngest child aged seven or over would have to claim a more appropriate benefit when their IS ceased. For example, if they are capable of work they would claim Jobseeker's Allowance or if they have a health problem or disability they would claim Employment and Support Allowance. Some lone parents may be exempt from LPO, and continue to be eligible to claim IS, such as those who have a disabled child and receive middle or higher rate care component of Disability Living Allowance.

## Evaluating Lone Parent Obligations

The Department for Work and Pensions (DWP) is committed to monitoring and evaluating the effects of the LPO policy changes in GB, and to refining policy where necessary. The 'LPO Evaluation' comprises a number of projects utilising both quantitative and qualitative methodologies (see previous section for more detail).

This review of literature on the effect of similar international policy changes has been undertaken with a view to informing the evaluation, as well as future policy design, and implementation. It comprised a review of recent evidence-based literature and four detailed case studies of comparator countries, selected because each offered aspects of policy and practice relevant to the extension of lone parent work-related requirements in GB. The countries selected were Australia, Sweden, the Netherlands and the United States (US), with a specific focus on the state of Oregon and New York City.

The primary research question of the literature review concerned evidence on the employment and jobsearch requirements within the benefit systems of different countries<sup>1</sup> and related service interventions that promote employment for lone parents. More specifically, the review sought findings on: the criteria used by researchers to measure the effect of lone parent work-related requirements; which combination of requirements and services promoted employment among lone parents; which groups fared well and which less well; and significant issues that have affected implementation.

## Findings from the evidence review and case studies

While the progress of British welfare reform is often contrasted with that in other countries, for example, in terms of standardised employment and poverty rates, the welfare regimes within each country have different institutional arrangements and employment and benefit systems. In this context it is not feasible to establish meaningful comparative benchmarks against which to measure the progress and effect of LPO policy. Nevertheless, it is useful to ensure that, where possible, the DWP evaluation of LPO makes use of the measures developed in other countries, and this study identifies issues, many of which will be further explored in the different phases of the evaluation.

The findings showed that a number of countries, especially those with low lone parent employment rates, have either introduced work-related requirements or reinforced existing requirements for those lone parents claiming out-of-work benefits. Such changes have often been part of wider welfare reforms aimed at activating unemployment and income support systems. Increased work-related requirements for lone parents, and other groups, typically have been implemented through re-modelled service delivery systems that include support from front-line case managers and access, where necessary, to a variety of jobsearch services, employment assistance programmes and support services, such as childcare provision.

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<sup>1</sup> During this report we use the term 'work-related requirements' to refer to the intensification of lone parent conditionality through the introduction of, or increase in, the obligations on lone parents to seek and take employment within different countries.

The international review and case studies reveal considerable cross-national variation in the design and implementation of lone parent work-related requirements, the types of employment assistance and other supports available, and those groups of lone parents required to take part in employment-related activities. The evidence illustrates that the ways in which such requirements and programmes are structured and implemented may positively and negatively affect the experience of lone parents and their transitions into employment. In each country the implementation of lone parent work-related requirements has been dynamic, involving continuous policy adaptation and reform in light of experience, unintended consequences, and changing circumstances.

The aims and objectives of lone parent policy reforms differ in the various countries but there are some common 'success criteria' or explicit and implicit policy goals. These include a reduction in out-of-work benefit dependency among lone parent families, an increase in the employment and earnings of such families, and a reduction in child poverty and related improvement in child well-being. Some also have ambitions to secure attitudinal change among lone parents and their children towards employment, the benefit system and family responsibilities.

In many countries policy makers have claimed success for their strategies with, at least until recently, reductions in the number of lone parent families claiming out of work benefits. There is, however, variation in the availability and quality of evaluation evidence. Such variability stems from whether out-of-work lone parents have been the specific object of policy change and how the Government concerned, and independent researchers, have sought to study the impact of the changes introduced. There are studies of welfare reform in many countries, with some considering its impact on lone parents, but the US and GB offer the most extensive bodies of evaluation evidence on lone parent work-related requirements and related services. Because of this, the evidence review draws particularly heavily on evidence from the US.

The key findings from the evaluation evidence and case studies, and their implications for British policy for LPO, are outlined below.

**Caseload and employment impacts:** Most US studies show that the employment-focused welfare reforms introduced in 1996, and the 'waiver' reforms that preceded this, had significant impacts on caseload numbers, household poverty and the employment rates of welfare leavers and single mother households. The number of families on welfare fell from a peak of 5.1 million in 1994 to just over 1.6 million in June 2008. The single mother employment rate increased from 64 per cent in 1995 to a high point of 75.5 per cent in 2000 and, over the same period, the child poverty rate fell from 20.2 per cent to 15.6 per cent. Subsequently the employment rate of single mothers and the child poverty rate worsened, although welfare caseloads continued to fall.

There has been much analysis on how work-based requirements, tax credits and the economy contributed to these impacts, with estimates that tax credits were responsible for about one-third of the change, and the economy and welfare reform each responsible for another 25 per cent. Much of this analysis has treated policy reforms and the economy as independent or competing explanations for change rather than viewing labour market conditions as interacting with and facilitating the impact of policy change. Recent analysis, reviewing ten years of reform, interstate variation and the impact of the 2001 US recession, suggests that welfare reforms that promote employment magnify the impact of the economy when it is strong and soften its impact during contractions. The current policy concern is that not only will lone parents in GB find it harder to get jobs at a time of recession but that during the downturn they may be even less likely to progress from the low wage jobs they typically enter.

**Anticipation effects:** Studies regularly find evidence of an 'anticipation' effect where a number of people cease claiming benefits prior to being required to attend interviews and/or take up places on labour market programmes. Such effects tend to be higher in the early phases of implementation where they prompt those capable of working to get a job and those who are already working and claiming benefits to 'sign off'. Evidence from the US suggests that such 'anticipation effects' have made a major contribution to the fall in the welfare caseload. There are several factors involved: the availability of more generous in-work support, such as tax credits, make it possible to manage without resorting to welfare; 'diversion' policies, where administrative procedures and work requirements make it more onerous to seek entry to the welfare system; and a more diffuse 'signalling' effect, which seems to have changed the way in which the benefits system is perceived and used.

**Employment quality and retention:** A key measure of success is the stability and sustainability of the employment lone parents move into after the initial entry into work. While some employment assistance models promote quick entry into jobs, the cross-country evidence indicates that significant cohorts do not retain their jobs and return more or less quickly to the benefits system. Analysts have sought to identify the factors involved, ranging from problems with childcare and the work environment, through to poor initial job match and/or the precarious nature of the employment involved. Various employment retention strategies being implemented in GB and other countries, some of which are currently being tested, range from post-employment case management support to the incentive effects of outcome-based payments for programme providers, made contingent on employment duration. However, there is little evidence on the effect of these as yet.

While the issue of employment quality is important for retention and family well-being, there is another reason why it is such an important public policy concern. Currently many of those lone parents who succeed in entering and retaining work do so while combining earnings with tax credits or continued benefit receipt.

Researchers have found that these income packages often provide increased income for households and certainty for some parents who have to manage uncertain income streams from their employment. These earnings supplements may also have other less positive impacts on work and progression incentives, and employer pay levels, and if these relatively expensive patterns of in-work support persist they will have long-term public finance consequences. It is noticeable that those countries reviewed with stronger 'work first' systems currently, such as Australia and the US, are seeking ways of better integrating welfare reform with occupational skills training to improve potential earnings and progression.

**Earnings, family income and poverty:** There has been a particular focus in US studies on 'income gains', that is, the extent to which loss of benefits is exceeded by earnings and other in-work support, such as tax credits. Most such studies have shown positive, if small, net effects on earnings, with most leavers, some of which are adults without children, earning above the federal minimum wage. Leaver families had relatively low earnings, however, with between 40 and 50 per cent living below the official poverty level of income in the first year after leaving welfare. One significant and unexpected finding was that some of the increase in the income of welfare leaver households derived from the increased earnings of other household members.

Recently researchers have shifted the focus of analysis from simply measuring changes in family income to considering how such income is spent, seeking to establish the extent to which any increase is absorbed by work-related expenses, such as travel, childcare and clothing costs, and the costs of food eaten away from the home. It will be important to monitor how far the increased income of British lone parents entering work is absorbed by such work-related expenses.

**Effective employment assistance:** As countries have implemented work-related requirements for lone parents they have generally made participation in employment assistance and employment programmes mandatory. Earlier voluntary programmes, as in GB and Australia, have had varied impacts but the rate of lone parent participation has been relatively low, with many choosing not to engage with programmes. While voluntary programmes have worked effectively with more motivated participants, who tend to be relatively job-ready, the recruitment of mandatory participants requires providers to engage with those who are likely to have more barriers and support needs.

There is mixed evidence on the relative merits of mandatory employment assistance strategies that stress rapid labour market attachment, commonly referred to as 'work first', and those that emphasise participation in basic education and/or skills training prior to job placement. The evidence suggests that skill-based provision is an important component of effective 'mixed' strategies, where rapid jobsearch is targeted at those closer to employment with significant pre-existing job experience and/or skills, alongside training provision for participants with little work experience and greater need for skill improvement.

Again, the evidence on the most effective combination of work-related requirements and services is mixed. Different approaches and sequences of support are needed for the diverse groups who comprise the lone parent population. The cumulative evidence from the studies reviewed points to the effectiveness of a strong employment-focused 'message' delivered through well-trained case managers, with the flexibility to tailor employment assistance and support services, including work-focused education and training, to meet the needs of individual lone parents. Engagement with such services may be secured through clear communication of requirements reinforced by varying sanctions, although care must be taken to ensure that such families do not become 'disconnected' from the services they, and their children, need.

**Sanctions, exemptions and 'disconnected families':** Research has considered the impact of sanctions on family hardship; how families cope with the financial impact of less or no benefit income; and how far sanctions prompt behavioural change, compliance with requirements and re-engagement with services. One under-researched factor is the degree to which the existence of sanctions stimulates engagement with services or movements off benefits among the non-sanctioned population. There appears to be little systematic assessment of the use of partial or longer-term exemptions from requirements, although the country case studies, especially the Netherlands, showed significant variation in how they (and sanctions) are applied.

The evidence from several countries, including the US, suggests that sanctions are experienced disproportionately by more disadvantaged lone parents. Evaluators have sought to explain this impact in relation to the characteristics that make such lone parents disadvantaged, for example, poor literacy levels, or that typically they spend longer on benefits. Researchers have suggested that the findings from sanctions research could be used to enable early identification of those most at risk, allowing for earlier interventions prior to the imposition of a sanction. They have suggested that monitoring the experience over time of a cohort of lone parents gives a more accurate measurement of sanction rates, rather than expressing the rate as a point-in-time proportion of the caseload. Recent developments in the US have seen the emergence of various re-engagement policies which seek to encourage sanctioned lone parents to become compliant. These specialist services work with clients to identify and address the causes of their non compliance and to encourage participation. Such strategies merit further study and potential adoption in GB, where one policy aim is to use conditionality as a way to positively modify behaviour.

One striking development in the US has been the growth in the number of families 'disconnected' from the system. Data shows that the proportion of lone mothers with no welfare or work income reported in the previous year increased from ten per cent in 1990 to 19.6 per cent in 2004. Although the British system is unlikely to produce these dramatic effects, as there are no limits on the period of time for which someone is eligible to claim benefits, there may be concern about the

circumstances of that group of lone parents, who may be classified as moving into 'unknown destinations', with some assuming that this group has become similarly 'disconnected'. It will be important to monitor trends in GB and, if necessary, undertake research into lone parents who may potentially become 'disconnected' or seek further data on those entering 'unknown destinations' (as occurred with the New Deal for Young People).

**Change in welfare caseloads over time:** There is likely to be significant change in the composition of those who remain on benefits as the implementation of work-related requirements effects the caseload over time. The US evidence suggests that more employable lone parents will leave the system more quickly in the initial phases of reform and are less likely to return. Over time the welfare population is likely to be smaller and to comprise a higher proportion of those who have greater barriers to employment. The US evidence found that those least likely to leave welfare either had large families, lived in public or subsidised housing, lacked a high school diploma, were African-American, or experienced a combination of these factors. Other evidence suggested that many of the 'stayers', or their children, had disabilities and/or health problems, with one estimate that 30 per cent had mental health issues. Such a development in the British context will have implications for the types of employment assistance and support services to be made available. There may be a greater need for supplementary specialist provision for lone parents who are harder to engage, who may need a different approach to tackling their barriers and a different pattern of employment assistance to enable them to enter employment.

**Children and family life:** The findings from the evidence review and case studies suggest that the impacts of work-related requirements on children have been mixed, with the greatest effects experienced by parents rather than their children. When parents entered employment or were subject to work requirements the outcomes were more likely to be positive for younger children but may have been negative for some children making the transition between primary and secondary education, and for some teenage children. For pre-school children evidence showed few significant effects on cognitive development or health, although there were some positive associations, where childcare subsidies enabled parents to place children in higher quality school or centre-based childcare programmes. Such improvements were strongest in those programmes that provided earnings supplements. For teenage children the evidence found that parents affected by the changes reported worse school performance and more use of special educational services than other parents. The factors at work may have been the greater involvement of an older sibling in care and household responsibilities, and a reduction in parental supervision. There were other findings, including from an Australian study, that for some teenage children the effect was more positive, as greater responsibility for self care was associated positively with growing independence.

Researchers have drawn attention to the importance of distinguishing between the transitional effects involved in preparing and moving into work and the longer term effects of employment on family life. Findings suggest that better quality and more stable employment has more positive impacts on children and there was evidence that lengthy commuting times for parents were associated with a negative impact on children.

While there has been much analysis of the impact of previous British policy reforms and benefit changes on the household income of poor families and on measured child poverty, there is a case for further development of the limited British evidence base that more fully explores the impact of employment requirements and of lone parent employment on the experiences and well-being of children.

**Implementation and devolution:** The findings from the review suggest that it will be important to understand and monitor variations in the implementation of LPO across GB, especially within a policy context of commitment to: more discretion for Personal Advisers; greater flexibility for local partnerships; and delivery of New Deal provision through less prescriptive contracts with 'top tier' external providers. Studies from several countries, including the US, highlight the important role played by case managers and other front-line staff in both communicating requirements to lone parents, and in assisting clients with jobsearch, and with accessing the support services they might need. Qualitative studies have reported variations in the commitment and capacity of front-line staff to communicate and impose work-related requirements suggesting that informal discretion may be an important factor in explaining the impact of policy change and the quality of services received by clients. Studies from the Netherlands and Sweden revealed significant variation both in how social workers applied requirements and exemptions, and how local politicians interpreted and applied the flexibilities they were given in their devolved systems. These findings illustrate the importance of monitoring how requirements are perceived by front-line staff and local policy makers and how far such perceptions are congruent with policy intentions.

The LPO evaluation will assess the new system of requirements and support available to assist different groups of lone parents to find and stay in work, from the most job-ready to those with more constraints or employment barriers to overcome. The evidence suggests that the impact of these changes may differ during initial implementation and when they have been implemented for some time, as those who remain in the system and those entering the system may have different characteristics from the existing population. The time frame for the DWP LPO evaluation will enable analysis of the implementation phase and capture subsequent impacts on benefit receipt and employment, but some of the wider effects of reform, such as attitudinal changes to benefit claiming and family responsibilities, may emerge only after some time.

# 1 Introduction

This introduction outlines the development of policies for lone parents within the British social security system and recent policy changes introduced through Lone Parent Obligations (LPO). It explains the proposed Department for Work and Pensions (DWP) evaluation of the changes and how this review of evidence was undertaken, the questions asked, the literature examined and the rationale for the selection of the four-country case studies. It then outlines the structure of the report.

## 1.1 Background

There are an estimated 1.9 million lone parents in Britain today caring for 3.1 million children. Lone parents now make-up a quarter of all families and the United Kingdom (UK) has proportionately more lone parents than most Organisations for Economic Co-operation and Development (OECD) countries. The median age for a lone parent is 36 and two per cent of lone mothers are teenagers. Thirteen per cent of lone parents come from black or minority ethnic communities. Around ten per cent of lone parents are fathers (One Parent Families, 2008).

The social composition of lone parent families has changed over the past 30 years. Hasluck and Green (2007) noted a diversity of circumstances among lone parents, including those who had never had a permanent partner, those who had been separated, divorced or widowed, as well as differences in the age and number of children. These changes are the consequence of a number of factors, including a trend for people to marry less frequently and later in life, an increase in the rates of divorce and more births outside marriage. Being a lone parent is often a transition stage. Marsh and Vegeris' (2004) analysis of a ten-year study of lone parents found a prevalence of re-partnering over time (a high proportion of which resulted in marriage).

The UK Government has an ambition to increase the lone parent employment rate to both support its aim to maximise employment opportunity for all and contribute towards the reduction in child poverty, and has introduced various policy measures to try to achieve this. There has been a rise in the employment

rate of lone parents since 1997 of about 12 per cent and the current employment rate among lone parents is 56.7 per cent, up 0.4 percentage points from last year. This continues the increasing trend since comparable estimates were available in 1997, when it stood at 44.6 per cent (Labour Force Survey, 2009).

Equally, however, there is a group of lone parents who claim benefits for long periods of time. Marsh and Vegeris (2004) reported that just over one-third of lone parents (36 per cent) remained on Income Support (IS) for the ten years covered by their longitudinal research (1991-2001).

For those lone parents who move into work, retention is key. Evans *et. al.* (2004) noted the prevalence of cycling between work and benefits among lone parents, with lone parents twice as likely as other groups to leave employment.

An econometric analysis by Gregg *et. al.* (2006) reported that the lone parent employment rate increased from 42 per cent in 1992 to 56 per cent in 2005 and that five percentage points of the increase could be attributed to government policies introduced between 1999 and 2002, which included the Working Families Tax Credit and the voluntary New Deal for Lone Parents (NDLP). The remainder of the increase was attributed to changes over time in the characteristics of lone parents, and to improvements in the labour market. Despite this progress, 56 per cent of children in non-working lone parent families live in poverty, compared with 17 per cent of children of lone parents who work part-time and seven per cent of those working full-time (DWP, 2009).

Children of lone parents are also more likely to live in poverty than children in a two parent family. Recent analysis of the Family and Children's Study by Barnes *et. al.* (2008) showed that 63 per cent of lone parent families experienced financial hardship, compared with 52 per cent of non-working coupled families. In-work lone parents were also found to be more likely to experience financial hardship than in-work coupled parents (24 and 13 per cent respectively). The same analysis showed that a year after moving into work, 70 per cent of families (both lone parent and coupled families) had moved out of income poverty.

The Harker report *Delivering on Child Poverty: what would it take?* called for welfare-to-work programmes to support the needs of parents better (both coupled and lone parents). The Command Paper *Ready for Work: Full Employment in our Generation* published in December 2007 and the March 2008 Treasury report *Ending Child Poverty: Everybody's Business* set out DWP's future policy to meet its departmental target to halve child poverty by 2010, and eradicate it by 2020. It also responded to the Harker review by setting out policy measures designed to offer a more tailored and flexible package of support to help lone and couple parents enter and sustain work.

The Government's response to child poverty has involved a range of measures including increases in the value of cash benefits for children and more proactive employment assistance, supplemented by the voluntary NDLP. These policies have

been enhanced by strategies to 'make work pay' through the tax and benefit system and to 'make work possible' through an extension of childcare support and provision and through the introduction of regulations to secure more 'family friendly' working patterns. A substantial body of research and evidence now exists on the impact and effectiveness of these measures. The policies that relate specifically to lone parents and the work-related requirements placed upon them are discussed below.

## 1.2 Lone parent work-related requirements in Great Britain

Until recently lone parents claiming social security benefits were not required to look for work until their youngest child reached school leaving age. It was not until the late 1980s that policy for lone parents assumed greater prominence. The most radical change involved the creation of the Child Support Agency (1991) but lone parents were given financial incentives to work, culminating in the creation and extension of the in-work Family Credit system. The formal policy on lone parent work-related requirements within the benefit system was neutral and neither encouraged nor discouraged paid work.

Subsequent modernisation of the British benefit system and of provision for lone parents has been characterised by changes in the increased requirements of working-age people previously claiming 'inactive' benefits. Mandatory Work Focused Interviews (WFIs) were introduced in 2001 and the frequency with which specified groups must attend review interviews has been increased. While there are exemptions for certain groups, and attendance may be deferred for some, participation in WFIs is now a condition of benefit receipt for lone parents. Since 2005, most of those who attend a WFI have been required to complete an action plan agreed with a Personal Adviser that helps the adviser and lone parent concentrate on their longer-term goals, setting steps they can take to prepare themselves for work, for example, through referral to an employment programme.

Although lone parents may be sanctioned for not attending on-going WFIs, there has been no penalty for failure to seek work or follow up any programme referrals. Evaluations suggest that the engagement induced by the WFI regime raised participation in NDLP and reduced the proportion of lone parents receiving IS by around two per cent (Cebulla and Flore, 2008).

In 2006 and 2007, the Harker and Freud Reports reviewed the evidence on programme interventions and the progress made in increasing the lone parent employment rate. They concluded that with the right support package, including childcare, it would be appropriate to increase the responsibility for lone parents with older children to look for work, and that this could help tackle both worklessness and child poverty.

In *In Work Better Off: Next Steps to Full Employment*, the Government announced that from 2008, lone parents with a youngest child aged 12 or over would no longer be entitled to IS solely on the grounds of being a lone parent, and that by 2010 lone parents would not receive IS if the youngest child was seven or over (DWP, 2007)<sup>2</sup>. Those able to work instead would be eligible to claim Jobseeker's Allowance and be required to be available for, and actively seeking, employment. Lone parents claiming IS for reasons other than being a lone parent, for example those with a child for whom the middle or highest rate care component of Disability Living Allowance is payable, or who claim Carer's Allowance or care for a foster child, would continue to be eligible to claim IS. Lone parents with health problems or disabilities also may move from the IS regime and, if eligible, claim the new Employment and Support Allowance which requires those assessed as capable to engage with work-related activities.

The changes introduced by LPO are being implemented over three years for both existing and new benefit claimants. The changes are anticipated to affect around 300,000 existing lone parents (those with a youngest child aged seven or over) who claim IS. The changes will affect new and repeat customers who claim benefits.

A range of advisory and more intensive support packages has been put in place, designed to help prepare lone parents for the change in payment regimes and for work.

Critics of the change in policy emphasise that lone parents have a need to care for their children and have expressed concern about possible negative consequences for some lone parents and their children. These concerns and others were summarised by the Social Security Advisory Committee (2008) (SSAC). They included anxiety about the implementation of benefit sanctions, the effectiveness of proposed exemptions, and the discretionary decisions of Personal Advisers about what constitutes affordable and suitable childcare provision. There was concern too about the likely availability of 'wrap around', pre- and after-school childcare, the inflexibility of employers and a potential increase in in-work poverty. The Chairman of the SSAC questioned whether it was right to introduce the changes when unemployment had started to increase owing to the recession.

In response, the Government emphasised the safeguards that exist and the benefits that would accrue from the changes. They estimated that by 2013, owing to the policy change, the number of lone parents in employment would increase by between 75,000 and 100,000, and the number of children in poverty would fall by some 70,000. The Government stressed also that increased employment has other benefits and would improve, for example, *'the health and well-being and future prospects of both parents and children'* (SSAC, 2008, p.6 and p.4).

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<sup>2</sup> LPO was introduced in Northern Ireland at the same time.

### 1.3 The evidence review

The DWP is committed to monitoring and evaluating the effect of LPO and refining policy where necessary. The LPO evaluation is comprised of a number of projects, utilising both qualitative and quantitative methods, concerned with analysing the transition phase, informing implementation and identifying longer-term effects. It is being undertaken by a consortium of evaluation agencies led by the Centre for Economic & Social Inclusion.

As a first step in the evaluation process, it was decided to update the existing Great Britain (GB) evidence base and undertake a review of recent international studies that examine the effects of lone parent welfare reform. The study was not designed as a 'meta analysis' to synthesise findings from experimental or quasi-experimental studies. The aim was to review the approach and findings of recent quantitative and qualitative research to inform both the evaluation of LPO and future policy design and implementation. These findings have been supplemented by a brief review of recent DWP evaluations of lone parent employment programmes and work-related requirements to provide context for the changes.

The international review considered English language literature published after 2003. This was the point at which an earlier DWP research report was published, containing studies of lone parent employment policies in the United States (US), Norway, the Netherlands and New Zealand, alongside a synthesis of the first six years' findings on the NDLP (Millar and Evans, 2003).

A research protocol was agreed which defined search terms<sup>3</sup> and inclusion and exclusion criteria. Focus was put on studies that investigated the relationship between lone parent work-related requirements and related services and their impact on employment rates and other outcomes in countries outside GB. The formal search of peer reviewed publications was supplemented by searches for 'grey' literature<sup>3</sup> and by suggestions from four respondents with knowledge of evaluations in different countries.

The primary question for the review was to investigate *'Which employment and jobsearch obligations and related service interventions promote employment for lone parents?'* This was sub-divided into four more specific questions:

- a How had researchers (both government and non-government) defined success criteria when testing jobsearch and employment obligations for lone parents and how had such criteria been measured?
- b What combination of obligations and services had been found to promote employment among lone parents?
- c Which groups of lone parents benefited from increased obligations and employment assistance and which groups fared less well?
- d What major issues arose in the implementation of LPO that could have an impact on their efficacy?

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<sup>3</sup> These are documents that have not undergone a formal publication process.

The review identified and assessed evaluations undertaken by independent researchers as well as government-funded studies.

The searches of 'peer reviewed' and 'grey' literature identified 34 studies which were reviewed in-depth.<sup>4</sup> These comprised international reviews of lone parent employment, their benefit entitlements and related jobsearch and work requirements, and evaluation studies of the impact of lone parent work-related requirements on a variety of outcomes.

The most extensive and highest quality evaluations concerned the impacts of US welfare reform. Consequently it was decided to supplement the searches by drawing on the findings from recent evidence reviews of multiple US evaluations, augmented by more detailed findings from some of the important studies highlighted in these reviews. This decision enabled the review to draw more fully on the extensive and diverse evaluations of the 1996 US welfare reforms, and the welfare-to-work random assignment experiments that preceded it.

Despite the extensive literature reviewed there was very little data on the specific experience of lone parent fathers.<sup>5</sup> Few lone parent evaluations appeared to examine the circumstances of this group, whose size and composition vary across countries, and much of the evidence was concerned specifically to examine impacts on lone mother households.

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<sup>4</sup> Several of the evaluation studies concerned more or less significant LPO reforms in countries such as Norway (Pronzato and Mogstad, 2008), Japan (Ezawa and Fujiwara, 2005) and New Zealand (Johri *et. al.*, 2004). In view of the limited evidence from other countries, additional contact was made with sources in the Netherlands, Australia, Germany, Sweden, France and Denmark. They provided useful information on recent policy developments but confirmed there were few evaluation studies of the specific impact of work-related requirements on lone parents. The Australian and Netherlands studies are reviewed in more detail in a later chapter.

<sup>5</sup> The only study found that considered lone fathers separately considered the impact of welfare reforms introduced in Norway. It analysed longitudinal data from administrative records and Labour Force Surveys between 1992 and 1998. It reported that the employment rate of lone fathers in Norway was significantly lower than that of married or cohabiting fathers and that it had evolved in much the same way as that of lone mothers. The authors suggested that this finding '*clearly indicate[d] that being a lone parent is a decisive factor conditioning labor market attachment for both genders*' (Kjeldstad and Rønsen, 2004, p.66).

## 1.4 Case study countries

The formal review was complemented by more detailed case studies of four comparator countries: the US, Australia, Sweden and the Netherlands. The case study countries were selected because they provided more in-depth context for the review findings and offered aspects of policy and practice relevant to the introduction of LPO in GB.

The US, for example, was an obvious choice because of the important role that comparisons with its welfare reforms have played in the evolution of GB policy, and also because of the availability of high quality evaluation evidence. The key policy change was the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (1996). This replaced entitlement-based 'Aid for Families with Dependent Children' cash assistance with a new time-limited 'Temporary Assistance for Needy Families', that required most adult recipients, not just lone parents, to engage in work-related activities. To gain further insight into a presently highly devolved system, the experience of lone parent work-related requirements in New York City and Oregon was reviewed in depth.

The Australian welfare reform model has also been a frequent comparator in British policy development; for example, the design of the NDLP was influenced by the voluntary 'Jobs, Education and Training' programme targeted at Australian lone parents (Pierson, 2003). Australian policy changed radically in 2006 when the Government introduced mandatory jobsearch requirements for lone parents with older children. This offered the possibility of insight into the issues that arise in the early phases of implementing changes similar to those introduced in GB.

The two European case studies offered other contrasts. In 1996, lone parents in the Netherlands, in receipt of social assistance and who previously were not expected to look for work were made subject to work-related requirements if their youngest child was aged five. Since then the point at which lone parents have been expected to look for work has been in flux and the implementation of such work-related requirements has varied. Despite the existence of increased jobsearch requirements for over a decade, the employment rate of lone parents has, however, remained comparatively low. It was thought useful to examine the factors that may have contributed to this outcome.

In Sweden, by contrast, the expectation that most parents should work is long-standing and the employment rate of lone parents is among the highest in the OECD. The combination of comparatively generous social welfare arrangements with high levels of out-of-work benefits, extensive training programmes and 'family friendly' childcare policies, is frequently contrasted in the GB debate with more negative perceptions of the US 'workfare' trajectory. Sweden is cited as an exemplar of the pre-conditions necessary for the successful implementation of LPO.

## 1.5 Structure of the report

The first two chapters of the report consider briefly the international context of lone parent work-related requirements, as well as reviewing findings from recent evaluations of British programmes and requirements targeted at lone parents. The third chapter contains findings from the international evidence review with a particular focus on evidence from US studies. The final chapter reviews policy developments and the implementation of lone parent work-related requirements in the selected case study countries. The conclusion summarises the findings and considers their implications for the design and implementation of British policy.

## 2 Lone parent work-related requirements in international context

This chapter reviews the international context in which lone parent employment policy has developed in Great Britain (GB). It considers comparative findings and recent developments in the extent and character of lone parent work-related requirements in countries that are members of the Organisation for Economic Co-operation and Development (OECD). It also considers recent OECD studies of the relationship between child poverty and lone parent employment rates, and any conclusions relevant to the introduction of Lone Parent Obligations in Britain.

### 2.1 GB lone parent policy in comparative context

Comparative interest in lone parent policies developed in GB as policy makers sought to respond to the acceleration in the lone parent population. An early review of lone parent employment in 20 countries by Bradshaw *et. al.* (1996) found that while the number of lone parents had increased in most OECD countries, the proportion of such families varied from 29 per cent in the United States (US) and 21 per cent in the United Kingdom (UK) and New Zealand, to as low as five per cent in Japan and six per cent in Italy. This variation persists and in 2005 it was found that the highest proportions of lone parent households with children were to be found in Australia, Canada, Iceland, Ireland, New Zealand, the UK and the US. In each of these countries lone parent families constituted over 20 per cent of all households with children (OECD, 2007a).

In a subsequent publication summarising findings from his 1996 study, Bradshaw (1998) reported that there were variations in the employment rates of lone parents and that the UK rate, at 41 per cent, was 'exceptionally low'. Most lone parents were mothers and their risk of poverty was 'exceptionally high'. He attributed these findings to a combination of the comparative characteristics of British lone

parents (for example, they tended to be younger, less well educated, and had younger children), and to the characteristics of the British benefit and employment assistance system. This included an absence of employment-related advice and training services, benefit disincentives, the high cost and restricted availability of childcare services, poor maternal and parental leave provision, as well as the absence of a 'work test' obliging lone parents to seek employment.

Since this study the UK government has outlined an ambition to increase the lone parent employment rate to both support the Government's aim to maximise employment opportunity for all and contribute towards the reduction in child poverty. This ambition is supported by the introduction of personalised employment assistance, Work Focused Interviews, in-work tax credits and improved support for childcare. By 2001 these developments signalled a fundamental transition in assumptions about the role of lone mothers, placing paid work at the centre of British policy objectives.

## 2.2 Comparative developments in lone parent work-related requirements

A study of 22 OECD countries reported that in 2000 lone parents with children below school age were exempt from work requirements in only seven of them (Bradshaw and Finch, 2002). More recently the OECD (2007a) has published comparative data which reports that several of the countries without work requirements had since started to 'activate' their lone parent benefit systems by requiring recipients with children above specified ages to seek work (see Table 2.1).

The trend is likely to be extended in the two countries, Ireland and New Zealand, that do not currently impose work-related requirements<sup>6</sup> until the youngest child has completed secondary education. In Ireland, proposals to introduce jobsearch requirements for lone parents were announced in 2006, although an extensive consultation process, and testing of new employment services, has delayed final decisions on the precise reforms to be introduced (Department of Social and Family Affairs, 2006). In New Zealand, the newly elected government has committed to reintroducing work-related requirements for lone parents that the previous government had withdrawn in 2001 (National Party, 2008).

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<sup>6</sup> There are two countries that currently have no work test within their benefit system. In Spain there is no national social assistance system and considerable variation in the coverage and rules of local support systems. In Portugal there is no formal work requirement in the national system of Social Insurance Income but recipients, including lone parents, are required to sign an individual case plan and expected to accept job or training offers once their youngest child is three-months old, subject to the availability of suitable childcare (OECD, 2004).

The motives for reform in each of these countries differ but they share an assumption that increased lone parent employment will both reduce child poverty and welfare caseloads.

The definition of lone parent work-related requirements and their implementation vary significantly across, and sometimes within, OECD countries. The data in Table 2.1 reveal variations in the formal work-related requirements in each country concerning the age of the youngest child at which they are imposed, and/or the degree of discretion given to front-line case managers about their imposition, especially in deciding whether appropriate and suitable childcare is available.

In all the countries reviewed, lone parent jobsearch and work-related requirements include other varied exemptions. In France and Norway, for example, lone parents are not required to search for work within the first year of becoming a lone parent, whatever the age of the youngest child. This gives both parent and children time to adjust to their changed circumstances. In the Netherlands and Australia, lone parents are not obliged to accept a job if they are not financially better off in work. In Australia lone parents with four or more children or who are home educators are not required to look for work. As in the UK, and for similar reasons, all the countries had exemptions for those lone parents who have, or whose children have, a disability, a significant health problem or special education needs.

**Table 2.1 Work tests for lone parents in selected OECD countries**

<b>No work test</b>	<b>Work test</b> Independent of child age (applied at discretion of case managers and subject to childcare availability)	<b>Work test</b> Dependent on child age (age limit in years) (range of state variations in Canada and the US)
Portugal Spain	Belgium – discretion Denmark – subject to childcare Finland Japan – discretion Netherlands – increased to five from 2009 Sweden	Ireland – 18 or 22 if child in full-time education New Zealand – 16 United Kingdom – from 16 to seven by 2010 Australia – from 16 to seven in 2006 Luxembourg – six Canada – 0.5 to six Czech Republic – four Austria – about three France – three Germany – three Norway – three Switzerland – three United States – 0.25 to one

Source: OECD (2007) *Babies and Bosses – Policies towards reconciling work and family life, a Synthesis of Findings for OECD Countries*. Paris: OECD, updated from Table 4.6, p.88.

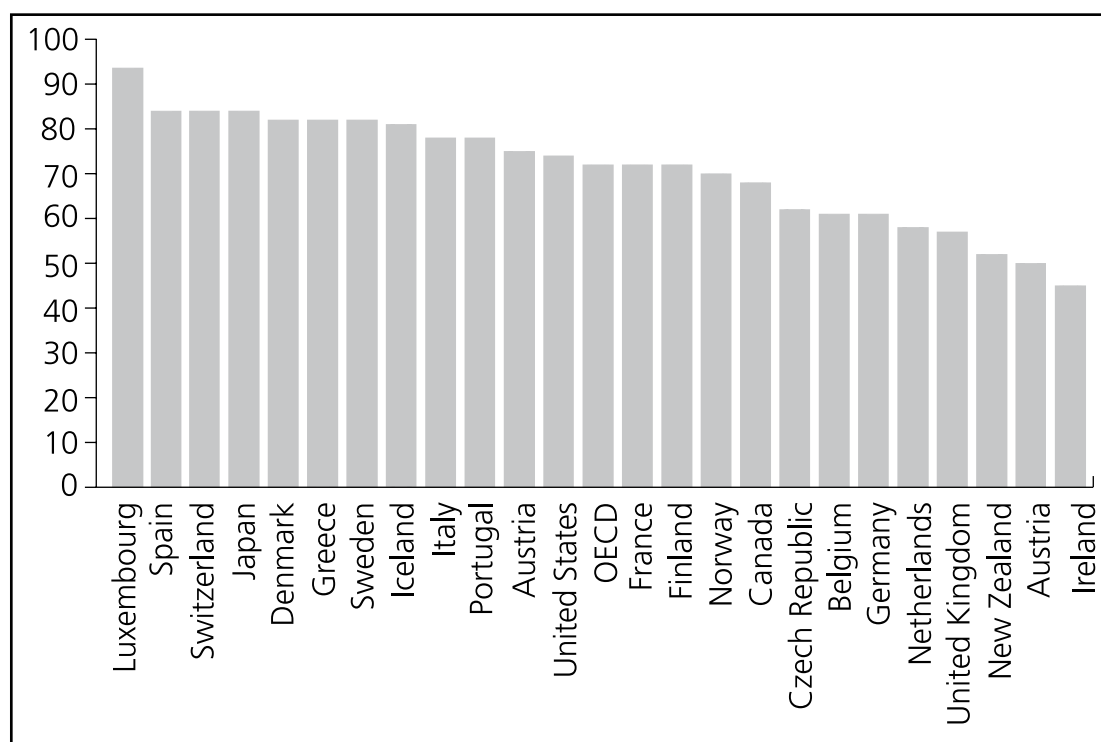
The trend towards conditionality in benefit systems has been part of a broader process whereby OECD countries have been 'activating' their benefit systems, introducing individual action plans, structured jobsearch requirements, more or

less active monitoring by case managers, and reducing the grounds on which jobs can be refused (Aust and Ariba, 2004; Handler, 2004; Eichorst *et. al.*, 2008). Initially the focus was on activating 'passive' unemployment insurance and benefit systems. Many countries, however, have since changed the rules and work-related responsibilities attached to their disability benefits, and introduced or intensified existing work-related requirements in their social assistance systems which cover those lone parents who do not qualify for insurance benefits (Carcillo and Grubb, 2006; van Berkel and Valkenberg, 2007). The objective has been to increase effective labour supply in a context of demographic change, to contain the costs of welfare systems, and to reduce out-of-work poverty rates, especially for children in workless households.

### 2.3 Lone parent employment rates, child poverty and work-related requirements

The association between child poverty and lone parent employment rates has been highlighted in a comparative OECD study which found that in nearly all countries '*poverty rates among non-employed lone parents are at least twice as*

**Figure 2.1 Lone parent employment rates in OECD countries (2005 or latest year available)**



Note: The available Eurostat data for some European Union countries, concern lone parent employment rates for the age group 25-49 and, as they do not include groups for which employment is typically lower (very young lone parents and older women), they are not fully comparable with data for the other countries.

Source: Recreated from OECD (2007) *Babies and Bosses – Policies towards reconciling work and family life, a Synthesis of Findings for OECD Countries*. Paris: OECD. Chart 3.7, p.64.

*high as among those in paid work'* (Whiteford and Adema, 2007, p.19). This was of particular concern in those countries with relatively low lone parent employment rates. Standardised OECD data from 2005, in Figure 2.1, show that lone parent employment rates were at their highest, at over 80 per cent, in Denmark, Greece, Luxembourg, Iceland, Japan, Spain, Sweden and Switzerland. Employment rates were lowest and rates of joblessness highest in Australia, Ireland, the Netherlands, New Zealand and the UK (OECD, 2007a, p.29).

Variations in the prevalence of lone parent families and their relative employment and child poverty rates cannot be explained simply in relation to work-related requirements in their benefit systems, or to the extent of their implementation. They reflect also a wide range of factors associated with the characteristics of different welfare regimes. These include, for example, the respective responsibilities of the family and state; levels of income redistribution through the tax and benefit system; patterns of employment regulation; and participation in full- and part-time jobs. Other important issues concern entitlement to and the coverage of social insurance and income-tested benefits, as well as the institutional delivery and quality of employment services (OECD, 2007a).

Perhaps one of the most common and significant barriers facing lone parents in many countries is the absence of viable childcare options. Across countries there is variation in the availability, cost and quality of both formal and informal childcare. Matters are complicated by school hours that are often poorly synchronised with parents' working hours. In one comparative study, the OECD (2008a) found that out of seven countries reviewed, only Denmark and Sweden, and to a lesser extent France, had comprehensive 'out-of-school hours' childcare systems in place.

The study by Whiteford and Adema (2007) investigated the different ways in which OECD countries could balance tackling child poverty through income redistribution via the tax and benefits system and through increasing the level of labour force participation of poor parents. The importance of income redistribution was evident in the finding that, where it was a low policy priority, countries such as Japan or the US could have high lone parent employment rates alongside high levels of child poverty. More generous out-of-work support for poor families appeared, however, to be linked to higher rates of joblessness, except in the Nordic countries where 'pro-employment welfare systems' combined lone parent work-related requirements with financial incentives to work, childcare support and employment services.

By contrast, low lone parent employment rates were associated with greater child poverty in countries like the UK, Australia, New Zealand and Ireland, which did not have work tests until the youngest child was a teenager and had benefit payment systems *'towards the upper range of OECD countries'* (Whiteford and Adema, 2007, p.34). The authors carried out simulations of the effects of alternative policies and concluded that reforms to increase lone parent employment in countries such as the UK and Australia would have significant effects in reducing child poverty.<sup>7</sup>

A parallel synthesis report of findings from seven countries reviewed between 2002 and 2007 as part of the OECD 'Babies and Bosses' study (2007a), concluded that for 'anti child poverty policy' to be effective, it should include a strong focus on keeping and/or re-integrating lone parents in the labour force and be supported by strong financial incentives to work and access to affordable and suitable childcare. The detailed report on the UK (alongside three other countries), noted that between 1997 and 2003 the Government had increased public spending on families by one-third and this rapid increase now placed the UK above the OECD average. The report suggested, however, that the comparatively low lone parent employment rate remained a problem with non-working lone parent households particularly likely to be poor. It suggested that in the UK *'a comprehensive strategy of active and early interventions in labour market re-integration is needed'* in order to *'reduce the risk of long-term benefit dependency and poverty among sole parents and their children'*. It concluded that once *'employment and childcare support is available on a comprehensive basis, it would be reasonable to oblige sole parents on income support to make use of it'* (OECD, 2005, p.15).

## 2.4 Conclusion

This chapter has considered comparative and OECD research on the relationship between lone parent employment rates, tax and benefit systems, and levels of child poverty. One of the key findings concerns those countries, including the UK, which have been characterised by increased numbers of lone parent households

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<sup>7</sup> The OECD defines the child poverty rate as the share of children with equivalised incomes less than 50 per cent of the median for the entire population. The comparative data is collected every five years through the 'OECD Income Distribution Study' and gathers data from more countries than the 30 covered in the 'Luxembourg Income Study'. The OECD data are collected through a standard questionnaire using common assumptions and definitions to increase cross-country comparability. The data are based on the concept of equivalised disposable income of individuals (i.e. the disposable income of households, adjusted for the number of individuals in the household) broken down by gross income components and presented for a variety of socio-demographic characteristics of individuals and households. The data are provided to the OECD in the form of detailed cross-tabulations, and the OECD does not have access to the original microdata (Whiteford and Adema, 2007, p.9).

and relatively high levels of child poverty within benefit systems which previously have prioritised the role of such parents as carers. These countries now are at various stages of improving financial incentives to work and implementing work-related requirements for lone parents in their benefit systems. They are seeking to increase the availability of employment assistance and other support services, especially childcare. While it appears that the UK Government has introduced lone parent work-related requirements in GB later than most other countries, it is important to note that it is doing so only after a lengthy period of policy development including, among other things, experimentation with new forms of employment assistance. The following chapter reviews findings from evaluations of these interventions before considering the findings of the international evidence review.



# 3 Evidence from lone parent employment programmes and requirements in Great Britain

The introduction summarised the background to British lone parent employment policy, including changes in work-related requirements for lone parents and the services and support available to them. This chapter summarises recent Department for Work and Pensions (DWP) research and evaluation evidence about lone parent policy focusing on: first how success for these programmes has been measured by researchers; second, the extent to which these services have promoted employment among lone parents; third, which groups of lone parents have benefited from increased work-related requirements and which have fared less well; and lastly, issues that have arisen in the implementation of Jobcentre Plus services for lone parents in Great Britain (GB) to date.

## 3.1 What is success and how has it been measured?

As policies and initiatives to support lone parents into employment have been implemented in GB, they have usually been the subject of a DWP evaluation. Such evaluations are designed to both inform implementation and policy development, and assess the contribution made to reducing the number of lone parents claiming benefits and increasing the employment rate of lone parents.

Extensive analysis of the New Deal for Lone Parents (NDLP) programme has been carried out. As the NDLP is voluntary, the rate of participation among lone parents has also been used by researchers to measure its reach into the lone parent population. Brown and Joyce (2007) investigated why up to two-thirds of eligible lone parents did not participate in the NDLP. They found that the reasons parents gave for non-participation included attitudes towards parenthood, with it being viewed as a full-time job, concerns about childcare and other people taking

responsibility for caring for their children, personal circumstances such as ill-health and other caring responsibilities, as well as financial concerns about the transition from benefits into work.

Among those who did participate in NDLP, moving off benefits or reducing the number of different benefits claimed has been used as a way of measuring success. Evaluation evidence shows that NDLP did make an impact in this regard. For example, both the evaluations of NDLP conducted by Dolton *et. al.* (2006) and Lessof *et. al.* (2003) found that the proportion of lone parents who exited either Income Support or all three work-related social security benefits within nine months of participation was between 20 and 26 percentage points higher for those who participated in NDLP than for non-participants. The estimates for employment entry differed more substantially. Whereas the 2003 study estimated that NDLP had increased the proportion of lone parents entering employment by 24 percentage points within nine months of participation, the 2006 study estimated that this figure was ten percentage points. There was a difference also in the estimated 'additionality rate'. The differences were attributed to methodological issues including likely differences in accounting for repeat participation and differences in participation samples, to some part affected by the use of administrative data in the 2006 study rather than the survey data used in the 2003 study (Cebulla *et. al.*, 2008, p.42).

Evaluations undertaken between 2000 and 2004 of NDLP, Work Focused Interviews (WFIs) and tax credits used different data, analysed different time periods and used different types of comparison groups. Cebulla *et. al.* (2008) reviewed these studies and concluded that the evidence showed that for their specific populations and at given times, all three policies were effective. They reported that the strongest employment effect had been secured through the Working Families Tax Credit (WFTC). The studies they reviewed suggested that WFTC helped to increase the proportion of **all** lone parents in paid work by between three and five percentage points. Depending on the time period that is referred to, this represented between a third and a half of the overall increase in employment. Estimates of WFTC impact on lone parents working 16 or more hours suggested even greater impacts, in the region of seven percentage points (Cebulla *et. al.*, 2008, p.3).

In their review Cebulla *et. al.* (2008) noted that programme impacts tended to dissipate after a time, albeit that successive policy changes maintained momentum. The review emphasised that, in order to make useful comparisons between evaluations, there need to be common definitions used in analysis. The current programme of parent policy evaluation, of which the Lone Parent Obligations (LPO) evaluation is part, will use standardised definitions for data collection and analysis across all projects in the consortium.

Evaluations of lone parent employment programmes have measured the extent to which participants have retained, as well as entered, employment. The evidence on poor retention rates among some participants led to the implementation of the Employment Retention and Advancement (ERA) Demonstration programme intended to help low income individuals, including lone parents, to sustain

employment and progress in work. The evaluation of first-year results examined measures of undertaking work alongside learning to demonstrate 'advancement' in the workplace, as well as progression as measured by changes in pay. It found that lone parents who were part of ERA were more likely than the control group to combine education and training with employment – an increase of five percentage points – but that ERA had not substantially increased first-year earnings among the lone parent group claiming Working Tax Credit, although it did increase their likelihood to work full-time. ERA also had a positive impact for the NDLP customer group, who were likely to earn more, on average, than customers in the control group.

Millar and Ridge (2008) undertook a qualitative, longitudinal study that explored how 50 lone mothers and their children managed and adapted when they moved from benefits into work.<sup>8</sup> Most of the women were older, and had older children, and worked in care homes, offices, retail or catering, and cleaning jobs. The key findings concerned the '*importance of social as well as economic factors in sustaining employment*' (2008, p.118) with successful transitions into employment requiring changes in social relationships within the family, involving the mothers and their children, and often other family members, and informal flexibility provided at work by other employees and their employer. Paid work had to be integrated with caring for children on a continuous basis and sustained over time as part of everyday family and workplace practices. If these supports were not available, and mothers entered work before they and their families were ready, the authors suggested the '*result is more likely to be repeated moves between unsuitable jobs and benefits rather than sustainable employment and well-being in work*' (2008, p.119).

### 3.2 Requirements and services that promote employment

The services available to lone parents have changed over time, and at points have varied from area to area, depending on the pilots and trials being undertaken. Outreach, tailored information, advice and guidance, and flexible services, as well as WFIs and in-work support have all been used in employment programmes to support lone parents back into work. Some of the programmes and services to promote employment among lone parents, such as NDLP, Employment Zones (EZ) and WFIs are considered here.

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<sup>8</sup> This innovative research also interviewed the children of the mothers involved. Ridge and Millar (2008) found that children made a strong connection between their mother's work and improved financial circumstances, in terms of clothes and activities, but there was some dissatisfaction with the loss of family time, pressures on the family, and formal childcare. Most childcare was informal and the formal 'out-of-school hours' support available for the older children involved was '*unsuitable and stigmatised*', characterised by '*badly mixed age groups and a lack of stimulation resulting in boredom*' (2008, p.5).

A central part of many of the initiatives for lone parents is the provision of tailored information, advice and guidance about work and learning options. Evidence suggests that the advice and guidance provided by Personal Advisers through NDLP is effective and that the impact of the NDLP has been associated with the flexibility and customised nature of the programme (Hasluck and Green, 2007).

The key policy innovation used to engage lone parents with thinking about and planning for a return to work has been WFIs, which have been increased in frequency since their introduction. An evaluation of Quarterly Work Focused Interviews (QWFIs) reported that lone parents had mixed experiences of the interviews, with those customers who had subsequently entered work tending to be more positive about the WFI while those who had not entered work were more negative (Ray *et. al.*, 2007). Lone parents who rated their WFI experience more positively were found to value the practical and emotional support offered by advisers. Customers reporting a negative experience tended to be less receptive to working and exhibited significant barriers to work. However, the majority of this latter group expressed a desire to work, but felt their needs were not being met by the WFI support (Ray *et. al.*, 2007).

Advisory staff interviewed as part of the QWFI study considered there was a cohort of more challenging lone parents whom they could not help (Ray *et. al.*, 2007). Some staff also felt that the mandatory schedule of quarterly meetings was too inflexible and would have preferred more autonomy in deferral decisions. The evaluation found that while the QWFI appeared effective in signposting those customers who were receptive to work towards appropriate services, the intervention did not effectively meet the needs, or alter the views, of lone parents 'further' from the labour market. This included lone parents who had been out of work for a substantial period of time and those that did not want to work. Hasluck and Green's (2007) review of 'what support works for whom', which synthesised findings from a variety of research studies, found that building confidence and updating and obtaining new skills were important in enabling lone parents who had a substantial period of time out of the labour market to return to work.

Goodwin (2008), in a study of lone parents who had been sanctioned for not attending WFIs found that they generally regarded the WFI as being useful. However, the apparent repetition of questions in WFIs was considered by some lone parents not to be relevant and had decreased their perception of its value. The usefulness of the WFI was felt to decline with each repetition among some groups. For example, customers with specific constraints that had not changed between interviews, such as health problems, reported that they had been asked the same questions again and that their answers to these questions had not changed. Staff reported, however, that repeated WFIs could 'sow the seeds' of change and outline the possibilities in the labour market following which a small proportion of lone parents entered work. Staff in this study also reported that they had concerns in relation to the title of the WFI, which many felt was a disincentive to lone parent attendance. They felt lone parents assumed from the title they would be forced into employment.

Other issues noted in Goodwin (2008) were the variations in WFI booking and rebooking practices, issues around the identification of 'vulnerable' customers (defined as customers that have self-reported mental health issues or learning disabilities at the time they make their claim) and variations in the processes used in communicating with lone parents. Attendance at WFIs among sanctioned customers was found to be affected by a number of factors, the most common being caring responsibilities, ill health and poor organisation on the part of the customer (Goodwin, 2008).

Once lone parents have found employment, some programmes have offered an element of in-work support to promote retention. For those lone parents who had participated in NDLP and who found work, support could be extended into the first few weeks of employment. Advisers could use the Adviser Discretionary Fund to help support the lone parent during the transition, as well as continuing to provide advice. In their evidence review Hasluck and Green (2007) reported that they found little robust evidence relating to the effectiveness of some in-work support for lone parents. This support involved Jobcentre Plus advisers contacting lone parents after they had started work (usually but not always) by telephone. However, in-work support provided as part of the EZ programme, including follow-up contact with advisers and financial support in some cases, was reported to be useful and effective for some lone parents.

Like NDLP, participation in EZs for lone parents was voluntary. The EZs tested different ways of initially engaging with lone parents, including via referrals and through community outreach. Different methods of engaging clients appear to have reached lone parents with different support needs. Only a small number of lone parents were referred to EZs, and these tended to be lone parents that NDLP could not help and who were not immediately job-ready (Griffiths *et al.*, 2005). Lone parents were found to appreciate the accessibility of EZ assistance, especially when delivered via outreach. Although quantitative analysis of EZ impacts could not be undertaken because of difficulties with data, qualitative findings suggested that for job-ready lone parents, EZs were similar in effectiveness to the support available through NDLP (Griffiths and Durkin, 2007).

### 3.3 Who fares well and who less well?

The recent DWP evaluation evidence suggests that employment programmes and interventions had differential impacts on different groups of lone parents. In their review of NDLP evidence, for example, Cebulla *et al.* (2008) reported findings that the programme assisted those who were relatively job-ready and those disadvantaged lone parents, such as those who had been on benefits and out of work for long periods of time, who chose to participate and wanted to enter employment. This included some participants who had been claiming benefits for longer and some of those who had very young children. Many disadvantaged lone parents had, however, chosen not to participate in this voluntary programme. Hasluck and Green (2007) found that lone parents with a very young child were

less likely to participate in NDLP than were lone parents with older children, as were lone parents who had three or more children, or a health problem or disability (Hasluck and Green, 2007).

Differences in the motivation of voluntary participants and in how they entered a programme had an impact on performance. Hasluck and Green (2007) reported that EZs that proactively sought to engage lone parents fared less well than those into which lone parents self-referred because the former group of lone parents tended to be less job-ready and required more intensive support.

Job-ready lone parents were also found to fare better in the New Deal Plus for Lone Parents which was introduced as a pilot in 2005. This brought together a range of support to help lone parents overcome barriers to work, and aimed to increase the number finding and remaining in work by raising NDLP participation and outcome rates. The qualitative evaluation (Breen and Hosain, 2007) found that the pilots worked best for lone parents who were undecided about work and those who were job-ready. The support and training offered frequently helped to tip the balance towards work for these groups, although the training on offer was felt to be best suited to lone parents who were more job-ready. The additional staff resource available in the pilot was found to be critical to effective delivery of the initiative, particularly the administrative resources which allowed advisers to focus on working with lone parents.

Findings from a number of evaluations suggest that voluntary employment programmes work most effectively with lone parents who are more job-ready, in that they have a higher level of skill or education, have had previous work experience, and have fewer children and/or access to the childcare support needed. The programmes work less effectively for those without these attributes, and are less effective for lone parents who have multiple barriers to work, who are speakers of English as a second language, who have basic skills needs, and/or those parents who have been claiming benefits for a long period of time (Hasluck and Green, 2007).

### 3.4 Operation and implementation

The evaluation evidence provides insights into issues that arise when implementing services for, and requirements on, lone parents. These have included the capacity of staff at Jobcentre Plus, variations in approaches both between offices and between advisers, pressure on adviser time, and difficulties in communicating sanctions and their implications to customers.

A review of Jobcentre Plus customer service performance and delivery (Talbot *et al.*, 2005) noted that resource and time constraints were identified by all respondents within the study as having an impact on the delivery of customer service. Jenkins' (2008) study found that the introduction of QWFIs in pilot areas for lone parents whose youngest child was 11-13 years old resulted in a significant increase in

workload for lone parent advisers. The advisers preferred to have consistency and to see the same lone parents, as this built up trust and rapport, but this was not always possible.

An evaluation of the implementation of the Interventions Delivery Target (IDT) by Purvis and Lowrey (2008) noted a number of potential constraints on the effectiveness of interventions with lone parent customers. The study found variations in the applications of waivers and deferrals of WFIs as well as variations in practices around WFI booking. The move towards a multi-functional role for advisers gave rise to concerns that this could dilute the specialist skills and knowledge of advisers, although the staff interviewed for this study offered no direct evidence that this was the case. There were suggestions also that the quality of interventions might suffer as a result of IDT, for example, because of the pressure on adviser diaries. Some evidence was found of WFIs being shortened (to exclude jobsearch activities) which could compromise the effectiveness of these interventions. Pressure on adviser time is likely to increase in line with the increased frequency of lone parent WFIs. The study also identified variation in referrals to, and the implementation of, sanctions as well as anomalies in the use and function of compliance officers (Purvis and Lowery, 2008).

Goodwin (2008) evaluated the impact and experience of sanctions. Few of the lone parents in the study, who were identified in Jobcentre Plus management information as having been sanctioned, identified themselves as experiencing a sanction. They thought instead that they had been subject to a benefit adjustment or a direct payment taken at source (see also Mitchell and Woodfield, 2007). Some lone parents did not appear to understand the sanctions regime and were unclear about how or when they could have incurred a sanction. Many lone parents interviewed appeared to have no awareness in relation to the period of the sanction or the amount of benefit they had lost. Furthermore, some lone parents in the study were adamant that they had not been sanctioned, which was contrary to the information in their benefit records. Overall the report suggested that the sanctions regime had a negligible effect upon the labour market behaviour of this group.

Research by Joyce and Whiting (2006) explored awareness and understanding of the sanctions regime, experiences and views of the sanctioning process, and the impact of receiving a sanction. The research noted that lone parent customers understood the principle of sanctioning but there was a lack of understanding about the specifics of the regime. Where customers were aware they had been sanctioned, they usually reported having received a letter about it, although other sanctioned customers reported that they had not received such a letter. Where customers were aware of being sanctioned, the receipt of a sanction resulted in some financial, emotional and physical impacts for the lone parents. The financial impacts included difficulties in paying utility bills and rent, as well as extra expenditures such as pocket money for children. Emotional impacts appeared to be related to the financial pressures which increased stress and anxiety levels for some customers (see also Finn *et. al.*, 2008). For some, the emotional impact exacerbated existing health issues.

### 3.5 Conclusion

Recent DWP research evidence suggests that WFIs, employment programmes and tax credits have contributed to reducing the number of lone parents claiming benefits and increased the number entering work. The proportion of lone parents engaging with employment assistance has been limited to those who choose to participate, with some evidence that they are likely to be the more job-ready. There has been a problem of poor employment retention for a significant group of those lone parents who have entered work and evidence of limited earnings gains once in the workplace.

The evaluations have stressed the perceived value of tailored advice offered to lone parents, alongside other support, such as childcare, delivered flexibly to meet individual needs. Employment-related interventions are likely to be more effective if they remain relevant over the course of a jobsearch rather than being implemented merely as part of an administrative process.

The cumulative evaluation evidence indicates some challenges likely to emerge when trying to engage lone parents who have chosen not to participate, including those out of the labour market for a long time, or with multiple barriers to employment, or at risk of sanction. It has proved difficult to communicate the nature of the WFI regime, and its related sanctions, to some lone parents.

The DWP LPO evaluation will be assessing how the new system of requirements and support available assists different groups of lone parents to find and stay in work, from those who are most job-ready to those who may have more constraints or employment barriers to overcome. A key factor in successful delivery will involve the capacity and ability of advisers to support lone parents affected by LPO, although the evidence suggests this may be constrained in a context of higher workloads and increasing pressures on their time, in part due to the increased frequency of WFIs. In current economic circumstances, it will be important to understand also the extent to which this new client group are affected by the increased demands on Jobcentre Plus as it copes with and develops new services for greater numbers of unemployed people.

## 4 Findings from the international evidence review

This chapter contains findings from the international review of evaluation evidence and other studies considering work-related requirements and programmes targeted at lone parents. To set the context for the international findings, first this chapter considers the criteria that have been used to assess the diverse impacts and effects of changes to lone parent work-related requirements.

Subsequent sections draw extensively on United States (US) evidence and review how different studies assessed impacts on employment, poverty rates and how different groups have fared after exiting welfare. It reviews findings on how the population of lone parents receiving and leaving benefits in the US has changed over time; the impact of sanctions and time limits; and the impact of welfare reform on child well-being (an issue that has attracted increased attention in Great Britain (GB)). The chapter then combines findings from the US and wider literature on the effectiveness of different types of employment assistance and on job retention and advancement services. Finally, it considers research on the implementation of lone parent work-related requirements and related services.

### 4.1 Measuring the effects of lone parent work-related requirements

Government and non-government researchers utilise a range of measures to assess the impacts of work-related requirements on lone parents. The desire for clear, explicit and objective evidence on policy impacts has resulted in a wide range of quantitative studies and approaches, with experimental random assignment research regarded as the 'gold standard'. Qualitative data is often collected through interviews, surveys and case studies with lone parents, front-line staff and administrators. Such data gives greater insight both into how the

various individuals involved make sense of reforms, such as greater conditionality, and into the processes that have, or have not, produced the impacts identified in quantitative studies.

In experimental studies and in other surveys of matched control groups, evaluators have typically tracked the experience of treatment and control groups through surveys and administrative data. In these studies, and those which analysed larger national data sets, researchers measured flows onto and off benefits, transitions into and out of employment, and changes in earnings and income. Changes in these indicators are shaped by labour market conditions and by other policies, such as tax credits, and analysts utilise econometric techniques seeking to disentangle the relative impacts of these factors from the particular impact of lone parent work-related requirements.

The extent of 'cycling' between benefit receipt and employment is used also to measure how secure any transition to employment has been. In common with US evaluations, Aimer (2003), for example, analysed the effects of New Zealand lone parent policy reforms by measuring the number of months lone parents spent in work and the number of months on benefits over a given period of time.

Other studies focus on the quality of employment gained, in terms of wage levels, hours and security. In New Zealand, for example, Johri *et. al.* (2004) focused on job flexibility and satisfaction with work, both of which were seen as important for lone parents balancing work and family life, and in terms of promoting job retention and advancement. A US study (Scott, 2006) used a standard job satisfaction questionnaire to assess the quality of work obtained by welfare leavers.

Another critical indicator concerns the impact of changes on household and child poverty rates. The measure of poverty varies across countries with researchers typically analysing national data sets to identify trends and analysing their findings to identify the particular impacts of reform. In more detailed survey- or interview-based studies, researchers seek to measure the 'income package' now received by employed lone parents, including earnings and in-work supplements, such as tax credits or other benefits, and contrast this with what would have been received if the respondent had remained out of work. Some researchers explore also how lone parents spend the income they receive and, if in employment, how much is allocated to work-related expenses.

At an individual level, researchers measured the effects of reform on the behaviour, attitudes and day-to-day experiences of lone parents. These measures included attitudes to work and caring, the amount of jobsearch activity undertaken, any skills or qualifications gained, changes to their health and, for those who move into employment, working patterns and childcare arrangements. Surveys and other qualitative research utilised respondent assessments of the impact that employment, or involvement in work-related programmes, had on the material well-being and mental and physical health of the lone parent and on the school attendance, attainments and well-being of their children. More generally,

evaluators sought to assess the impact that lone parent work-related requirements have had on sanction rates and on subsequent transitions to employment, with qualitative researchers seeking to establish the consequences of sanctions on family circumstances (Kauff *et. al.*, 2007).

There are various ways in which researchers seek to discern the impact of reform on the decision to have children and what the US literature calls 'family formation'. This has been explored through interview and survey research on changes in the circumstances of lone parents and the influences of reform on the decisions they make, as well as statistical analysis of fertility and household trends. The US literature suggests longer-term research is needed to explore these types of effects, especially in relation to, for example, teenage birth rates (Grogger and Karoly, 2005; MacDougal *et. al.*, 2008).

When assessing the effects of welfare reform on lone parents using the measures described above, researchers used a range of variables to identify, compare and contrast the experiences of those groups for whom policy works well, and those groups that might be adversely affected. Such variables include the characteristics of the lone parent, their circumstances and experiences, with more or less detail sought about the impacts on their children. Some of the variables are common to other evaluations of labour market programmes, such as ethnicity, qualification level, length of benefit receipt, marital status, number of children, accommodation, and so on. Other variables are more specific to lone parents, such as access to childcare, and whether this is formal or informal, issues about balancing work and family life, and experience of abusive relationships and domestic violence.

There is research into the impact of different forms of employment assistance and other support services. Such studies seek to identify the impact of case manager support, with associated access to employment-related support services, or they might seek to test the relative merits of particular interventions, such as training programmes, jobsearch assistance or employment subsidies. As with other studies, they control for a range of human capital and employment-related variables, and measure impacts on jobsearch activity, skills, transitions into employment, and so on.

Many studies do not analyse isolated policy interventions, but review the impact of a combination, or 'bundle', of policy measures targeted at lone parents at any one time.

Several studies (particularly international evidence reviews) emphasise that care must be taken in assessing how far findings on the implementation and impact of work-related requirements in one country may be relevant or transferred to another. They cite the significance of different social and political models, economic situations and benefits systems, cultural attitudes towards women working and claiming benefits, as well as the specific detail of country reforms. These all constrain the potential for generalising findings from one country to others, or, in the case of the US, even to generalising findings between different states.

Finally, feminist economists, among others, have criticised the perceived narrow focus of mainstream welfare research, especially in the US, suggesting that too few studies have addressed structural inequalities and how changes have affected women's unpaid care and household work with too little attention given to the lived experience and perspectives of women (Christopher, 2004).

## 4.2 Developments in the evaluation of the impacts of US welfare reform

The US income support system for lone parents has been subject to radical change. In the first phase, work-related requirements were gradually extended to able-bodied recipients of Aid for Families with Dependent Children (AFDC). In 1996 AFDC was replaced by Temporary Assistance for Needy Families (TANF), which introduced more stringent work requirements and five-year time-limits to entitlement to benefits. Further detail about the US system and the key reforms outlined above is given in the US case study in the following chapter.

In contrast with the more limited evidence available from other Organisation for Economic Co-operation and Development (OECD) countries, apart from GB, there is a comprehensive and diverse evidence base on the impacts of the 1996 US welfare reforms, and the waiver experiments that preceded it. In one review Blank pointed out that, cumulatively, these studies had made these particular changes '*among the most thoroughly evaluated public policies in history*' (Blank, 2007a, p.1).

US researchers from diverse disciplines, using a variety of methodological approaches, have sought to evaluate the effects of welfare reform on the employment, income, behaviour and well-being of parents and their children. Such studies have been funded by public agencies and private foundations, and undertaken by a wide range of academics, researchers at foundations and think tanks, and major research organisations, including, among others, the Manpower Demonstration Research Corporation (MDRC) and the Urban Institute.<sup>9</sup>

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<sup>9</sup> A significant proportion of the evaluation effort has been funded through the national Department for Health and Human Services (HHS). The 1996 legislation provides for \$15 million a year for research, half of which must be used for state-initiated research projects. The relevant sections of HHS seek to co-ordinate their research agendas with each other and with other government agencies and private foundations (GB, 2008, p.797). In addition, US government agencies collect and publish regular survey information and some of these national data sets are of particular relevance to the analysis of welfare reform (for example, the 'Current Population Survey' and the 'Survey of Income and Program Participation').

A number of reviews have sought to summarise the various methodological approaches that have characterised US evaluations. Midgely (2008) identifies four approaches. First, a number of studies focused on caseload trends and particularly on the significant declines after the mid-1990s. A second group of studies sought to track former welfare recipients and collect information about their employment activities, incomes and living conditions, in order to determine whether exit from the welfare system had 'ended dependency and promoted self-sufficiency'. A third approach involved studies of individuals and families receiving TANF benefits, including some that focused specifically on clients who have been sanctioned. Finally, many observational studies have drawn inferences about the wider effects of welfare reform from analysing aggregate data and secondary sources to discern general trends with regard to the earnings, incomes and social well-being of lone mother families.

Blank (2002, 2007a) has authored two systematic reviews of evidence-based welfare reform studies, with her most recent report covering over 40 studies, published between 2003 and 2007. She notes that much of the earlier literature involved trend analysis on welfare participation, employment and family income, whereas more recent studies draw on more varied data sources. These include studies that rely on self-collected survey data, such as the 'Women's Employment Survey', which provided multiple waves of information on a group of women in a particular city; studies that utilise administrative data from particular states; and studies that utilise larger national data sets, such as the 'Survey of Income and Program Participation'. Blank observes that the questions addressed have evolved to reflect the changing concerns of policy makers and evaluators with more recent studies considering, for example, issues such as the impact of sanctions, the circumstances of 'hard-to-employ' welfare recipients, family composition and fertility, child achievement, and family consumption patterns.

US policy analysts and reviewers continue also to analyse, and sometimes dispute, the findings from the experimental studies of the waiver programmes that preceded the 1996 legislation. The findings from these random assignment studies are of particular significance as they influenced the shape of TANF reforms, the employment strategies subsequently implemented by individual states, and informed the approaches implemented in other countries, such as the Netherlands.<sup>10</sup>

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<sup>10</sup> Analysts point out that the waiver programmes differed in important ways from, and did not replicate all the features of, the 1996 legislation. Another issue is that while methodologically robust random assignment studies solely assess impacts on those enrolled on programmes compared with a parallel control group, they were not designed to identify the pre-entry or wider labour market effects of reform. Grogger and Karoly (2005) make the point that these other impacts may only be tested through what they describe as 'observational studies' based on analysis of administrative data, time series, and nationwide surveys.

### 4.3 The effects of work-related requirements on caseloads, employment and poverty

A number of national studies point to significant reductions in welfare caseloads that have been associated with the introduction of lone parent work-related requirements. In New Zealand, for example, the introduction of work-testing for lone parents with children aged over six coincided with an eight per cent decline in those claiming the Domestic Purposes Benefit (Inland Revenue Department, 2009, p.1). In Canada, radical changes in the social assistance system, that covered many poor lone parents, coincided with a decline in the caseload, which roughly halved between 1994 and 2003, and an increase in the lone parent employment rate, which grew from 59 per cent in 1996 to 68 per cent in 2001 (OECD, 2007a, p.90). In each of these countries micro and macro studies have explored the particular contribution of welfare reform to these trends, but it is the US changes that have been subject to more comprehensive assessment.

In the US, the number of families on welfare fell from a peak of 5.1 million in 1994 to under two million in 1999. The population subsequently declined more slowly to stand at just over 1.6 million in June 2008. This reduction varied between states, with some states experiencing drops of more than 80 per cent and others declines of less than 50 per cent (MacDougall *et. al.*, 2008). The percentage of poor children who were in families receiving cash welfare fell from 61.7 per cent in 1994 to 26.7 per cent in 2006 (GB, 2008, p.7-4). The single mother employment rate increased from 64 per cent in 1995 to a high point of 75.5 per cent in 2000; over the same period the child poverty rate<sup>11</sup> fell from 20.2 per cent to 15.6 per cent. Subsequently, the employment rate of single mothers and the child poverty rate, as measured using the US government definition, worsened, although national welfare caseloads continued to fall (Falk *et. al.*, 2005, p.3). There is evidence that applications for welfare, and caseloads, may be increasing in the context of the current severe US recession (Wolf, 2009).

Not all the impacts on employment and child poverty are attributed to welfare reform. In particular there was strong employment growth up to 2001 and the income of low income families with children, and of work incentives, was

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<sup>11</sup> The US child poverty rate includes the number of children in families which have incomes below the US poverty line. This is set at a comparatively low level and has been much criticised. The poverty measure was established in the 1960s on the basis of a 'food budget' with a family defined as poor if its income was less than three times a relevant 'food budget', adjusted for family composition. The poverty line has since only been increased in relation to prices. Among other things it does not reflect regional cost of living differences and does not include the effects of government transfers like tax credits, food stamps or housing subsidies (Shwalb and Wiseman, 2008, p.16 and p.17).

boosted by a major expansion of the Earned Income Tax Credit (EITC), and increases in the minimum wage, and availability of support services, such as childcare and medical cover.

US evaluators have sought to identify the particular contribution that TANF reform made to this reduction, relative to the effect of the other changes. They have sought to do so by analysing various national data sets seeking to isolate the impact of changes on seemingly welfare-eligible single mother households relative to comparison groups who are similar but who were not so directly affected by TANF reform, such as more educated or higher income single mothers, married women or women without children. As Blank (2007a) observes, the result is a 'difference-in-difference' approach that estimates the differences pre- and post-welfare reform and between the two groups. While this approach gives the analysis 'additional' explanatory power she points out that 'omitted variables', which are 'troublesome' for many such studies, '*prevent strong causal conclusions*' (2007a, p.21).

Despite the methodological reservations, analysts such as Besharov and Germanis (2003) for example, conclude that economic growth accounted for between 35 per cent and 45 per cent of the welfare caseload decline; tax credits explained between 20 per cent and 30 per cent; and welfare reform accounted for between 25 per cent and 35 per cent of the decline (cited by Midgely, 2008, p.31). Based on their analysis of TANF and AFDC administrative data between 1990 and 2003, Danielson and Klerman (2004) suggest that about 20 per cent of the decline in caseloads can be attributed to time limits and sanctions, about 25 per cent to the economy, and about a third to a 'residual policy bundle', including tax credits, with the remaining impact unexplained. In a detailed meta analysis of findings from experimental and observational studies, Grogger and Karoly (2005) found a central tendency suggesting that welfare reform caused about a 20 per cent decline in caseloads, and about a four per cent increase in employment in the period up to about 2002.

In a later review, Herbst summarises the findings from those studies which have attempted to dissect the relative contributions of welfare and the economy. Overall the studies '*explain between 57 per cent and 93 per cent of the rise in single mothers' work participation throughout the 1990s*' with the EITC responsible for about one-third of the change and the economy and welfare reform each responsible for another 25 per cent (2008, p.869).

The author is critical of an implicit assumption in many of these studies where '*policy reforms and the economy are viewed as independent or competing explanations, thereby neglecting the possibility that labor market conditions interact or facilitate public policy to influence employment outcomes*' (2008, p.867). Herbst, by contrast, exploits interstate policy and economic variations over time in his analysis of data from the 'Current Population Survey', collected between 1985 and 2004. His regression analysis suggests that elements of reform operate differently as economic conditions fluctuate, and he concludes that '*flexibility in the design*

*and implementation of policies is crucial'* (2008, p.867). The author's assessment of why welfare caseloads had not increased in the wake of the 2001 recession is relevant in current circumstances. He concludes that *'reforms that promote work and decrease welfare use not only magnify the impact of the economy when it is strong, but also soften its blow during contractions'*. One problem, in the US context at least, was that during the downturn 'single mothers' may be 'forced to remain in low wage jobs with little flexibility and reduced overtime pay in order to comply with work requirements and the threat of sanctions' (2008, p.891).

#### 4.4 Evidence on the destinations and circumstances of those leaving welfare

Greater insight into the circumstances of those lone parents who ceased claiming welfare in the US was gleaned from leavers' surveys undertaken after TANF implementation. These typically tracked the destination and circumstances of former recipients in particular states or localities. Most of the studies reported that TANF implementation resulted in many workless lone parents entering employment, but there were conflicting findings on the quality and duration of the employment gained, with the emergence of a significant group who left welfare but who were not engaged in employment (Midgely, 2008).

The quality and coverage of the early leavers' surveys varied. In the late 1990s HHS provided grants to 15 states and localities to conduct a series of leavers' studies using more consistent methods and data. A synthesis report of these studies, with leaver data ranging from 1996 to 2000, was published in 2001, with two of the authors refining the analysis in a subsequently published monograph (Acs *et. al.* 2001; Acs and Loprest, 2004). The same two authors subsequently published a more recent study for HHS but on this occasion analysed only national level data sets to discern what was known about leavers and the composition of the now much reduced TANF caseload (Acs and Loprest, 2007).

The first HHS sponsored leavers' surveys focused on employment outcomes, the characteristics of TANF leavers who were not working, and the well-being of TANF leaver families. Acs and Loprest (2004) sought to control statistically for differences in methodologies and external conditions when drawing conclusions. The findings from these studies indicated that when working, TANF leavers tended to earn above the federal minimum wage, but less than half of all working leavers received a full set of employment-related benefits such as paid sick leave, health insurance, and paid vacations. During the year after leaving TANF, 70 per cent had work at some time, 60 per cent tended to be working in any single week, and only 40 per cent had steady jobs throughout the year. About 20 per cent of TANF leavers returned to TANF within a year. Another ten per cent had no observable earnings but did not return to TANF. On average, leaver families had relatively low earnings, with 40 per cent to 50 per cent living below the official poverty level of income in the first year after leaving TANF.

National data on leavers indicated that in 2001, 46 per cent of those who were working were employed in the service sector, while 24 and 14 per cent were employed in retail trade and manufacturing, respectively (Acs and Loprest, 2004, p.38). A more detailed breakdown of some of the jobs obtained was given in an analysis of data from the US 'Survey of Program Dynamics'. Hisnanick and Walker (2003), in a study cited by Cowling (2004), estimated that the number of former public assistance recipients who worked in service sector occupations increased by 15 per cent or 140,000 between 1996 and 1999. Notable increases were observed in the proportion of welfare recipients employed as private household cleaners and servants (from 1.9 per cent in 1996 to 6.5 per cent in 1999), janitors and cleaners (3.5 to 10.4 per cent), cooks (1.2 to 14.3 per cent), and orderlies and attendants (eight to 18 per cent). These jobs were thought unlikely to offer work-related benefits and provided few transferable skills.

Other TANF leavers' surveys provide conflicting evidence about the relative weight of factors contributing to the reduction in caseloads. In an analysis of a panel study of women who had received TANF assistance in Louisiana, Lindhorst and Mancoske (2006) found similarities in the demographic characteristics of those that remained on welfare, those who had been sanctioned off or who had reached their time limits, and other voluntary TANF leavers. Where leavers differed was in the availability of local jobs, with voluntary leavers also less likely to have children under five, suggesting that it was structural factors, such as the availability of jobs or need for childcare, more than individual characteristics, that influenced how and why people left welfare. Other studies, such as that by Farrell *et. al.* (2008), found greater explanatory weight given by the personal characteristics, ethnicity and human capital deficits of those surveyed in explaining transitions out of TANF. The findings from this and related studies suggested that those least likely to leave welfare before their time limits were those who either had large families, lived in public or subsidised housing, lacked a high school diploma, were African-American, or experienced a combination of these factors.

An important point to emerge from this literature was the significance of decreased entry into welfare. It appears that many lone parents who might previously have claimed welfare chose not to when faced with a decline in income. The 'message' of welfare reform, combined with complex administrative processes, stronger work requirements and the reduced value of the benefit, acted as a disincentive. Conversely, the EITC, food stamps and a strong labour market made it possible to manage without resorting to welfare (Midgely, 2008, p.28).

In his review of the findings from leavers and other studies, Moffitt (2008) found that the increased earnings that women obtained after leaving welfare were either equal to the welfare benefits lost or somewhat less. A significant reason that family incomes rose modestly was because other family members, which might include other adults and older children, increased their earnings, and also because the families were able to secure benefits from programmes other than TANF, such as tax credits and disability benefits (Frogner *et. al.*, 2007).

Although the majority of TANF leavers have continued to secure employment, the nature of the jobs obtained and the intermittent work patterns many experienced had other consequences. In particular, they are unlikely to qualify for Unemployment Insurance (UI) – the other primary source of cash assistance for jobless people. A study of the interaction between TANF and UI in five of the largest states used administrative records to track cohorts of those who left TANF for employment in 1997, 2000 and 2001, covering over 556,000 individual cases. They found that only a small fraction received UI benefits. About 73 per cent of the leavers became unemployed within three years; 24 per cent of these applied for UI benefits, with 55 per cent of them receiving payments. O’Leary and Kline found that most TANF leavers were entering low paid and/or irregular employment, with only about ten per cent of TANF leavers receiving UI benefits (2008, p.xvi). Even when TANF leavers satisfied earnings qualification rules they were disproportionately affected by conditionality rules that disqualified those who left work voluntarily and rules which required that applicants be immediately available for and actively seeking work.

Moffitt (2008), in his critical review of the evidence from these and other US evaluation studies, seeks to summarise the accumulated findings concerning the impacts of welfare reform on caseloads, employment, earnings, family income and poverty in which he suggested ‘confidence’ could be placed. These are summarised in Table 4.1.

**Table 4.1 Effects of TANF US welfare reform**

Outcome	Findings
Caseload	<ol style="list-style-type: none"> <li>1 Most studies show that both pre-1996 and post-1996 reforms contributed to caseload decline, although the improved economy also contributed a significant effect.</li> <li>2 A large fraction, if not the majority, of the effect arose from decreased entry to the programme rather than increased exit.</li> <li>3 Those leaving welfare did so partly because of sanctions; those sanctioned were sometimes the more disadvantaged families rather than the more advantaged.</li> <li>4 Those leaving welfare often lost access to other benefits and services.</li> </ol>
Employment	<ol style="list-style-type: none"> <li>1 Most studies show positive net effects on employment rates.</li> <li>2 Women who left welfare had employment rates of approximately 60 per cent to 70 per cent.</li> <li>3 Employment rates of women on welfare rose from under ten per cent to over 30 per cent.</li> <li>4 Those who were not employed often had income from others in the family or from other transfer programmes.</li> <li>5 A high fraction worked full-time as well as part-time.</li> </ol> <p style="text-align: right;">continued</p>

**Table 4.1 Continued**

Outcome	Findings
Earnings	<ol style="list-style-type: none"> <li>1 Most studies show positive, if small, net effect on earnings.</li> <li>2 There were increased earnings from other household members in the families of women who left welfare.</li> <li>3 Hourly wage rates were above the official minimum wage.</li> <li>4 Variable evidence on whether wages grow with experience after leaving welfare.</li> </ol>
Family income and poverty	<ol style="list-style-type: none"> <li>1 Most studies show increases in average family income and declines in poverty rates.</li> <li>2 Women who left welfare had, on average, only small increases in income and declines in poverty. Those women who did not enter welfare experienced strong increases in income and declines in poverty.</li> <li>3 The incomes of women who left welfare increased marginally because the loss of benefits almost cancelled out the increase in earnings and increase in other household members' income.</li> <li>4 Some early studies showed a decline in income and increase in poverty among very low income single mother families; this effect was not found to show up in their consumption patterns.</li> </ol>

Source: Moffitt, R. (2008) *Welfare reform: the U.S. experience*, Discussion Paper No. 1334 08, Madison, Wisconsin: Institute for Research on Poverty. Adapted from Table 4, p.26.

## 4.5 Changes in the characteristics of TANF recipients and leavers

An important consequence of the declining welfare caseload is that there has been significant change in the composition of the remaining TANF welfare population. In 2006 the number of families headed by adult non-working recipients had fallen to about 825,000, accounting for just over 42 per cent of the caseload. There were also some 259,000 families with a working adult recipient, comprised of those either in the early months of a job or earning too little to become ineligible for cash welfare (GB, 2008, p.7-33). About 40 per cent of the caseload is now comprised of 'child only' cases where no adult is included in the calculation. In about half of these cases children live with a caretaker relative who has their own income, and in about 20 per cent of cases the adult is disabled and receiving a federal disability benefit, usually Supplemental Security Income (SSI). In other cases the adults in a household may be ineligible, either because they are being sanctioned or the parent is not a US citizen (HHS, 2006, p.vii).

After a decade of welfare reform, Blank suggested that the TANF population was now made up of three groups (2007b, p.185):<sup>12</sup>

- a Long- and short-term recipients working relatively steadily, especially in states with more generous earnings disregard rules.
- b Short-term non-working recipients who use TANF after some economic disruption in their lives, but then leave welfare relatively quickly.
- c Longer-term recipients who are not working or employed sporadically, estimated to make up between 40 per cent and 45 per cent of the caseload.

The remaining longer-term adult TANF population may now have more significant employment barriers. Studies show, for example, that at least one-third of TANF adults have disabilities, and one in four families on TANF include a child with 'an impairment' (Nadel *et. al.*, 2005; cited GB, 2008, p.7-45). Another study of the barriers reported by recipients in five states, commissioned by HHS, revealed that the most common barrier concerned mental health issues, reported by 30 per cent of recipients. Another 29 per cent reported having a child with a disability or special needs, and one in five adults had a physical health issue (GB, 2008, p.7-44). While some of these groups may be eligible for SSI, the eligibility, application and appeal process is complex. TANF is often claimed by customers who then move onto SSI, while being the only support available for those whose disability is not permanent or severe enough for them to qualify for SSI.

In their 2007 study, Acs and Loprest utilised the three relevant national US data sets to consider how the composition of the TANF caseload and welfare leavers had changed, comparing the 2005 cohort with those of five and ten years earlier. In all periods, significant proportions of TANF recipients had serious barriers to work and the prevalence of such barriers was generally higher among recipients than leavers. There were limitations in the barriers that could be measured through the data,<sup>13</sup> but the analysis indicated that over time the proportion of heads of families with self-reported 'work-limiting' health problems and those who had not completed high school had increased (from 22 per cent to 30 per cent, and 39 per cent to 43 per cent respectively: Acs and Loprest, 2007, p.vi).

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<sup>12</sup> There are a significant group – about 14 per cent nationally – who are in state-funded special programmes that do not draw on TANF resources and which usually provide minimal support for those who do not qualify for TANF or who have reached their time limits. About 30 states run such programmes, with the largest numbers in California and New York.

<sup>13</sup> The data sources did not contain, for example, information on mental health, substance abuse, domestic violence, learning difficulties or criminal records that other 'location-based' studies of welfare reform had reported were characteristic of a significant proportion of TANF caseloads (Acs and Loprest, 2007, p.vi).

While the employment and income of leavers increased in the first five years, employment had declined and income 'stagnated' after 2001. Acs and Loprest found, however, that there had been '*relatively little analysis of employment changes in the later years*' (2007, p.vii). They 'suspected' that the change was due more to labour market conditions than to the composition of TANF recipients.

The proportion of families experiencing 'deep poverty', that is, having incomes below 50 per cent of the US poverty line, declined in the early period but in the later period there was significant change. While deep poverty among recipients remained stable or grew slightly in the later period, two of the data sets showed a significant increase in the proportion of leavers experiencing 'deep poverty', increasing from about a quarter to about one-third of leavers by 2005. The report suggested this was consistent with the fact that families who left welfare and lost jobs were finding it more difficult to find new jobs in a tightening economy. It also reflected that a higher proportion of less employable recipients were leaving welfare due to not meeting work requirements or exhausting their time limits (Acs and Loprest, 2007, p.vii, p.x, p.86).

The 'National Survey of America's Families',<sup>14</sup> reported that most leavers had exited for employment in 1997, but this declined to 56 per cent in 2002 (Acs and Loprest, 2007, Table 14). The survey revealed some increase in the numbers leaving due to other additional income or assets (4.8 per cent to 7.5 per cent) or because of time limits (0.5 per cent to 4.7 per cent) and a slight decline in those who 'did not follow programme rules' (6.7 per cent to 6.4 per cent). The most significant change involved, however, a marked increase, from 8.6 per cent to 17 per cent, of those leavers who said they 'did not want or need benefits', were 'not interested' or it was 'too much hassle'. It was not clear to what extent such families were being deterred from claiming assistance that they needed or the extent to which they may have simply decided they did not need the support available. Acs and Loprest reviewed other studies as well and suggested that one 'potential' factor for this change was increased work requirements being placed on recipients over time (2007, p.xiii).

#### 4.6 'Disconnected' families

One striking development in the US has been a sharp increase in the number of 'disconnected' families. Acs and Loprest (2007) found that in the latest data they reviewed about 20 per cent of leavers were now 'disconnected', that is, they were not working, were without a working spouse and had no cash assistance. These individuals were more disadvantaged than other leavers, according to the limited measures in the data reviewed.

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<sup>14</sup> The survey was undertaken by the Urban Institute as part of its 'New Federalism' project and was conducted in three rounds – 1997, 1999, and 2002 – with the final phone survey collecting information on more than 40,000 families.

Results from a survey of New Jersey TANF leavers, which tracked annually the progress of a representative state-wide sample of 2,000 welfare recipients who received cash assistance in 1997 and 1998, found that such disconnected families usually lived on an income of less than half the official poverty line, with 70 per cent sometimes or often worrying that their food would run out. The report indicated that these families rely on 'fragile income packages', including informal support from families and friends, shared accommodation with other poor families, child support payments, food stamps, and relief agencies and low paid informal jobs.

In a more recent analysis of the Current Population Survey, Blank reports that on the most restricted definition measured – the mother has no welfare or work income reported in the previous year – the proportion of disconnected families increased from ten per cent in 1990 to 19.6 per cent in 2004 when it included 1.35 million lone mothers (2007b, Table 1, p.186).

Turner *et al.*'s (2006) analysis of panel data from the Women's Employment Survey distinguished between what they called 'temporary' and 'chronic', or long-term, disconnection. Over the course of the panel, between 1997 and 2003, they found that chronically disconnected women experienced multiple spells of being without work and welfare that lasted on average for 12 months.

A new development is that, whereas in the early years of TANF reform parents were more likely to make the transition to being 'disconnected' directly from the welfare system, reflecting the 'push effect' of reform, more recent studies report that they were more likely to enter this status directly from employment. Turner *et al.* (2006) found that an inability to retain employment, rather than a loss of cash assistance due to sanctions or other case closings, was the most likely trigger to becoming disconnected. Blank and Kovak (2007) report, from their analysis of federal administrative data, that 58.5 per cent of spells of single mothers being 'disconnected' were triggered by job loss. This development reflected a number of factors, including the poor coverage of UI, the exhaustion of TANF benefit entitlement, the administrative barriers that exist to claiming benefits in many states, and the perceived 'hassle' of claiming relative to the benefits that might be paid.

Many of those within the disconnected population have multiple barriers to work which they share with some of the non-working longer-term TANF recipients. The evolving US research literature on these families reveals that many of these lone parents have less education and more learning disabilities; are likely to have past or current problems with substance abuse; have higher rates of depression and other forms of mental illness; have younger children or larger families, or both; are more likely to experience or have experienced domestic violence; and many live in 'central cities' where welfare caseloads have decreased less than in other parts of the country (Blank, 2007b; Acs and Loprest, 2007).

## 4.7 Sanctions and time limits

Two of the factors contributing to the increase in disconnected families in the US include the effect of time limits, especially in those states with no special benefits for those who exhaust federal TANF entitlement, and the cumulative impact of sanctions, that have become more stringent over time (Kauff *et. al.*, 2008).

Evidence on time limits suggests that about 25,000 families had hit their time limit by early 2002, and since then about 3,000 families have exhausted their entitlement each year. Moffitt (2008) points out that these are relatively small numbers compared with the size of the caseload. His interpretation of the evidence is that fewer lone parents than anticipated reached their time limits because they left welfare, were 'sanctioned out', and have since relied on TANF intermittently, if at all. States have also used exemptions to allow the most disadvantaged families to continue on TANF. Another factor is that some lone parents may have left welfare in anticipation of reaching their time limit. A study of those whose cases were closed because of time limits found evidence that it prompted some to get work, although others became disconnected. While many were experiencing financial hardship, they were 'no worse' than those experienced by other leavers, and not as bad as those experienced by the recipients who had been sanctioned out of the system (Farrell *et. al.*, 2008).

In the US, states are required to run 'mandatory' work and job preparation programmes, setting participation requirements (see Table 5.1 for further detail of work requirements) and sanctioning families (reducing or ending benefits) of those that do not comply with them. In addition, states are allowed to exempt up to 20 per cent of their caseload from time limits and work requirements. In 2006, a monthly average of 5.3 per cent of those receiving TANF were reported as being under sanction, and in that year about 160,000 families lost their entitlement through sanctions (GB, 2008, p.7-78). Data from TANF leavers' surveys suggests that between 10 per cent and 20 per cent of those surveyed had experienced sanctions, although as some were partial sanctions this had not ended their entitlement (Moffitt, 2008, p.21). Other studies report higher sanction rates. The variations reflect different methodologies with official studies typically reporting sanction rates as a proportion of the current caseload, while other studies focus on the experience of particular cohorts of entrants over time. Pavetti *et. al.* (2003) cite, for example, one cohort study which found that over the study period over half the clients had experienced a sanction for work-related issues, with 60 per cent experiencing a sanction for all reasons.

There are also marked variations between states, with the District of Columbia having an official sanction rate of almost 20 per cent, whereas Ohio had a reported sanction rate of less than one per cent (GB, 2008, p.7-78 and 7-79). This reflects variation in the objectives and implementation of sanction regimes, with some states using sanctions to speedily remove people from entitlement while others emphasise the use of sanctions to drive behavioural change supplementing their use with more or less intensive 're-engagement services'.

In a review of the literature on sanctions, Pavetti *et. al.* (2003) found that those sanctioned were more likely to be African-American, younger and less likely to have completed high school, and twice as likely as non-sanctioned clients not to have worked in the past three years. Those sanctioned were also more likely to experience hardship and report borrowing money, falling behind in payments, not having enough food or being disconnected from a utility. Blank (2007a, p27) suggests that the most disadvantaged are more likely to be sanctioned because they '*face barriers to participating in welfare to work programs, just as they face barriers to working steadily*'. Another explanatory factor is that because the most disadvantaged are likely to remain on TANF longer, this increases the period of time during which they might fail to comply (Hamilton, 2002).

US studies note that it has not been possible to evaluate an important dimension of increased conditionality, which concerns the impact that sanctions might have on the behaviour of those not sanctioned. Many recipients might have left welfare in response to partial sanctions or in anticipation of being sanctioned.

Studies of welfare sanction dynamics showed that most parents were sanctioned only once, although about 20 per cent would experience more than one sanction and these were likely to be the most disadvantaged. About half of those sanctioned 'cured' the breach, that is, returned to compliance, and had their benefit reinstated. Some of those who did not return obtained employment; others could not be tracked through the administrative data commonly used in these studies.

Lindhorst and Mancoske (2006) question whether sanctions and time limits were acting as an incentive to find work. In their study of Louisiana TANF leavers they found that only a minority of women who had left 'involuntarily' were working, and that the policies did not appear to be increasing workforce participation. They also found that the destinations for most of those leavers who got jobs were in unstable, low-paying employment that was not significantly improving the economic circumstances of the families involved.

There is no US experimental evidence on the impact of different sanction regimes, but some studies exploit inter-state variations and report that those states with more stringent regimes had greater welfare and employment exits and larger caseload declines, although '*most offer little insight into how the changes occur*' (Pavetti *et. al.*, 2003, p.19). Kauff *et. al.* (2007) also found that the highest work participation rates occurred where more stringent full-family sanctions were operating, although they suggest this reflected the fact that fewer exempt participants in these states were on the caseload.

The evidence from the earlier experimental studies did report that localities that had 'high enforcement' and communicated rules and expectations effectively were able to secure higher work participation rates (Hamilton, 2002). The TANF evidence review found, however, that the quality of communication varied and that many of the parents who were sanctioned did not understand the requirements. It seemed that most parents understood that they might lose their benefits if they did not do

what was expected of them, *'but rarely understood what they would lose and for how long'* and were unclear about how they might return to compliance (Pavetti *et. al.*, 2003, p.21). Poor communication limited the effectiveness of sanctions as a tool for behavioural change. These problems were exacerbated by another finding in the literature which concerned variation in how sanctions were implemented within states, and even by different case managers in the same offices.

Pavetti *et. al.* concluded that the study of welfare sanctions was *'in its infancy'*. They suggested that cohort studies provide *'a more reliable picture of the extent to which sanctions are imposed'* and recommended that administrative and survey data be used to help identify those *'at risk'* of being sanctioned who could be made the focus of early intervention strategies (2003, p.22). They also suggested that more rigorous study of local variations in implementation was needed, especially in how the *'message'* of welfare reform and the purpose and consequences of sanctions were communicated.

A recent review of how sanction regimes had changed since 2005 examined policy and practice in eight sites in seven states, selected purposively to maximise variation along key policy and programme dimensions (Kauff *et. al.*, 2007). The study found that in most of the case study areas, sanctions policies had become more *'stringent'* but there had also been changes in re-engagement policies to encourage clients to be compliant. Some states attempted to re-engage non-compliant clients once a sanction had been announced, but before it had been implemented, in a formal process that involved problem-solving sessions with staff. To reduce the number of clients in sanction status, some sites continued to work with clients to identify and address the causes of their non-participation and to encourage participation in work-related activities. This took the form of outreach and group information sessions; activities to identify barriers to work and overcome them; immediate temporary job placement; job preparation and work support services. Some states opted to revise their sanction processes altogether to improve efficiency and raise participation rates. This included employing specialised staff to impose sanctions and construct re-engagement plans. Unfortunately, little is known about the relative effect of these different strategies, with the report recommending that HHS undertake experimental evaluations to test the effectiveness of emerging local strategies.

#### 4.8 US welfare reform, child well-being and family formation

US policy makers and evaluators have been concerned to understand the impacts of welfare reform on another set of outcomes, including effects on family formation, marriage, fertility, fatherhood, and child well-being. This section considers briefly the literature on child well-being.

The child well-being studies provide a varied assessment of the effects of welfare reform, with evidence of both positive and negative effects depending on the methodologies used, the indicators selected, the age of the children, the requirements of the programme, the circumstances of lone parents, and the nature of the employment obtained.

In a review of experimental studies of welfare reform and children Zaslow *et. al.* (2002) found that for pre-schoolers under five the evidence showed few significant effects on cognitive development or health. There were some positive associations where childcare subsidies enabled parents to place children in high-quality school or centre-based childcare programmes and these improvements were strongest in those programmes that provided earnings supplements. In the programmes that required participation without supplementing earnings there was a negative effect on some aspects of child health.

A detailed study of child outcomes in five states that were undertaking waiver evaluations found little evidence that the programmes resulted in widespread harm or benefit to young school-age children (those between the ages of 5 and 12 at the time of the study). Overall, impacts for these children were relatively few in number (given the number of measures examined) and small in size. The programmes studied were more likely to have statistically significant impacts on targeted outcomes for adults – employment, earnings, welfare receipt, and income – than on other outcomes for adults, on children's lives, or on children's functioning (Gennetian *et. al.*, 2004, p.4).

Waldfogel cites more recent US research, not then published, that found no effects on 6 to 9-year-olds but an adverse impact on the school performance of 10 to 11-year-olds. She suggests the effects may reflect difficulties associated with making the transition from elementary to middle school, as well as demands placed upon the children to assist with childcare or other household tasks (2007, p.19).

The 'worrying' findings from the experimental studies concerned adolescents. Gennetian *et. al.* (2002) looked specifically at the impact on teenage children. They used meta-analytic techniques to integrate survey data collected from parents in eight MDRC experimental studies of 16 different welfare programmes, focusing on children aged 12 to 18 when the surveys were conducted. It also drew on ethnographic case studies to 'flesh out' the quantitative findings.

The review found that, when asked about their adolescent children, parents in the programmes reported worse school performance, a higher rate of grade repetition, and more use of special educational services than did control group parents. On average, the programmes did not, however, affect the proportion of adolescents who dropped out of, were suspended from, or completed school. There were likewise no overall differences between the programme and control groups in the proportion of adolescents who had children. Adolescents with younger siblings were, however, more likely than their control group counterparts

to be suspended or expelled from, and to drop out of, school. Programme group adolescents without younger siblings were more likely than their control group counterparts to participate in out-of-school activities and experienced few effects on school outcomes (Gennetian *et. al.*, 2002, p.iii).

These findings were similar to those in another study where analysable data was collected from four experimental programmes. This reported that where there were impacts on adolescents' school performance (for whom a more limited number of measures were collected), 'they were primarily negative' (Gennetian *et. al.*, 2004, p.5). It seemed likely that two factors were at work. One issue may have been a reduction in parental supervision, with teenagers exposed to more risk-taking behaviour. The other may involve adolescents having to take on more care responsibilities in relation to younger siblings. By contrast, another study, cited by Waldfogel (2007), found that adolescents whose mothers moved from welfare to work reported improved mental health and that the families made substantial income gains without reducing time together.

A study on the effects of welfare reform on teenage mothers analysed cohort data from the 1979 and 1997 National Longitudinal Surveys of Youth (Kaestner *et. al.*, 2003). It compared welfare use, fertility rates, educational attainment, and marriage rates among teenage women in the years before immediately and following welfare reform. 'Difference-in-differences' estimates suggested that welfare reform had been associated with reduced welfare receipt, reduced fertility, reduced marriage, and lower school drop-out among young women who, because of a disadvantaged family background, were at high risk of welfare receipt (relative to those at lower risk). The analysis found also that in the post-welfare reform era, teenage mothers were less likely to receive welfare and more likely to live with a spouse or to live with at least one parent than in the pre-reform era. The authors suggested further research was needed to establish if welfare reform was 'definitively' responsible for the changes found.

There is conflicting evidence about how the specific attributes of the employment of the lone parent might affect child outcomes. Blank (2007a) cites one study that found that only lengthy travel to work times appeared to have negative effects on child behaviour (Dunifon *et. al.*, 2005). She also cites Chase-Lansdal *et. al.* (2003) who found that mothers' transition off welfare and into employment had no effect on younger children's cognitive achievement, with some positive effects among adolescents. Levine (2007), analysing longitudinal data from the 'Three-City Study',<sup>15</sup> found mothers' movement into stable full-time employment was connected to substantial income gains as well as improved 'maternal functioning'.

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<sup>15</sup> The 'Three-City Study' involved an intensive evaluation in Boston, Chicago, and San Antonio to assess the well-being of 2,400 low income children and their families in the post-welfare reform era. The studies began in 1999 and comprised three interrelated components: longitudinal surveys conducted in 1999, 2001 and 2005; embedded developmental studies, undertaken in 1999 and 2001; and ethnographic work with over 200 families.

The study also found negative effects on child well-being associated with families who move onto welfare with increased delinquency and problem behaviour reported for adolescents.

The quality, timing and intensity of employment seem important. In an analysis of data from the Michigan Women's Employment Survey,<sup>16</sup> evaluators analysed the connection between poor mothers' employment experiences and the emotional well-being and academic progress of their children. They used a number of approaches, including 'hierarchical random effect models', 'child fixed effect models' and 'instrumental variable models', all of which showed similar 'robust linkages' (Kalil, 2008):

- a Children exhibited fewer behaviour problems when their mothers worked and experienced job stability (relative to children whose mothers did not work).
- b Maternal work accompanied by job instability was associated with significantly higher child behavioural problems (relative to job stability).
- c Children whose mothers worked full-time and/or had fluctuating levels of working hours or irregular schedules also exhibited significantly higher levels of behavioural problems.
- d Full-time work had negative consequences for children only when it was in jobs that offered limited potential for wage growth (that is, jobs that did not require reading/writing and computer skills).
- e Fluctuating levels of working hours were strongly associated with the probability that a child would repeat a grade or be placed in special education.

The survey collected only limited information on children's care arrangements, family routines and activities when the mother was working, so could not explain the nature of the associations between employment and child well-being.

#### 4.9 Work first, human capital development, and mixed programme strategies

A particular subset of US welfare reform studies has sought to identify the relative effectiveness of interventions aimed at assisting recipients to obtain and retain employment. Similar studies have been undertaken in other countries (see, for example the New Zealand studies by Aimer, 2003; Johri *et. al.*, 2004; CSRE, 2007). The most robust impact evidence is from US experimental evaluations. The state programmes evaluated operated between 1985 and 1999. They sought to test the impacts of programmes that were strongly employment focused and stressed rapid labour market attachment, commonly referred to as 'work first'; or emphasised investment in human capital through the acquisition of basic

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<sup>16</sup> The survey involved face-to-face interviews with a representative sample of 773 Michigan TANF recipients over five waves between 1997 and 2003.

education and skills prior to job placement. Others implemented a more flexible 'mixed strategy' allowing staff and participants more choice in activities. All the strategies increased lone parents' work and reduced welfare receipt compared with what would have happened in the absence of the programmes (Gueron and Hamilton, 2002; Michalopoulos, 2004).

The simple 'work first' message drawn by some policy makers from the experimental studies did not, however, reflect the more nuanced findings of the evaluators. The findings from the 'National Evaluation of Welfare to Work Strategies' (NEWWS)<sup>17</sup>, for example, tested outcomes from 11 sites that either adopted a work first, a human capital or a mixed approach over a five-year period. Although all the programmes increased lone parent employment and earnings compared with control groups, and recouped more in benefit savings than they cost, the impacts of the different approaches varied significantly. Work first programmes sped up the entry of welfare recipients into the labour market, but many of the jobs obtained were low paid and did not last. The human capital approach also '*did not produce additional long-run economic benefits*' compared with the work first approach (Hamilton, 2002, p.29).

The most successful strategy was the 'mixed approach', especially the one implemented in Portland, Oregon. This 'hybrid' increased average five-year earnings by 25 per cent and the average number of quarters employed by 21 per cent, and also increased stable employment and earnings growth more than any of the other ten programmes (Hamilton, 2002, p.35). In the Portland example, case managers were allowed to use their judgement of participants to assign them to different initial activities, including education and training for a significant minority. While employment-focused, the programme had encouraged participants to 'hold out' for a job that paid more than the minimum wage and offered a good chance of stable employment. A distinctive feature was that Portland partnered with the community college system to design and implement courses and provide case management for participants (Gueron and Hamilton, 2002).

Within the US and other countries, there continues to be debate over the relative efficacy of work first strategies or those that stress more intensive training. Barnow and Gubits (2002), for example, reviewed a large number of studies of welfare-to-work programme outcomes and found that longer-term, intensive training strategies appeared to be considerably more effective than short-term work first strategies. By contrast, in a meta analysis of 27 experimental evaluations of 116 welfare-to-work programmes, Greenberg *et. al.* (2005) found that sanctions and

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<sup>17</sup> The NEWWS evaluation was led by MDRC and integrated the results from randomised evaluations covering 7 sites and 11 programmes in 6 states, accumulating a wealth of data on more than 40,000 lone parent families collected over a five-year follow-up period. NEWWS used a random assignment research design to estimate the effects of the studied programmes. Welfare recipients were randomly assigned to one of two or three research groups, depending on the site (Hamilton, 2002, p.9).

jobsearch had persistent positive impacts on labour market outcomes. Conversely, activities intended to improve 'human capital', such as basic education, vocational training, and work experience, had marginal or negative impacts. Their regression analysis of longer-term data found that the impacts of welfare-to-work programmes were more marked in stronger labour markets and the effects '*typically linger for between five and seven years, but begin to decline after two to three years*' (Greenberg *et. al.*, 2005, p.90).

In a more recent study, Dyke *et. al.* (2006) analysed administrative data on welfare recipients who entered welfare-to-work programmes in Missouri and North Carolina respectively, in one quarter in 1997 and one quarter in 1999. They followed each cohort for up to four years. Unlike earlier studies, which failed to differentiate the type of services received by clients, the researchers were able to divide the type of training received into three categories. This included those who went through an assessment but received no other training; those who participated in job readiness or jobsearch activities; and those who received more intensive training, including basic education and longer-term vocational skills training. It is worth noting that the median duration in 'intensive training' was less than ten weeks, except for a small cohort who entered 'post secondary education'.

With comprehensive information on the types of services provided, the timing of participation, and subsequent earnings data, the researchers used propensity score matching to assess the average and cumulative effects of the different types of programme activities. The results, 'taken as a whole', indicated that '*short term jobsearch/readiness programs have minimal long-term impacts*'. In contrast, they found that '*the longer-term intensive training programs initially have substantial negative effects, but these effects turn positive within two years of program participation and appear to persist*' (Dyke *et. al.*, 2006, p.601). These results were similar to those derived by Hotz *et. al.* (2006) from a re-evaluation of MDRC experimental data on the impacts of the Greater Awareness for Independence (GAIN) programme in California.<sup>18</sup> This study found that, relative to those receiving jobsearch services, individuals receiving more intensive training experienced rising earnings in the period after completing the programme which, in the long run, provided greater benefits than short-term jobsearch programmes.

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<sup>18</sup> The GAIN programme operated in Riverside County in the late 1980s and was the subject of an MDRC experimental evaluation. The employment and other impacts were among the highest achieved. As with the experiment in Portland, Oregon, it was classified by MDRC as an employment-focused, 'mixed strategy' programme which stressed the importance of finding jobs and strictly enforced participation requirements. GAIN was widely cited as an exemplar 'work first' programme. Local evaluators have challenged the conclusions drawn by MDRC, arguing that the wider reduction in education and training opportunities that followed the evaluation has made it more difficult for welfare leavers to get jobs that lift them out of poverty (Flaming *et. al.*, 2002).

Dyke *et. al.* (2006) concluded that on the basis of their evidence, administrators should place more emphasis on programmes designed to enhance participants' general human capital. They stressed that the returns on 'human capital investments', within welfare and other programmes, inevitably take longer to emerge and that, in order to judge their effectiveness, participants must be followed for an extended period: at least five years after programme involvement.

Overall the evidence suggests that skill-building activities are an important component of effective strategies. The key issue, as MDRC evaluators emphasise, is 'balance' and designing strategies that emphasise employment but which use targeted work-focused short-term education and training courses linked to employment opportunities (Gueron and Hamilton, 2002).

#### 4.10 Employment retention and progression

The relative merits of work first and human capital strategies continue to be disputed but there is wider agreement in the US that, while welfare reform has been relatively successful in getting a significant proportion of leavers into jobs, it has been less effective in helping many leavers retain jobs or make wage or career progression (Falk *et. al.*, 2005). Moffit (2008) suggests that this is because the type of work that many leavers enter tends to be low-skilled and involves little human capital and training content that would lead to increased earnings. Such concerns have been shared in other countries where many lone parents assisted into employment have found it harder than other groups both to retain employment and make progression. These findings have led to increased interest in job retention and advancement services.

Studies of job retention suggest that good quality jobs were more likely to be retained by those who obtained them. Yeo (2007) reviewed studies from six countries and reported that the findings indicated that those who are closest to the labour market are more likely to enter stable employment quickly, but those further from the labour market are more likely to enter low paid and part-time employment with fewer prospects of advancement. Analysis of experimental data from the US and Canada also found that disadvantaged lone parents were less likely to secure stable employment than the least disadvantaged (Michalopoulos, 2004).

Yeo (2007) investigated evidence on policies that supported employment retention and concluded that mixed strategies were required, providing support for both the lone parent and the employer. The four policy instruments identified as promoting retention in work for lone parents were: financial incentives and support; case-management; development of work skills; and employer-focused strategies. Yeo concluded that case management and work skills development were two strands of policy that could be strengthened in the United Kingdom (UK). Elements of this approach are being tested through the linked Employment, Retention and Advancement (ERA) policies currently being evaluated in both the UK and US.

In the UK the aim of ERA will be to assess whether, after 33 months or longer, ERA participants have spent longer in paid work, on average, and had better pay and conditions compared with their circumstances had ERA not been available to them.

#### 4.11 Programmes for the hard-to-employ

The review found some assessments, but little formal evaluation, of the services available for those 'hard-to-employ' parents who fare less well in securing employment. Many US states, and other countries, have implemented specific 'barrier reduction' programmes that might include special services for clients with learning disabilities, substance abuse and mental health issues, and counselling and social work interventions to address family violence and other problems (Loprest *et. al.*, 2007). Such provision is particularly important for groups who need to stabilise their circumstances as part of their involvement in or progression to 'work first' programmes. Some states have developed new employment programmes often targeted at such groups, such as 'transitional jobs', which provide temporary supported employment paying wages, with jobsearch assistance and additional services (Finn and Simmonds, 2003). Four of the most 'promising' programmes targeted at the 'hard-to-employ' are currently subject to an experimental evaluation being undertaken by MDRC (Bloom *et. al.*, 2007).

#### 4.12 Implementation issues

Many studies of welfare reform in the US and other countries acknowledge the significance of implementation issues and the role that local delivery might play in explaining variations in the impact of lone parent work-related requirements (Bloom *et. al.*, 2003). Studies highlight the important role played by case managers and other front-line staff in both communicating requirements to lone parents and assisting clients with jobsearch, as well as support accessing services they might need, for example childcare, in-work benefits, and training. Some qualitative studies have sought to explore variations in the availability of such services and in the commitment of front-line staff to communicate and impose requirements. There have, however, been few rigorous studies of the implementation process exploring how policy reforms are translated into practice through performance and/or contract regimes, and mediated through the local strategies and informal work cultures at different delivery sites.

Perhaps the most important policy research to consider such issues has developed from Lipsky's (1980) work on 'street level bureaucrats'. Such studies have identified the importance of 'implementation gaps' that arise from poor policy design or from 'bottom up' pressures within the organisational culture of front-line officials and their greater resistance to change than that of formal structures. These studies analyse the significance of informal 'bureaucratic discretion' and the front-line coping strategies developed to manage the mismatch between the demand for services and the capacity to deliver them and, in the context of welfare reform,

manage the tension between enabling clients to access benefits while ensuring they meet mandatory jobsearch requirements. There have been several such state-based implementation studies in the wake of US welfare reform, whereas few such qualitative studies have been undertaken into welfare reform processes in Europe (Handler, 2004).

Riccucci (2005), for example, analysed the delivery of welfare reform in three front-line offices in Michigan. The state had a centrally prescribed work first model that gave very little formal discretion to local offices in how they ran their programmes. In a two-step analysis of her data, including analysis of variance techniques, Riccucci found that the 'street-level bureaucrats' in the welfare offices did not see their own priorities in the context of the formal 'work first' objectives of the state, with variations between the local offices in the priority given to imposing work requirements and sanctions. A common finding in studies such as these is that it is both the formal and informal lower-level routines developed by front-line officials that create policy at the point of delivery and that informal bureaucratic discretion remains a powerful factor in explaining the impact of policy change and the quality of services received by clients (Lennon and Corbett, 2003).

#### 4.13 Conclusion

The studies reviewed in this chapter consider mainly the impact of lone parent work-related requirements and related services in the US. This evidence suggests that the changes introduced in 1996, and the preceding welfare-to-work reforms, contributed to increased lone parent employment rates and a reduction in child poverty, albeit other factors, including the availability of tax credits and an expanding labour market, were also responsible. These impacts were greater in the period up to 2001 but the rate of improvement dissipated as labour market conditions changed.

Following the rapid reduction in caseloads the characteristics of those parents using the system changed. The caseload now includes a higher proportion of longer-term recipients who are not working or who are employed sporadically, alongside a smaller group of parents who use the system for a short period as they manage a change in their circumstances.

The evidence suggests that the lone parents who fared better from US welfare reform were those who were more employable, especially if they were able to make the transition to better quality and more stable employment. Among the groups who fared less well were: those with limited skills and employment experience, who usually entered low paid work and remained in poverty; those who were unable to retain employment; and those who were least employable, especially those who had significant and/or multiple barriers to employment. There has also been an increase in the population of disconnected families, many of whom are in deep poverty, and evidence that some of this increase reflects administrative barriers, an inability to meet work-related requirements, and high sanction rates.

Evidence on the most effective combination of work-related requirements and services is mixed. Different approaches and sequences of support may be needed for the diverse groups who comprise the lone-parent population. The cumulative evidence from the studies reviewed, including experimental evaluations, points to the effectiveness of a strong employment-focused 'message' delivered through well trained case managers with the flexibility to tailor employment assistance and support services, including work-focused education and training, to meet the needs of individual lone parents. This basic model requires supplementary specialist provision for lone parents who are harder to help or engage, who may need a different approach to tackling their barriers and a different pattern of employment assistance to enable them to enter employment. Engagement with such services may be secured through clear communication of requirements, reinforced by varying sanctions, although care must be taken to ensure that such families do not become 'disconnected' from the services they, and their children, need.

## 5 Lone parent work-related requirements in the US, Australia, Sweden and the Netherlands

This chapter comprises case studies of the design and implementation of lone parent work-related requirements in four countries. The countries have been selected purposively because each offered aspects of policy and practice relevant to the extension of lone parent obligations in Great Britain (GB). Each case study considers the welfare reform policies, benefit eligibility rules and employment assistance programmes that affect lone parents, and briefly reviews further evaluation evidence about the impact of recent changes. It should be noted that some of the policies discussed in this section are targeted at lone parents specifically, while others are part of wider welfare reform affecting lone parents as well as other groups.

The assessment of the **United States** (US) lone parent income support system provides a context for the studies reviewed in the previous chapter. The case studies of New York City (NYC) and Oregon provide greater detail of the different ways in which employment-focused reforms have been implemented in two contrasting localities. NYC was selected because of its comparative relevance to London; in that prior to welfare reform the city had a disproportionately high level of lone parent families on welfare and, relative to comparable US cities, a much lower level of workforce participation. These differences were reduced significantly after the reform of its welfare system. Oregon was chosen to explore the extent to which the successful 'Portland' model of welfare-to-work reform had been extended to the rest of the state after Temporary Assistance for Needy Families (TANF) reform and how the system had changed over time.

**Australia**, by contrast, only introduced lone parent work-related requirements in 2006, offering insights into issues that arise in the early phase of such reforms in an institutional and cultural context that has perceived similarities with GB.

The two European case studies offered other contrasts. In the **Netherlands** lone parent work-related requirements were first implemented in 1996 and have been amended since, but with little discernible impact on the lone parent employment rate, which is similar to that in the United Kingdom (UK) and below the Organisations for Economic Co-operation and Development (OECD) average (see Figure 2.1). This case study provides useful insights into the factors that have contributed to this outcome.

In **Sweden**, by contrast, the lone parent employment rate is high and work-related requirements are long standing, supported by generous social welfare arrangements and 'family friendly' employment and childcare policies.

While the four countries provide useful comparators for GB, they have distinctive labour markets, governance arrangements and welfare systems. These factors are important in understanding the context in which lone parent employment obligations are implemented and the effects they have. Sweden, for example, has high-quality public sector childcare provision with low direct charges for parents. The other countries have more fragmented childcare systems that involve direct subsidies or tax credits for parents, with much formal provision delivered through fee-charging private and voluntary sector providers.

The case study countries also have different approaches to tackling child poverty. In GB, for example, increased cash transfers to poor families have not all been conditional on employment, whereas in the US the only families that saw benefit increases were those who moved from welfare to work. An important consequence has been that while there has been a sizeable reduction in child poverty in both countries, *'the reduction in child poverty in the US has been less'* (Waldfoegel, 2007, p.iii). Another consequence is that in the US more of the increase in family income has been absorbed by work-related expenses rather than being spent on children.

## 5.1 Welfare reform and lone parent work-related requirements in the US

In the US the number of lone-parent households increased significantly from the 1960s, as did the proportion of those who were claiming Aid for Families with Dependent Children (AFDC). Federal work requirements were first introduced for most adult AFDC recipients in 1967, but were weakly implemented. The 1988 Family Support Act created a clearer 'mutual obligation' in the system and required states to enrol eligible adults whose youngest child was three years of age. The legislation created the Job Opportunities and Basic Skills programme that was to provide work, education, and training for welfare recipients. The legislation proved difficult to administer and implement.

From the early 1990s, individual states were able to apply for 'waivers' from the more centrally prescribed federal AFDC system and this initiated a period of state-led experimentation and reform. These waiver reforms were varied but most had in common a dual focus on reducing welfare use and increasing employment,

and again were not just targeted at lone parents. Education and training were generally made ineligible and the rules stipulated that only outcomes in private sector jobs counted. Often an initial period of jobsearch was required to be followed by actual work, in community or public sector 'workfare' slots. These requirements were reinforced by a more intensely implemented sanctions regime. Some states also imposed time limits on benefit entitlement. The number of such waiver experiments increased and their relative success was a key factor leading to the passage of the 'Personal Responsibility and Work Opportunity Reconciliation Act' (1996) that aimed to 'end welfare as we know it'.<sup>19</sup>

### 5.1.1 TANF and work requirements

The 1996 legislation, implemented in all states by 1998, replaced AFDC with a new time limited and work-focused programme, TANF. Individual eligibility for TANF cash support is federally limited to five years' although states have the discretion to impose shorter time limits', with ten now ending entitlement after two years. States are required to run 'mandatory' work and job preparation programmes, setting participation requirements and sanctioning families (reducing or ending benefits) of those that do not comply with them.<sup>20</sup> States are allowed to exempt up to 20 per cent of their caseload from time limits and work requirements. These exemptions are usually targeted at particularly disadvantaged 'hard to serve' participants, such as those with learning difficulties or disabilities (Midgely, 2008).

At Federal level, TANF is administered by the Department of Health and Human Services (HHS) which is responsible for monitoring delivery of legislative objectives. The 1996 legislation gave states extensive flexibility and allowed them to contract out all services, including eligibility for TANF financial assistance. States have encouraged TANF recipients to take paid work through a combination of incentives, requirements, sanctions and related services. Most have increased their earnings disregards and introduced more liberal 'capital rules' by, for example, exempting the value of single car ownership. States have also established harsher sanctions than existed under AFDC, with 35 states imposing gradual or immediate 'full family sanctions' to enforce compliance with work and other requirements (Pavetti *et. al.*, 2003).

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<sup>19</sup> At the point of reform, the vast majority of families in receipt of AFDC were headed by lone mothers of whom about 50 per cent had never been married. Most had their first child at about the age of 20. Less than 300,000 families were headed by lone fathers and only a small fraction were two-parent families. Just under half of AFDC recipients had not completed high school. Almost 40 per cent were White, 37 per cent were African American and 18 per cent Latinos (Midgely, 2008, p.7).

<sup>20</sup> In contrast with adults, unmarried minor parents aged under 18 years must participate in education and training activities and live with a responsible adult or in an adult-supervised setting in order to receive assistance.

Many states also adopted 'diversion' policies to deter the inflow of claimants into their TANF systems. Such policies may involve complex administrative barriers and frequently included a requirement that applicants register for work and search for a job before their case could be approved. Under such policies, case managers are also sometimes given flexibility to offer lump-sum payments to enable families to manage short-term emergencies rather than accepting them into ongoing cash welfare payments (GB, 2008, p.7-22).

### 5.1.2 State implementation of TANF work requirements and the Deficit Reduction Act (2005)

There are broad federal guidelines about which adult TANF recipients (which include lone parents) should be subject to work requirements (see Table 5.1). States, however, have administrative flexibility to determine whether particular individuals will be required to work or participate in job preparation activities and decide on the provision of relevant services and activities. TANF rules, for example, allow recipients with children under the age of one, or those with children under six who can demonstrate that they cannot obtain or afford childcare, to be exempted from work requirements, but this is at state discretion. States are also required to engage all adult recipients in work within 24 months but what constitutes 'work' and work activities has been subject to interpretation by the state. States are also free to determine the type of penalty imposed on TANF recipients for failing to comply with work requirements.

**Table 5.1 TANF work requirements**

<p>Federal TANF work requirements stipulate that:</p> <ul style="list-style-type: none"> <li>• recipients (with few exceptions) must work as soon as they are job-ready or no later than two years after coming on assistance.</li> <li>• single parents are required to participate in work activities for at least 30 hours a week. Two-parent families must participate in work activities for 35 or 55 hours a week, depending upon circumstances.</li> <li>• failure to participate in work requirements can result in a reduction or termination of benefits to the family.</li> <li>• states cannot penalise single parents with a child under six for failing to meet work requirements if they cannot find adequate childcare. In addition, those with children under six are only required to complete a total of 20 hours of work activity a week.</li> </ul> <p>Detailed TANF regulations further specify how participation rates are determined and stipulate the 'core' and 'non-core' work activities that count toward a state's benchmark.</p> <p>Core activities must make up at least 20 out of 30 work hours a week; these include:</p> <ul style="list-style-type: none"> <li>• unsubsidised employment</li> <li>• subsidised private sector employment</li> <li>• subsidised public sector employment</li> <li>• on-the-job training</li> <li>• jobsearch (limited to no more than four weeks in a row or six weeks total)</li> <li>• work experience</li> </ul> <p style="text-align: right;">continued</p>
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**Table 5.1 Continued**

- participation in a community service programme
- vocational education training (limited to 12 months)
- providing childcare for another TANF recipient engaged in community service.

Non-core activities that qualify include:

- job skills training related to work
- education related to employment
- secondary schooling or a 'General Educational Development (GED)' programme.

TANF rules also stipulate that states must make an initial assessment of a recipient's skills and may develop personal responsibility plans for each recipient to identify the education, training, and job placement services needed to move into the workforce.

The law allows states to create jobs by taking money that is now used for welfare payments and using it to create community service jobs, provide income subsidies, or provide hiring incentives for potential employers.

Unmarried minor (under 18 years of age) parents must participate in educational and training activities and live with a responsible adult or in an adult-supervised setting in order to receive assistance. States are responsible for assisting in locating adult-supervised settings for teenagers who cannot live at home.

Source: Office of Family Assistance, Administration for Children and Families, at [http://www.acf.hhs.gov/opa/fact\\_sheets/tanf\\_factsheet.html](http://www.acf.hhs.gov/opa/fact_sheets/tanf_factsheet.html), accessed December 5, 2008

In the first decade of reform significant variations emerged in how states implemented work-related requirements and in the range of employment-related services made available. Midgely suggests that during this period state welfare-to-work strategies could be grouped into four clusters (2008, p.27). Some states, such as Virginia, implemented a 'tough, work first philosophy', with priority given to rapid job referral and placement. Others, such as Florida and Texas, used TANF rules and requirements to achieve rapid caseload reductions. Other states, such as Massachusetts, did not rigidly impose the work first requirement or make excessive use of sanctions. A few states, such as Minnesota, sought to reduce welfare dependency and improve the income of families that entered work, through incentives, investment in education and job training and the more generous provision of in-work supports, such as childcare.<sup>21</sup>

<sup>21</sup> The 'Minnesota Family Investment Program' was initially developed through a targeted waiver experiment. Although the subsequent state-wide expansion was less generous, the system was reported to have '*far exceeded other states in lifting welfare families out of poverty, placed more welfare recipients in above-poverty jobs and outperformed national averages in extending health insurance and childcare subsidies to the working poor*' (Hage, 2004, p.190). Positive experimental findings from the Minnesota waiver model, alongside results from the 'New Hope' (Milwaukee) and Canadian Self Sufficiency Project, that also combined generous in-work financial incentives with work requirements, were factors influencing the approach of the UK Government to lone parent welfare reform.

The variable nature of state work obligation regimes was controversial and federal policy makers criticised those not implementing the legislative intent. State flexibility was subsequently reduced by the Deficit Reduction Act (DRA) of 2005 that reauthorised federal funding for TANF. The legislation tightened national rules regarding the measurement of caseload reductions and work participation standards, and restricted the employment-related activities that could be counted towards meeting requirements.

State reactions to the DRA include: restricting countable work activities to those allowable under new HHS regulations; providing earnings supplements to families that leave the welfare rolls, and counting such families as part of the working caseload for purposes of the participation standards; and assisting some families solely with state funds outside of TANF. The full effects of these changes have yet to emerge (GB, 2008, p.5-7).

## 5.2 Welfare reform in New York City

NYC, like London in GB, had the highest proportion of lone parent families on welfare and the lowest employment rate, compared with similar US cities. In 1996, ten per cent of the city's population received AFDC benefits compared to three per cent in New York State and five per cent across the US (O'Neill and Korenman, 2005, p.302). By February 2007, the caseload had fallen to just under 370,000, down from over 1.1 million in 1995, and there had been a significant fall in lone parent poverty rates.

NYC has traditionally paid higher levels of benefit and it continues to have one of the largest welfare populations in the US, in part because it does not impose time limits or 'full family sanctions'. Public assistance is comprised of 'Family Assistance' which provides cash payments for up to five years to those who qualify under TANF rules and 'Safety Net Assistance', which provides cash payments for up to two years for eligible single people, childless couples, and those who exhaust their TANF entitlement. After these cash payments are exhausted, various forms of in-kind support continue to be available.

Radical reform was implemented in 1996. The NYC programme had a strong emphasis on 'diversion' and 'full engagement' in work activities. The impacts took longer to emerge because of the major organisational change required to transform the welfare delivery system and because of strong local opposition to some of the changes.

The significant organisational changes were implemented by the city 'Human Resource Administration' (HRA), responsible for delivering most income support benefits and related programmes. In 1998 it began converting local welfare offices into 30 'Job Centres' and reclassifying benefit staff as Job Opportunity Specialists with responsibility for eligibility, case management and sanctions. All job-ready applicants are referred to a jobsearch provider before a benefit claim is processed.

There was also a major reorganisation of childcare provision to enable lone parents to participate in employment and work programmes (Clark, 2005, p.186). When a parent needs childcare, they are given a planning form and a fact sheet with the contact numbers of up to four providers. The parent has to return in a week to tell HRA who the provider will be. The parent may be subject to sanctions if they fail to organise appropriate childcare.

### **5.2.1 Employment services and prime contractors in NYC**

HRA traditionally contracted out employment services to a diverse range of smaller for-profit and non-profit organisations. In the late 1990s it moved from a system of paying for services towards 'pay for performance' contracts. Welfare-to-work employment services were rationalised and subsequently delivered through a smaller network of larger prime contractors (Savas, 2005).

In 2005, welfare-to-work provision was restructured to create a single 'Back-to-Work' programme. Contracts were awarded to 22 prime contractors that commenced delivery in 2006. Each contractor is expected to provide customised and flexible employment and work experience services, and work with a client 'from start to finish' after handover in a 'Job Centre'. The contractor must develop a 'Job Retention and Career Plan' for each participant to document their efforts to 'advance' the individual through skill development and financial planning. Contractors receive only a nominal administrative payment for participants not placed in jobs, and only partial payment for short-term job placements.

At the same time the city reorganised its services for the increased number of clients with multiple and complex barriers to employment who were not immediately employable and deemed not ready for full engagement with work activities. This group now constituted a larger proportion of a reduced intake and in 2007 over 55 per cent of the caseload was assessed as partially or completely unable to work (Kasdan and Youdelman, 2007, p.7).

HRA allocated more than \$200 million over three years to 'Wellness, Comprehensive Assessment, Rehabilitation and Employment' (WeCARE) services to cater for about 45,600 clients each year. The programme is delivered by two prime contractors who organise services through subcontractors and the programme has about 24,000 participants at any given point. The contracts for WeCARE are hybrids. Two-thirds of the prime contractors' potential income is performance-based and milestone-driven; a third is paid for services claimed on a monthly basis. This payment system reflects the barriers faced by the client group, but remains performance-driven with significant payments for sustained employment outcomes.

### **5.2.2 Evaluations of welfare reform in NYC**

The HRA assesses its performance in terms of caseload numbers but little systematic information is available on the destination or circumstances of welfare leavers. There have, however, been evaluations that HRA has co-operated with. The most thorough are primarily concerned with the design, implementation and caseload

impacts of the system as it has evolved over the past decade, with the most detailed studies covering the first half of the period (see, for example, Smith Nightingale *et. al.*, 2002; Savas, 2005). Besharov and Germanis (2004), for example, provide a detailed assessment of the operation of the New York programme, but also supplement this with an analysis of changes over time in the welfare caseload and a detailed cost-benefit analysis of the work experience, or workfare, component of the programme. They cite research on NYC welfare leavers from 1997 that followed up nearly 9,000 cases and found that about 60 per cent were employed about 12 months later and that only 20 per cent had returned to welfare. They suggest that while HRA programmes may have contributed to the success of welfare reform there was no way of assessing their particular contribution '*because no scientifically rigorous research has been conducted to determine its impact*' (Besharov and Germanis, 2004, pp.138 and 144).

While there was no experimental evidence available, O'Neill and Korenman (2005) did undertake an econometric evaluation utilising data from the national 'Current Population Survey', enabling them to track changes in welfare and employment participation and in the earnings, income and poverty of single mother families in NYC between 1993 and 2000. They compared these trends with those in comparable 'central cities'. They found that the NYC welfare caseload fell dramatically, the employment rate of single mothers increased and their poverty levels were reduced, but that these effects happened somewhat later than in other US cities. They also report that in both NYC and the other central cities it was only single mothers – the principal target group of reform – who had experienced a sharp rise in employment rates, in all cases overtaking the employment rates for women without children and married mothers by 2001 (2005, p.307).

The authors undertook a multivariate regression analysis to test the extent to which the NYC effects could be attributed to labour market conditions, the characteristics of single mothers or welfare policies. The analysis suggested that demographic characteristics accounted for little of the New York 'differential', but that both the economy and welfare policy contributed statistically significant effects. By the end of the 1990s, there was '*a substantial convergence in economic outcomes between New York single mothers and those in other cities*' (O'Neill and Korenman, 2005, p.347). They suggested subsequent research would be necessary to determine whether this 'end of New York exceptionalism' would be temporary or permanent.

An alternative source of evidence is provided by local advocacy organisations that have regularly monitored the programme, conducting follow-up interviews, surveys and focus groups with participants (see, for example, Youdelman and Getsus, 2005; Kasdan and Youdelman, 2007 and 2008). These reports have been critical of the quality of the services available, the treatment of participants, and the exclusion or 'diversion' of many who should have been eligible for support but who did not receive cash assistance. Their detailed findings suggest that

'Job Centres' and contracted providers have placed few participants in sustained employment and that the contract incentives in the system have not encouraged providers to invest in the hardest-to-place. Reports from other local agencies have criticised the lack of co-ordination with workforce development agencies and the failure of HRA performance-based contracts to reward placement in education and training (Fischer, 2007).

### 5.3 Welfare reform in Oregon

Oregon is a relatively small US state, with a population of some 3.7 million. The number of lone parents claiming welfare cash benefits fell rapidly during the 1990s, from 40,000 families in 1994 to 19,000 in 1998. In June 2006 the caseload was made up of 8,786 single-adult families, 650 two-adult families, and 6,795 'child only' cases (DHS, 2007, p.1). Even after the local economy entered recession in 2001, the number of lone parents on TANF did not increase, although there were increases in the number of families claiming food stamps and other benefits.

In 2007, the child poverty rate in Oregon stood at 16.7 per cent, down slightly from 18 per cent in 1997, and the percentage of children living in low income families had fallen from 44 to 39 per cent over the same period. In 2007 43 per cent of children in Oregon lived in low income lone parent families, a marked decrease from a high of 54 per cent in 1999 (National Center for Children in Poverty, 2008).

In 1990, in the context of a budget crisis, Oregon agreed federal waivers and introduced a radical welfare-to-work programme. The 'Jobs for Oregon's Future' (JOBS) programme had two key elements – targeting intensive education and training services on individuals with the greatest skills deficits, while emphasising jobsearch and work experience for the most job-ready. By 1993 the programme had become more work focused, with the emphasis placed on rapid labour market entry. For example, able-bodied AFDC applicants were allocated to work activity assignments, which lasted for up to four weeks, before they could be paid any benefit, and the sanction regime was intensified.

The state gave local partnerships flexibility in how they organised services within the framework of the legislative model. The Portland variant, that covered the most densely populated part of the state, was the subject of the influential experimental evaluation undertaken by Manpower Demonstration Research Corporation (MDRC). Evaluators reported that the Portland system had been designed by the local welfare agency in co-operation with local community organisations (Schrivener *et. al.*, 1998). In line with state policy it involved the introduction of 'integrated case managers' within the welfare system, bringing together eligibility and employment assistance functions, who liaised with JOBS case managers, typically based in community colleges, who delivered jobsearch assistance and organised access to education and training.

### 5.3.1 The Oregon JOBS programme

The JOBS programme now comprises a sequence of activities, with some flexibility in local delivery. State eligibility case managers agree individual 'case plans' and are expected to monitor activities and compliance regularly, and to assess 'job readiness' and liaise with contracted JOBS case managers. While the emphasis is on engagement, the number of hours for which parents participate in activities is agreed on a case-by-case basis (in contrast with other states that have inflexible weekly requirements). Over the two-year period in which they are eligible for cash assistance, adult TANF recipients are required to move from one set of activities to another, ideally making progress to unsubsidised employment.

During a four-week pre-TANF payment period, and while in an initial job preparation activities phase, parents are required to follow up ten employer contacts a week. The activities include the identification of realistic job goals, training in jobsearch and interview techniques, and training in 'retention' skills that include 'good workplace habits and behaviour, improving communication skills, dealing with co-workers', and so on.

The initial phase is followed by more intensive programmes, related to an assessed employability level. This includes a 'Community Services Program' that involves work placements in non-profit agencies for TANF recipients who do not have recent or relevant work experience. There is up to six months 'on the job training' for more employable participants, provided in partnership with private employers where the state subsidises up to half the participant's wages. A small number of participants, identified through the initial assessment, are able to participate in full-time training for up to a year for qualifications that lead to employment in a high demand/high wage sector.

Finally, there is a 'JOBS Plus' programme that provides a six-month employment subsidy, paid for from TANF and food stamp funds, to employers who pay at least the state minimum wage and provide an individual mentor. Participants are paid regular wages which enables participants to claim state and federal tax credits.

Those adults not able to participate in work-related activities are required to participate in what is called the 'Intervention and Stabilisation Track'. This 'barrier reduction' programme is designed for those parents who have multiple barriers, for example: alcohol and substance mis-users; those with mental health issues; and those caring for a severely disabled child. Provision is organised with partner social work and medical services and may include 'crisis intervention', remedial support as well as substance screening and access to treatment programmes. The aim is to increase the family level of self-sufficiency and to protect children.

### 5.3.2 Evaluations of the Oregon model

The MDRC evaluation of the JOBS programme in Portland found that it had a 'strong' employment focus but, in contrast with the other states evaluated, participants were encouraged to look for and take 'good' jobs, which were full-

time, paid above the minimum wage, with employment benefits and potential for advancement. One factor driving this was a performance indicator that measured 'AFDC recidivism' – the percentage of individuals who returned to the welfare rolls – encouraging case managers to promote jobs that were likely to last. Portland's programme also utilised a more mixed services strategy than was typical in other models. Case managers assigned many people to short periods in education, vocational training, work experience, and life skills training to improve their employability.

MDRC reported that the five-year results from this 'mixed' approach were greater than that found in the other six state experiments evaluated (Hamilton, 2002). An earlier MDRC evaluation acknowledged that Portland's success was likely to be due to a combination of factors. Portland's caseload, for example, was not as disadvantaged as some of the populations in the other areas and the local labour market during the follow-up period was strong. The evaluators make the point that 'good' jobs would probably have been more difficult to develop and find in a poor economy, and a more disadvantaged caseload would have been less able to be selective when choosing work (Schrivener *et. al.*, 1998).

Apart from the MDRC evaluation, the searches for this review revealed only one other study of the impact of TANF reforms in Oregon. Acker *et. al.* (2002) tracked the experiences of families who left TANF or the food stamp programme in the first quarter of 1998. This study found that the effects of Oregon's welfare restructuring policies were mixed and less promising than had previously been assumed. The combination of a strong economy and intensive welfare-to-work policies had resulted in reduced caseloads but it had been less effective in moving families out of poverty. The study found that most former TANF recipients were only able to find low paid work. Despite working long hours, few respondents earned wages that met their family needs. They relied on in-work benefits, such as tax credits and food stamps, and few experienced pay progression. The study used a number of variables to assess hardship, finding that the problems for leaver families included low wage work, debt accumulation, difficulties in securing and paying for childcare, persistent poverty, inadequate housing and the lack of healthcare coverage.

#### 5.4 Australian welfare reform and lone parent work-related requirements

In Australia the number of lone parent households with children increased during the 1980s and accelerated thereafter, increasing from 14 per cent to 22 per cent between 1988 and 2006. The lone parent employment rate is low, with many such families relying on benefit payments. As in the UK, these families are at increased risk of disadvantage in terms of housing, income and social participation (ABS, 2007).

The Australian welfare system, which is primarily means-tested, was restructured in the late 1980s. Unemployed people became eligible for an 'activity-tested' Newstart Allowance that obliged them to seek employment. At the same time the Government ended the assumption of 'spouse dependency' in the system giving the 'principal carer' in an unemployed couple household individual benefit entitlement. Lone parents became eligible for a Parenting Payment. Neither principal carers nor lone parents were required to seek work until their youngest child had reached the mandatory school leaving age.

The voluntary 'Jobs Education and Training Programme' (JET) was introduced in 1989 as part of the reforms. It was designed to assist lone parents enter employment, and JET Personal Advisers provided information and advice about childcare and training. The model influenced the design of the British New Deal for Lone Parents (Pierson, 2003).

In 1996 a new government made radical changes to the welfare system and the delivery of employment programmes. A new public agency, Centrelink, became responsible for establishing eligibility and administering most benefit payments, including Parenting Payment. The Commonwealth Employment Service was replaced by a privatised Job Network (JN) and the national Department for Employment, Education and Workplace Relations now purchases all employment services through private and voluntary sector providers.

JN providers deliver a job placement and matching service and more intensive services for the longer-term unemployed or early entrants who are classified as highly disadvantaged. A separate Personal Support Programme provides places for the most disadvantaged who are not yet ready to enter the JN. The design of the JN has changed as policy makers have adapted the model to secure greater efficiencies and required providers to deliver services for new groups, such as lone parents, who are now subject to activity requirements, explained in detail in Section 5.4.1.

The Government also initiated a debate about welfare reform that resulted in the introduction of what are called 'mutual obligation' programmes. These were first targeted at the unemployed most of whom are now required to undertake part-time socially useful activities for up to six months after each six months of unemployment. While there is some choice of activity the default option is mandatory participation in a 'Work for the Dole' placement.

As overall unemployment declined, attention switched to the increased number of working-age claimants who were not subject to activity requirements, including at that time, lone parents and people on disability benefits. In 2001, this culminated in 'Australians Working Together' (AWT), a four-year programme aimed at creating a new '*balance between incentives, obligations and assistance*' (AWT, 2001, p.2).

Among other things, lone parents whose youngest child was aged between 6 and 15 were, from 2003, required to attend a compulsory 'participation interview' with a Centrelink adviser where they were to be given advice about employment

and training. Those lone parents whose youngest child was aged between 13 and 15 years were required to enter a 'participation agreement'. This included a mandatory requirement of 150 hours each six months to be spent on work-related activities that could include paid work, education and training or voluntary work. Failure to comply could result in benefit sanctions (Blaxland, 2008).

#### **5.4.1 Lone parent work-related requirements in Australia**

In 2005 the Government outlined further 'work first' welfare reforms that were implemented in July 2006. Jobsearch activity requirements were extended to many lone parents and to partially disabled people assessed as being capable of working between 15 and 29 hours (who are now required to seek employment of at least 15 hours a week).

New lone parent claimants with a child under six continue to receive Parenting Payment with no work test. If the youngest child is aged between six and seven years, they are eligible for Parenting Payment but must seek employment of at least 15 hours a week and participate in six months' part-time mutual obligation activities. If the youngest child is over eight years old, the parent must claim the activity-tested Newstart Allowance as a principal carer and, as with the principal carer in couple households, they must seek work of at least 15 hours a week and satisfy mutual obligation requirements. Existing claimants at July 2006 are subject to similar jobsearch and mutual obligation activities but continue on their existing benefit until their youngest child is 16 years or until they break their claim for more than 12 weeks.

There are important exemptions (PRT, 2008, p.12). Lone or principal carer parents who are registered and active foster parents, recognised home educators or those facilitating distance education, or those with four or more school-aged children, may claim an automatic exemption for up to 52 weeks at a time. Others may be eligible for temporary exemptions which might last for up to 16 weeks, are renewable, and are decided on a case-by-case basis. This includes those with a disabled, sick or injured child; those looking after a frail or aged adult family member; or those subject to domestic violence or 'experiencing stress due to relationship breakdown'. If a child has severe disabilities the lone parent may be eligible for a separate Carer Payment that is not subject to an activity test.

Lone parents must now register with a JN provider and enter an individual activity agreement. They must also show evidence to Centrelink every fortnight that they are actively seeking part-time work of at least 15, but up to 25 hours a week. Parents may not be forced to take a job if they cannot get suitable childcare, which is defined as informal care acceptable to the parent or an accredited childcare place. A parent is expected to take up an offer of an approved outside-school-hours place if this would mean they can accept an offer of paid employment.

Parents can refuse a job if the travel time exceeds 60 minutes between home or work or where travel costs are likely to exceed ten per cent of their gross wage. A lone parent is not required to accept a job that does not leave them at least A\$50

a fortnight better off once they have met the costs of working, childcare, travel, increases in public housing rent, and income tax liabilities (PRT, 2008, p.9).

The 2005 welfare reform package included extra resources for the JN and for childcare places. This was supplemented by a JN delivered 'preparation for employment service' targeted at those lone parents (and others), subject to requirements, who had been out of the labour market for a long time or who had 'greater' barriers to employment. The Government also introduced a 'Job Network Service Guarantee for Parents'. Among other things this specified that providers would be responsive to the particular issues faced by parents seeking work and would provide assistance with locating out-of-school hours and vacation care.

#### **5.4.2 Impact and evaluation of lone parent work-related requirements in Australia**

There is an extensive evidence base on the impacts of the JN, although this considers performance in relationship to unemployed participants, who have comprised the vast majority of participants (Finn, 2008). Government evaluations suggest that the JN delivers more job outcomes for half the cost of the previous system. The most recent assessment of JN services showed increased net impact levels that were 'equal to or better than' high performing international programmes (DEWR, 2006, p.4). Process evaluations suggest that the outcomes-based funding model allowed providers to tailor services to different participants, provide continuity of support through case managers, test methods for motivating jobseekers, and provide various post-placement services.

Other studies of the JN have, however, been more critical of service quality, pointing out that low-cost jobsearch assistance and motivational strategies were unlikely to reduce the employment barriers of the hardest to help. There has also been criticism that the 'pay for performance' funding model deterred investment in skills training that might lead to more sustained job outcomes, and that there were few linkages between JN and training providers (Finn, 2008).

There are few Australian evaluations that consider the specific experience of lone parents, and none on the recent extension of work requirements to lone parents. The early evaluations are of interest as they consider the impacts of a voluntary programme and of changes that required lone parents to engage in work-related participation activities, prior to the extension of formal work-related requirements.

Millar and Rowlingson (2001) reviewed a 1997 evaluation of the voluntary JET programme and a small-scale study, undertaken in 2000, evaluating an early pilot programme testing 'more active' interventions targeted at lone parents. JET was apparently breaking even in terms of cost, with 56 per cent of the 400,000 parents who had participated between 1989 and 1998 participating in training and education courses and 32 per cent entering employment. The relative success of the programme was attributed to the individualised support and assistance given to participants. The other study compared a voluntary and compulsory approach to employment-related interviews. About 30 per cent of all participants

said the interview helped them change their plans and they now intended to try and increase their employment (Millar and Rowlingson, 2001, p.201).

A more recent qualitative study was undertaken by the Australian Institute of Family Studies into how some families and children were affected by the early participation requirements introduced for parents in 2003 (Alexander *et. al.*, 2005). This study comprised interviews with 60 parents, of whom 26 were lone parents, and their adolescent children between 2004 and 2005. The first interviews took place between three and four months after the parent had entered a participation agreement; the second interviews about eight months after that. The researchers collected a combination of qualitative and quantitative data, with a particular focus on how the agreed activities had affected family life. They also explored how the agreement had affected parents' attitudes to work, benefits and the requirement to undertake the agreed activities.

The study reported that a number of the parents selected had already been engaged in activities prior to the requirement, some of which included paid work. At the second interview, most were engaged in activities for about 21 hours a week, even though the requirement was only 16 hours. About ten were working part-time; seven were in training courses and the others were undertaking voluntary work.

The parents reported an increase in stress and time pressures resulting from undertaking agreed activities. These were more keenly felt by those who had not previously been undertaking activities. Parents and children were both concerned with the reduction in time that they spent together, with the parent less involved in the child's school, homework, sporting and social activities. There was little reported evidence of any deterioration in school performance or in the parent/child relationship. There was also evidence that some children had benefited from being given greater responsibility, with parents more confident about leaving them. Many of the negative consequences of the activities were transitory and tended to diminish over time, or were consistent with pressures that many families face in balancing work and family arrangements.

Parents reported they had become more positive towards work, and this reflected personal increases in self-confidence and motivation. Many of the parents and children commented on the improved well-being of the parent and the report suggested that this was positively translated to parenting style and the concept of parents as role models for their adolescent children. Almost all parents said, however, that their attitudes about receiving benefits or staying home to look after children were unchanged, suggesting that *'these attitudes are much more ingrained and unlikely to be shifted by being involved in the agreed activities'* (Alexander *et. al.*, 2005, p.xii).

A more critical study of the impact of these changes interviewed 16 lone parents, who were tracked over two years. The respondents had a negative reaction to being required to enter 'participation agreements'. Blaxland's (2008) qualitative research found that many of the women interviewed felt that the formal and

bureaucratic requirements associated with the agreement had reduced their autonomy to make their own choices about how they organised their family lives.

A government report on the impact of the reforms examined changes between 2002 and 2004. It found that the proportion of parents with older children undertaking study – those who were subject to participation requirements – had increased by ten percentage points, to 23 per cent, for lone parents, and by five percentage points, to 16 per cent, for couple parents. Leavers' surveys for those who participated in a related 'Transition to Work' programme in 2002/03 reported that about a third of the parents had sustained employment for over three months, with a further third of lone parents entering full-time education. A related evaluation of the Personal Adviser service introduced with the reforms found that most parents valued the personalised assistance received. However, *'despite the positive motivational elements of the Personal Adviser service, the assistance was generally not enough to encourage people to find paid work and become less reliant on income support'* (Department of Employment and Workplace Relations, 2005, p.5).

When implementing work-related requirements for parents in 2006, the Government committed to evaluating their impact and the Department developed a 'Longitudinal Pathways Survey'.<sup>22</sup> This was designed to utilise survey and administrative data to analyse trends in workforce participation, the rate at which people leave benefits, and the extent to which people increase earnings while on benefit, both before and after the introduction of the changes. No formal study based on this evidence has yet been published.

The Department did, however, publish findings on benefit trends and these indicated that by June 2007 the groups affected were leaving benefits at a faster rate than previously, and that those on benefits had greater income from earnings. In the context of high employment levels, the number of lone parents claiming Parenting Payment had fallen by 8.6 per cent to under 396,000, and partners claiming Parenting Payment had fallen by 9.1 per cent. The number claiming Newstart Allowance had fallen by 4.5 per cent, but this included the regular unemployed as well as a small number of new lone parent claimants (DEWR, 2007, Chart 2.18).

The combination of differential requirements and new exemptions, alongside other welfare reform changes, added to the existing complexity of the Australian system and there was some controversy about the impact on some lone parents and on other groups affected. The problems for lone parents concerned the

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<sup>22</sup> The Longitudinal Pathways Survey tracks the experiences of benefit recipients over time, including leavers. The survey involves five waves of data collection at six-monthly intervals. The first wave took place in the final quarter of 2005-06 and involved interviews with over 10,000 recipients. The intention is to combine findings from the survey with administrative data for the final evaluation.

interpretation of exemptions, which were not 'well understood' by lone parents and Centrelink staff, and the interaction between caring responsibilities, six-monthly mutual obligation participation requirements, and the requirement to register fortnightly with Centrelink. A new Government, elected in late 2007, established an independent review. This made detailed proposals that would reduce complexity and '*improve transparency and consistency of application of participation requirements*' (PRT, 2008, p.2). The Minister subsequently accepted the recommendations, refining many existing exemptions, relaxing some participation requirements, and committing to making more information available to parents about their responsibilities, exemptions and the services open to them (O'Connor, 2009).

The Government has also made some changes to the sanction regime and is reforming the JN in 2009, with greater help targeted at harder-to-employ participants. Other proposals signal an ambition to secure greater integration between the JN and other forms of service provision. These include additional funding for 'employment brokers' who will create closer co-ordination between JN, skills training providers and individual employers.

## 5.5 Lone parent work-related requirements in Sweden

Sweden has a high rate of lone parenting, cohabitation and divorce rates, with over half of children born outside marriage. Nearly a quarter (23 per cent) of children live in lone parent families (OECD, 2005, p.18). Over a quarter (26 per cent) of lone parents are men, a far greater proportion than in other OECD countries. The lone parent employment rate is above 80 per cent, sustained in part by a generous system of parental leave and extensive and high-quality childcare provision. Unemployed lone parents also have access to employment services and labour market programmes. The poverty rate among non-employed Swedish lone parent families is 34 per cent; half of the comparable rate in the UK (OECD, 2005, p.135).

There are parallel systems of income support for working-age people, including lone parents, without jobs or other adequate sources of income. Earnings-related social insurance benefits cover those who have paid enough qualifying contributions, covering risks associated with unemployment and ill-health or disability. For those who do not qualify or who exhaust their insurance entitlement, there is a 'safety net' social assistance system delivered by local municipalities.

### 5.5.1 Employment assistance and labour market programmes

Sweden invests heavily in active labour market programmes. Such programmes have played a major role in the system since the 1950s and, while open to voluntary participants, there is a long standing 'reciprocal obligation' principle whereby at a specified point the long term and young unemployed, including eligible lone parents, are obliged to participate. Once an insured unemployed person enters mandatory 'activation' programmes they continue within the system until they

either get a job or otherwise leave the system, albeit the intensity of provision will vary. There has been little emphasis on sanctions in the Swedish system, with the OECD recommending that *'more should be done to enforce requirements for active jobsearch and participation, supported by moderate sanctions'* (2007b, p.6).

The Swedish model was highly successful until the recession of the 1990s, after which the unemployment rate counted by the government increased to 8.2 per cent, with another 6.2 per cent of the working-age population on employment programmes (Köhler *et. al.*, 2008). There was intense debate about the effectiveness of the system and of individual programmes within it, and there has since been a continuous process of reform. In 2007, a new Government introduced further reform designed to create a 'work first' system (Littorin, 2008). This has involved changes to social insurance contribution and eligibility rules and a reduction in the level of out of work benefits. There has also been a reorganisation of the public employment service, where 'coaches' are now expected to develop individual action plans and place more people into jobs. Young people (aged between 20 and 25 years) are covered by a Job Guarantee for Youth, and the long-term unemployed are covered by a Job and Development Guarantee.

When unemployment increased in the 1990s the number of working-age people claiming social assistance also increased, partly because eligibility rules for social insurance were tightened. This increase was made up largely of young unemployed people, new migrant families from non-European countries, and lone parents (Dahlberg *et. al.*, 2008, p.7).

The social assistance system had a long standing 'availability for work' requirement that municipalities could apply but few made use of it in the full employment era. As unemployment and caseloads increased, municipalities began to tighten their eligibility rules and introduce 'activation' requirements. In 1998, national legislation clarified the law – making it possible for municipalities to require working-age recipients to participate in work-related activities and to determine and apply appropriate sanctions. In 2002 it was estimated that there were some 800 municipal activation programmes, with 13,000 participants covering, at that point, about 12 per cent of social assistance recipients (Thorén, 2005, p.6).

Front-line social workers are responsible for implementing requirements and when doing so should take into account individual preferences and respect the 'client's self determination' (Thorén, 2005, p.9). Requirements do not apply to lone parents with children under three years of age. Other lone parents may be expected to look for appropriate work, subject to the discretion of the social worker. 'Employable' claimants are generally required to register with the public employment service before they can make a claim. More intensive support for employable social assistance recipients is at the discretion of the municipality. In practice, it appears that such municipal discretion has resulted in a *'vast array of interpretations of who can be required [to work] and what clients are required to do'* (Köhler *et. al.*, 2008, p.283).

### 5.5.2 Evaluations of labour market programmes

There are many evaluations of the impact of Swedish labour market programmes for those receiving unemployment benefits. Researchers have investigated impacts through analysis of comprehensive longitudinal social insurance data sets or through surveys of participants and leavers. Many such studies have explored the differential impact of various requirements or programmes on anticipation and treatment effects.

Several reviews of the findings from such evaluations report that jobsearch activation is the most effective way of shortening unemployment spells, and that the most effective intensive programmes are those more similar to a regular job, especially employment subsidies, while classroom-based vocational training and temporary job programmes are the least effective (Adda *et. al.*, 2007; Sianesi, 2007; Köhler *et. al.*, 2008). Other studies that consider aggregate data on employment trends qualify such findings pointing out, for example, that programmes like employment subsidies have far greater displacement effects, thereby reducing any net impact they show in micro-level studies (Köhler *et. al.*, 2008). Only a few evaluations discriminate between the impact of programmes on men and women, and they provide little insight into the specific experience of lone parents.

There is no systematic monitoring, and few evaluation studies, of the smaller scale and diverse municipal activation programmes. Dahlberg *et. al.* (2008) cite two such evaluations. In the first model participants were required actively to seek work and report regularly to their case worker on their efforts. A cross-sectional analysis revealed the programme had no effect on the length of time a person claimed benefits or on their probability of getting a job. The other study assessed the impact of eight projects in one city, involving some 600 participants. There were variations in the programme but all involved case-manager support aimed at stimulating jobsearch, with an emphasis on persuasion, albeit some sanctions were imposed. The study compared outcomes with earlier matched cohorts who had not received such assistance. It reported a 'modest' effect on employment outcomes but no reduction in welfare payments.

In their own study, Dahlberg *et. al.* (2008) evaluated mandatory activation programmes that were implemented across Stockholm at different times between 1998 and 2004. The programmes required all employable applicants to register with the public employment service prior to processing their application, to report on jobsearch activities, and to attend a jobsearch support centre for three hours each day. This quasi-experimental evaluation took advantage of the variation in administrative data generated by the gradual implementation of the requirements. The researchers controlled for local labour market conditions. They were able to capture both anticipation and exit effects reporting that the introduction of mandatory activation led to a reduction in the probability of claiming welfare and an increase in the number who entered employment. The intervention appeared to work best for unemployed young people and immigrants, with lesser effects for lone parents with young children.

Swedish studies report variation in how requirements and sanctions are implemented by front-line staff. Not only is there variation between official municipal policies, but it appears that social workers are able to influence the 'message' of welfare reform and that front-line practices '*frequently diverge from formal intentions*' (Thorén, 2005, p.1). Such variation has been found also in the public employment service, even though there are standard national rules, with one study finding that, in some local offices, '*almost every unemployed person that fits the requirements is activated in the programmes, while in other offices there are none*' (Köhler *et. al.*, 2008, p.284).

## 5.6 Lone parent work-related requirements in the Netherlands

The number of lone parent households in the Netherlands has increased, and in 2002 accounted for nearly 16 per cent of all households. Most such households are headed by lone mothers and are at greater risk of disadvantage on a number of poverty and social inclusion indicators (Knijn and van Berkel, 2003). Dutch employment participation rates are high, but lower for lone parents (OECD, 2008b). The employment rate of lone parents, at about 58 per cent, is similar to that in GB.

The Netherlands has two distinct systems of income support for working-age people. The Institute for Employee Benefit Schemes (UWV) is responsible for a social insurance system that covers most people in regular employment, funded mainly by employee and employer contributions. Lone parents who have paid enough insurance contributions may qualify for unemployment or disability benefits so long as they either seek work actively or are judged to be disabled under a work capacity test. Lone parents who do not qualify, or who exhaust their insurance entitlement, claim social assistance from their municipality.

Since the 1990s the Dutch welfare system has been reorganised around the principle of 'work above income'. The duration and generosity of insurance benefits has been reduced and work-related requirements increased. Successive governments have sought also to activate the social assistance system.

In 1996, jobsearch and work-related requirements were extended to lone parents whose youngest child was over five, subject to the circumstances of the family, including the availability of childcare. In 2003 national legislation curtailed the age restriction, removing any categorical exemption for lone parents, with each case to be reviewed according to individual circumstances. In 2008 the rules were revised again. Lone parents with young children have the right to apply to be exempt from the jobsearch requirement. It is a once-only exemption, with a maximum duration of six years. While exempt the lone parent might still be required to participate in training or education to ensure that they can find temporary or permanent work after the exemption. Municipal case managers decide how to apply the rules based on individual circumstances (Davidse and Kraan, 2008, p.13).

Another theme of Dutch welfare reform involved the creation of a market for the delivery of more intensive employment services and programmes. The central Ministry does not act as a purchaser but from 2002 required the UWV and municipalities to contract out their employment assistance programmes. In 2004 the municipal system changed again, devolving the decision about contracting out employment services to local level. A new central government financing system, the 'Fund for Work and Income', created strong incentives for municipalities to reduce their social assistance caseloads (Finn, 2008).

### **5.6.1 Employment assistance for Dutch lone parents**

All working-age Dutch people applying for out-of-work benefits must first register with a Centre for Work and Income (CWI) office. After registration and initial assessment they then make a claim with either the UWV for unemployment benefit or with the municipality for social assistance. The CWI provides vacancy matching services and monitors the jobsearch of the most employable for up to six months. At this point, or earlier if the client is less employable, UWV case managers may provide more intensive 'reintegration' services. The transfer of an individual from the CWI to a municipal case manager may happen immediately or within the first year depending on local policies (Desczka, 2007). Municipal case managers have discretion about the type of employment assistance or reintegration services they provide according to the local policies of the municipality.

The reintegration services available vary widely but by 2006, 85 per cent of municipalities had introduced 'work first' and 'workfare' systems (van Geuns and van Gent, 2007). Despite local variation, their common feature is the requirement that most social assistance recipients must be engaged in work or work-related activities immediately after they claim social assistance. Failure to comply may result in sanctions or benefit withdrawal.

Work-first interventions are targeted at the most employable and stress rapid job placement. They are likely to include intensive supervision, short-term mandatory work, integrated services, case manager support, a time limit to activities and follow-up after job placement. Mandatory work experience or 'workfare' is targeted at those harder to place in regular jobs, and usually delivered by non-profit or for-profit organisations. According to municipalities these mandatory employment services serve two goals. They both minimise demands on social assistance through deterrence and maximise the outflow into work through employment assistance (Sol *et. al.*, 2007).

All participants in reintegration and work programmes may receive additional support to remove barriers (such as debt counselling, transport, etc.) but childcare provision and help with such costs while in work are at the discretion of the municipality.

### 5.6.2 Evaluations of employment assistance for Dutch lone parents

There is little specific targeting of employment provision at lone parents and little data on their experience within programmes or their outcomes afterwards. There are, however, several studies that consider the implementation of lone parent requirements and the extent to which they have been implemented. The results show marked variation between municipalities and it also appears that case managers have used their discretion to grant partial or permanent exemptions to lone parents on a variety of grounds.

One study of the implementation of work-related requirements involving 450 lone parents found that only 40 per cent had a full-time work requirement and 26 per cent a part-time work requirement. The other parents had been given exemptions on either medical or 'social' grounds, which could include, for example, the low educational level of the mother, the well-being of the children or even poor motivation to seek work (Knijn and van Wel, 2001a, p.118). In a related article, that also drew on an earlier survey of over 1,000 lone mothers and interviews with case managers and local policy makers, the authors found '*administrative reluctance to implement national policies*' (2001b, p.236). A subsequent extensive 2003 Audit Office study revealed that 23 per cent of lone parents receiving assistance were already engaged in some part-time work and in practice exempted. The report found that in only 35 per cent of the case files reviewed were lone parents subject to full-time work requirements (Knijn and van Berkel, 2003, p.101).

Variations in how municipalities have implemented work-related requirements reflected, in part, local labour market conditions and the characteristics of the resident social assistance recipients. Another important factor has been the low availability of suitable childcare, variation in the willingness of municipalities to pay towards costs, and the complexity for case managers in assisting clients to access support.<sup>23</sup> It also appears that local politicians and policy makers interpreted the requirements to reflect local priorities, influenced by the ways in which they perceived the care responsibilities of lone parents and analysed the problem to be tackled. Another factor has been case manager discretion. It appears that some may have been reluctant to impose work requirements or sanctions for social reasons. For others, '*releasing clients from work obligations may reduce workloads and avoid complex administrative and activation processes*' (Knijn and van Berkel, 2003, p.105). Paradoxically, the exercise of this discretion may have meant '*that many lone parents who wanted to work were not getting support*' (Knijn and van Wel, 2001b, p.248).

There are few rigorous evaluations of the net impacts of either UWV or municipal programmes in which lone parents may have participated (de Koning, 2007).

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<sup>23</sup> The OECD comments on the weak provision of pre-school childcare in the Netherlands but has noted that recent reforms had increased availability, and primary schools have now been required to offer before- and after-school care (OECD, 2008b, p.2).

Most evidence on outcomes simply reports the number of people who have found jobs after participation in reintegration programmes. In 2007, for example, it was reported that about 35 per cent of the unemployed were placed into employment through UWV programmes (Sol, 2008, Table 2, p.79).

Government progress reports on the devolution of budgets to municipalities discuss trends in social assistance and the degree to which recipients are being activated. At the end of 2007 the relevant report indicated that the number of social assistance recipients in working-age households had fallen from about 336,000 in 2003 to about 274,000 (Davidse and Kraan, 2008, p.9). The inflow of working-age applicants had fallen by 19 per cent between 2003 and 2006, and the outflow had increased from 23 per cent to over 30 per cent in 2005. The report found that the number of people being placed in jobs within two years of starting on a reintegration course had increased from ten per cent for those commencing in 2002, to 19 per cent for those commencing in 2004, and to 27 per cent of those starting in the first half of 2005. A net impact analysis that filtered out other external effects suggested that the overall net impact of the legislative changes *'led to an extra reduction of four per cent in the social assistance volume in the period 2003-2006'* (ibid, p.9).

An independent analysis of two studies commissioned by the Ministry of Social Affairs and Employment, and of other local municipal studies, suggested that the legislative changes had accelerated an existing trend. The evidence suggested that the municipalities had been more successful in reducing the inflow into social assistance and that the increased outflow was facilitated by a more buoyant labour market. The authors reported that about 100,000 social assistance claimants joined employment programmes each year and that an estimated 30,000 left to enter paid employment. They also reported that some 40 per cent of working-age recipients were exempted from work-related requirements and that more people left social assistance for other reasons, such as retirement or re-partnering, than did to enter employment. The evidence from the studies on cost effectiveness and impacts suggested that the net effect of employment assistance was 'positive but small' but that few municipalities had yet 'succeeded in achieving a high rate of outflow to paid employment' (van Geuns and van Gent, 2007, p.15, p.17).

## 5.7 Conclusion

The case studies provide insights into cross-national variation in the design and implementation of work-related requirements that affect lone parents and the groups of lone parents required to take part in these activities. The evidence illustrates that the ways in which such requirements and programmes are structured and implemented may positively and negatively affect the experience of lone parents and their transitions into employment. In each country the implementation of lone parent work-related requirements has been dynamic, involving continuous policy adaptation and reform in light of experience, unintended consequences, and changing circumstances.

The US case studies provided evidence on the employment effects of different strategies with findings that a radical 'full engagement' workfare model had reduced caseloads and increased lone parent employment in the challenging urban environment of NYC. The 'mixed strategy' in Oregon illustrated the value of an employment-focused approach, which integrated delivery with community colleges, and enabled participants to 'hold out' for a better job. This was driven by a performance target that prioritised employment retention.

There was less direct evidence on the impact of lone parent work-related requirements from the other countries. Activation requirements had been intensified for all benefit claimants in Sweden and the Netherlands but evaluations of related employment programmes rarely considered the particular impact on lone parents. Several studies revealed, however, significant variation in how, and the extent to which, work-related requirements had been implemented in their devolved systems. There was evidence that social workers and case managers exercised administrative discretion in applying requirements and exemptions resulting in further variation in frontline practice. These findings illustrate the importance of understanding how requirements are perceived by front-line staff and the extent to which such perceptions are congruent with policy intentions.

Jobsearch and intensive participation requirements for lone parents were not introduced in Australia until 2006 and the impacts remain to be formally evaluated. There was early evidence from administrative records of an increase in the number of lone parents exiting the benefit system and a decrease in those claiming benefits compared with earlier trends, albeit this was in a context of strong employment growth.

There was earlier evidence from Australia on the impact of mandatory interviews and participation agreements that had been tested on lone parents with older children. These had the effect of increasing activity and entry into other employment or education-related provision but there was little evidence on how such activity translated into job outcomes. Small-scale qualitative studies of lone parents reported an increase in perceived stress and concern about a reduction in time spent with children. Both studies reported that lone parent attitudes about employment and caring responsibilities had not changed, with the parents in one study concerned that requirements had reduced their autonomy to make their own choices about how they organised their family lives. There was evidence also that the complexity of participation and jobsearch rules, and their inflexible implementation, had caused problems for some lone parents, leading to further reform.

Another significant finding was that in those case study countries where policy makers had implemented variations of 'work first' systems there was differential specialist provision targeted at those lone parents, and other harder-to-help groups, who needed to stabilise and manage their particular circumstances as part of their involvement in or progression to 'work first' programmes.

## 6 Conclusions

Variations in the prevalence of lone parent families and their relative employment and child poverty rates cannot be explained simply in relation to the work-related requirements in their benefit systems, or to the extent of their implementation. They also reflect a wide range of factors associated with the characteristics of different welfare regimes. These include, for example: the respective responsibilities of the family and state; levels of income redistribution through the tax and benefit system; and patterns of employment regulation.

This study shows that a number of countries, including the United Kingdom, have been characterised by increased numbers of lone parent households, low lone parent employment rates, and relatively high levels of child poverty within benefit systems which previously have prioritised the role of such parents as carers. Several countries are now at various stages of improving financial incentives to work, introducing work-related requirements for lone parents or reinforcing existing requirements for lone parents claiming out-of-work benefits. In each country the implementation of lone parent work-related requirements has been dynamic, involving continuous policy adaptation and reform in light of experience and changing circumstances. Alongside this, many countries are also seeking to increase the availability of employment assistance and other support services, especially childcare, to help meet the policy objectives of these reforms. The motives for reform in each country differ but they share an assumption that increased rates of lone parent employment will reduce both child poverty and welfare caseloads.

The trend towards conditionality in benefit systems has been part of a broader process whereby Organisation for Economic Co-operation and Development countries have been 'activating' their benefit systems and introducing individual action plans, structured jobsearch requirements, more or less active monitoring by case managers, and reducing the grounds on which jobs can be refused. Changes to the work-related requirements for lone parents have often been one part of these wider welfare reforms for all benefits claimants. Therefore in reviewing the evidence it is, at times, difficult to disentangle the specific effects of reforms on lone parents, as opposed to more widely. For example, the evidence from some countries, such as Sweden, does not examine the effects of policy changes on

lone parents, primarily because they are not the specific object of the changes. The evidence from the United States (US) and Great Britain (GB) about lone parent work-related requirements is by far the most comprehensive. Whereas reforms in some countries, such as Australia, are yet to have been evaluated, and in the Netherlands for example there is little data about the effectiveness of reforms on lone parents, or of their outcomes.

This chapter now draws together the evidence about how 'success' of increased work-related requirements for lone parents has been measured, and then looks at the combination of services that have been found to promote employment among lone parents, before turning to which groups of lone parents have fared well and which less well from these types of reforms and finally examining implementation issues.

## 6.1 Measuring the success of work-related employment requirements for lone parents

The aims and objectives of general and targeted policy reforms affecting lone parents differ between countries but there are some common 'success criteria', or explicit and implicit policy goals. These include: a reduction in out-of-work benefit dependency among lone parent families, an increase in the employment and earnings of such families, and a reduction in child poverty and related improvement in child well-being. There are also ambitions to secure attitudinal change among lone parents, and their children, towards employment, the benefit system and family responsibilities. The US has placed greater emphasis on reducing 'dependency' through combined jobsearch and work requirements, and explicitly linked welfare reforms to issues of 'family formation' and child-bearing. Elsewhere welfare reforms have been relatively neutral on such issues.

Researchers have generally sought to measure the success of work-related requirements against these policy goals and in some countries have also sought to examine the effects of the reforms on particular groups of lone parents and how these differ, as well as implementation issues that have had an impact on their effectiveness. The findings about both of these are summarised later.

A number of studies, such as those about reforms in New Zealand, Australia, Canada, and the US, point to significant reductions in welfare caseloads that have been associated with the introduction of lone parent work-related requirements. These caseload reductions are in part explained by an 'anticipation' effect, where a number of people cease claiming benefits before being required to attend interviews and/or take up places on labour market programmes. Such effects tend to be higher in the early phases of implementation, where they prompt those capable of working to get a job, and any individuals who are already working and claiming benefits to 'sign off'. Evidence from the US has shown that, over time, caseloads also fall, as people are more reluctant to apply for benefits under a new regime with greater work-related requirements than they once were.

Much of the evidence, particularly that from the US, shows that increased work-related requirements also increased employment rates. In the US, evidence has estimated that tax credits were responsible for about one-third of the change in lone parent employment rates and the economy and welfare reform each responsible for another 25 per cent. Although a decrease in caseload and an increase in employment rate may be correlated, they are not necessarily mutually exclusive. For example, as described in more detail later, in the US there has been a growing number of lone parent families 'disconnected' from both employment and the welfare system and, as already noted, a decrease in caseloads may also be influenced by lone parents anticipating policy changes and changing their behaviour, not all of whom will move into employment.

A further key measure of the effects of increased work-related requirements for lone parents has been child poverty. Evidence from the Oregon and New York case studies, as well as from the US more widely, indicates that child poverty may have been decreased as a result of increased work-related requirements, although these effects are also influenced by other factors. There was no evidence from several countries about how work-related requirements affected child poverty rates, including from the reforms in Australia, the Netherlands and Sweden.

## 6.2 Work-related requirements and services that promote employment

There is an extensive body of evidence on the outcomes of a wide variety of employment assistance services and programmes from other countries. As countries have implemented work-related requirements for lone parents they have generally made participation in employment assistance and employment programmes mandatory. Earlier voluntary programmes, such as those in GB and Australia, have had varied impacts but the rate of lone parent participation has been relatively low, with many choosing not to engage with programmes. While voluntary programmes have worked effectively, with more motivated participants, who tend to be relatively job-ready, the recruitment of mandatory participants requires providers to engage with those who are likely to have more barriers and support needs.

Evidence on the most effective combination of work-related requirements and services is mixed. Different approaches and sequences of support are needed for the diverse groups who comprise the lone parent population. The cumulative evidence from the studies reviewed points to the effectiveness of a strong employment-focused 'message' delivered through well-trained case managers with the flexibility to tailor employment assistance and support services, including work-focused education and training, to meet the needs of individual lone parents. Engagement with such services may be secured through clear communication of requirements reinforced by varying sanctions.

A key measure of success is how often lone parents manage to sustain employment after their initial entry into work, particularly as this will affect other policy priorities, such as reducing poverty and the welfare caseload. While some employment assistance models promote quick entry into jobs, the cross-country evidence indicates that significant cohorts do not retain their jobs and many return more or less quickly to the benefits system.

There is mixed evidence on the relative merits of mandatory employment assistance strategies that stress rapid labour market attachment, commonly referred to as 'work first', and those that emphasise participation in basic education and/or skills training before job placement. The evidence suggests that skill-based provision is an important component of effective 'mixed' strategies, where rapid jobsearch is targeted at those closer to employment with significant pre-existing job experience and/or skills, and training provision available for participants with little work experience and greater need for skill improvement. This was the approach adopted in Portland, Oregon and it was found to increase employment and earnings growth. In Portland case managers were allowed to use their judgement to assign participants to different initial activities, including education and training for a significant minority. While employment-focused, the programme encouraged participants to hold out for a job that paid more than the minimum wage and offered a good chance of stable employment.

Perhaps one of the most common and significant barriers facing lone parents in many countries is the absence of viable childcare options. Across countries there is variation in the availability, cost and quality of both formal and informal childcare. Matters are complicated by school hours that are often poorly synchronised with parents' working hours. One comparative study found that out of seven countries reviewed, only Denmark and Sweden, and to a lesser extent France, had comprehensive 'out-of-school hours' childcare systems in place (OECD, 2008a).

### 6.3 Which groups of lone parents fare well and which less well?

Evaluation of previous UK welfare reform and policies affecting lone parents suggests that voluntary employment programmes work most effectively with lone parents who are more job-ready, in that they have a higher level of skill or education, have had previous work experience, and have fewer children and/or have access to the childcare support needed. The programmes work less effectively for those without these attributes, and are less effective for lone parents who have multiple barriers to work, who are speakers of English as a second language, who have basic skills needs, and/or those parents who have been claiming benefits for a long period of time.

The international evidence has shown that there has been significant change in the composition of those who remain on benefits, as the implementation of work-related requirements affects the caseload over time. The US evidence suggests

that more employable lone parents leave the system more quickly in the initial phases of reform and are less likely to return. Over time the welfare population is likely to be smaller and to comprise a higher proportion of those who have greater barriers to employment. The US evidence, as also demonstrated in the New York case study, found that those least likely to leave welfare either had large families, lived in public or subsidised housing, lacked a high school diploma, were African-American, or experienced a combination of these factors. Other evidence suggested that many of the 'stayers', or their children, had disabilities and/or health problems, with one estimate that 30 per cent of parents had mental-health issues.

Several benefits systems, such as the Netherlands, Australia and the US, have sanctions which can be applied to benefits recipients that do not meet the work-related requirements of their benefit. In reality the evidence has found that these are used to a greater or lesser extent. In the Netherlands for example, there is evidence that case-managers have been reluctant to apply sanctions to lone parents and indeed have used flexibilities in the system to exempt a large proportion of lone parent from work-related requirements. However, where they are used, the evidence from several countries, including GB, suggests that sanctions are experienced disproportionately by more disadvantaged lone parents, such as those that have, for example, poor literacy levels, or that typically they spend longer on benefits.

One striking development in the US has been the growth in the number of families 'disconnected' from the system, in part because of the policy of a time limit to the entitlement to benefit. These families: have less education and more learning disabilities; are likely to have past or current problems with substance abuse; have higher rates of depression and other forms of mental illness; have younger children or larger families, or both; and are more likely to experience or have experienced domestic violence. Although the British system is unlikely to produce these dramatic effects because there are no time limits to the period for which someone can be entitled to benefits, there may be concern about the circumstances of that group of lone parents who may be classified as moving into 'unknown destinations', with some assuming that this group have become similarly 'disconnected'.

#### 6.4 What has affected the implementation of work-related employment requirements?

Evidence from previous UK lone parent welfare reforms has provided insights into issues that arise when implementing services for, and requirements on, lone parents. These have included the capacity of staff at Jobcentre Plus, variations in approaches, both between offices and between advisers, pressure on adviser time, and difficulties in communicating sanctions and their implications to customers.

Studies from several countries highlight the important role played by case managers and other front-line staff in both communicating requirements to lone parents, and in assisting clients with jobsearch, and with accessing the support services they might need. Qualitative studies have reported variations in the commitment and capacity of front-line staff to communicate and impose requirements, suggesting that informal discretion may be an important factor in explaining the impact of policy change and the quality of services received by clients. Studies from the Netherlands and Sweden revealed significant variation, both in how social workers applied requirements and exemptions, and how local politicians interpreted and applied the flexibilities they were given in their devolved systems. These findings illustrate the importance of monitoring how requirements are perceived by front-line staff and how far such perceptions are congruent with policy intentions.

This evidence review has shown that while the progress of British welfare reform is often contrasted with that in other countries, the welfare regimes within each country have different institutional arrangements and employment and benefit systems. In this context it is not feasible to establish meaningful comparative benchmarks against which to measure the progress and impact of lone parent obligation policy. Nevertheless, it is useful to ensure that, where possible, the Department for Work and Pensions' evaluation of 'Lone Parent Obligations' makes use of the measures developed in other countries, and this study identifies issues, many of which will be further explored in the different phases of the evaluation.

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