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**Wisconsin Family Impact Seminars  
and the  
Early Childhood Excellence in Education Evaluation Project  
Briefing Report**

**Helping Poor Kids Succeed:  
Welfare, Tax, and Early Intervention Policies**



University of Wisconsin-Extension  
Center for Excellence in Family Studies  
School of Human Ecology  
University of Wisconsin-Madison

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# Helping Poor Kids Succeed: Welfare, Tax, and Early Intervention Policies

*First Edition*

**Wisconsin Family Impact Seminars  
and  
The Early Childhood Excellence in Education Evaluation Project  
Briefing Report**

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Center for Excellence in Family Studies  
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## Purpose, Presenters, and Publications

**F**amily Impact Seminars have been well received in Washington, D.C., by federal policymakers, and Wisconsin is one of the first states to sponsor the seminars for state policymakers. Family Impact Seminars provide state-of-the-art research on current family issues for state legislators and their aides, Governor's Office staff, state agency representatives, educators, and service providers. Based on a growing realization that one of the best ways to help individuals is by strengthening their families, Family Impact Seminars analyze the consequences an issue, policy, or program may have for families.

The seminars provide objective nonpartisan information on current issues and do not lobby for particular policies. Seminar participants discuss policy options and identify common ground where it exists.

"Helping Poor Kids Succeed: Welfare, Tax, and Early Intervention Policies" is the 14th seminar in a series designed to bring a family focus to policymaking. This seminar featured the following speakers:

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Each seminar is accompanied by an in-depth briefing report that summarizes the latest research on a topic and identifies policy options from across the political spectrum. Copies are available at Extension Publications, Room 245, 30 North Murray Street, Madison, WI 53715, (608) 262-3346.

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## Table of Contents

|  |      |
|--|------|
| <b>Executive Summary</b> .....   | v    |
| <b>A Checklist for Assessing the Impact of Policies on Families</b> .....  | viii |
| <b>From Income Support to Child &amp; Family Support: Some Rather Surprising Consequences of National Welfare Reform</b> |      |
| <i>by Thomas Corbett</i> .....   | 1    |
| How Does Our Past Shape Our Current Direction? .....   | 2    |
| What Cultural Changes Are Occurring? .....   | 5    |
| Where Are We Going: Peering into the Future .....  | 7    |
| What Changes are Still Likely to Occur? .....  | 9    |
| How Are States and Localities Transforming<br>the Culture of Welfare Programs? .....                                     | 10   |
| Conclusion .....   | 11   |
| <b>Not Perfect, But Still Pretty Good: How the Earned Income Tax Credit Supports Low-Income Working Families</b>         |      |
| <i>by John Karl Scholz</i> .....   | 13   |
| What is the Earned Income Tax Credit? .....  | 13   |
| How Effective is the EITC in Reaching Families<br>Who Are Truly Low-Income? .....  | 14   |
| How Do Families Use the EITC? .....  | 14   |
| Does EITC Affect Work Participation and Female<br>Headship of Low-Income Families? .....                                 | 15   |
| How Expensive is the EITC to Administer? .....   | 15   |
| How Does the EITC Compare with Other Policies<br>to Support Low-Income Working Families? .....                           | 15   |
| Which Options Has Wisconsin Invested In? .....   | 17   |
| Conclusion .....   | 18   |
| <b>Helping Children Get Started Right: The Benefits of Early Childhood Intervention</b>                                  |      |
| <i>by Craig Ramey</i> .....  | 21   |
| What Does Effective Early Intervention Look Like? .....  | 21   |
| How Effective Can Early Intervention Be? .....   | 22   |
| What Families Benefit the Most? .....  | 24   |
| How Important is a Family Component<br>in the Success of Early Intervention? .....                                       | 24   |
| How Does the Timing and Duration of the Program<br>Affect Child Outcomes? .....  | 24   |
| What Are the Principles of Successful Early Intervention? .....  | 25   |
| Why is Early Childhood Education a Key Investment<br>for State and Local Policymakers? .....                             | 26   |
| <b>Selected Resources</b> .....  | 29   |

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## Executive Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

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## A Checklist for Assessing the Impact of Policies on Families

The first step in developing family-friendly policies is to ask the right questions:

- What can government and community institutions do to enhance the family's capacity to help itself and others?
- What effect does (or will) this program (or proposed policy) have for families? Will it help or hurt, strengthen or weaken family life?

These questions sound simple, but they can be difficult to answer.

The Family Criteria (Ad Hoc) Task Force<sup>1</sup> developed a checklist to assess the intended and unintended consequences of policies and programs on family stability, family relationships, and family responsibilities. The checklist includes six basic principles that serve as the measure of how sensitive to and supportive of families policies and programs are. Each principle is accompanied by a series of family impact questions.

The criteria and questions are not rank ordered (Ooms & Preister, 1988). Sometimes these criteria conflict with each other, requiring trade-offs. Cost effectiveness also must be considered. Some questions are value-neutral. Others incorporate specific values. People may not always agree on these values, so sometimes the questions will require rephrasing. However, this tool reflects a broad, nonpartisan consensus, and it can be useful to people across the political spectrum.

### Checklist: A Tool for Analysis

Check all that apply. Record the impact on family well-being.

1. **Family support and responsibilities.** Policies and programs should aim to support and supplement family functioning and provide substitute services only as a last resort.
  - ' How does the proposal (or existing program) support and supplement parents' and other family members' ability to carry out their responsibilities?
  - ' Does it provide incentives for other persons to take over family functioning when doing so may not be necessary?
  - ' What effects does it have on adult children's ties to their elderly parents?
  - ' To what extent does the policy or program enforce absent parents' obligations to provide financial support for their children?

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<sup>1</sup>Adapted from T. Ooms & S. Preister (Eds.) (1988). In *A strategy for strengthening families: Using family criteria in policymaking and program evaluation*. Washington, DC: Family Impact Seminar.

- ' Does the policy or program build on informal social support networks (such as community/neighborhood organizations, churches) that are so essential to families' daily lives?
2. **Family membership and stability.** Whenever possible, policies and programs should encourage and reinforce marital, parental, and family commitment and stability, especially when children are involved. Intervention in family membership and living arrangements is usually justified only to protect family members from serious harm or at the request of the family itself.
- ' What incentives or disincentives does the policy or program provide to marry, separate, or divorce?
  - ' What incentives or disincentives are provided to give birth to, foster, or adopt children?
  - ' What effects does it have on marital commitment or parental obligations?
  - ' How does the policy or program enhance or diminish parental competence?
  - ' What criteria are used to justify removal of a child or adult from the family?
  - ' What resources are allocated to help keep the family together when this is the appropriate goal?
  - ' How does the policy or program recognize that major changes in family relations such as divorce or adoption are processes that extend over time and require continuing support and attention?
3. **Family involvement and interdependence.** Policies and programs must recognize the interdependence of family relationships, the strength and persistence of family ties and obligations, and the wealth of resources that families can mobilize to help their members.
- ' To what extent does the policy or program recognize the influence of the family and family members upon individual needs or problems?
  - ' To what extent does it involve immediate and extended family members in working toward a solution?
  - ' To what extent does it acknowledge the power and persistence of family ties, especially when they are problematic or destructive?
  - ' How does it assess and balance the competing needs, rights, and interests of various members of a family? In these situations, what principles guide decisions (i.e., the best interests of the child)?
4. **Family partnership and empowerment.** Policies and programs must encourage individuals and their close family members to collaborate as partners with program professionals in delivery of services to an individual. In addition, parent and family representatives are an essential resource in policy development, program planning, and evaluation.

- ' In what specific ways does the proposed or existing program provide full information and a range of choices to families?
  - ' In what ways do program professionals work in collaboration with the families of their clients, patients, or students?
  - ' In what ways does the policy or program involve parents and family representatives in policy and program development, implementation, and evaluation?
  - ' In what ways is the policy or program sensitive to the family's need to coordinate the multiple services they may require?
5. **Family diversity.** Families come in many forms and configurations, and policies and programs must take into account their different effects on different types of families. Policies and programs must acknowledge and value the diversity of family life and not discriminate against or penalize families solely for reasons of structure, roles, cultural values, or life stage.
- ' How does the proposal or program affect various types of families?
  - ' If the proposed or existing program targets only certain families, for example, only employed parents or single parents, what is the justification? Does it discriminate against or penalize other types of families for insufficient reason?
  - ' How does it identify and respect the different values, attitudes, and behavior of families from various racial, ethnic, religious, cultural, and geographic backgrounds that are relevant to program effectiveness?
6. **Targeting vulnerable families.** Families in greatest economic and social need, as well as those determined to be most vulnerable to breakdown, should have first priority in government policies and programs.
- ' Does the proposed or existing program identify and target publicly supported services for families in the most extreme economic or social need?
  - ' Does it give priority to families who are most vulnerable to breakdown and have the fewest supports?
  - ' Are efforts and resources targeted on preventing family problems before they become serious crises or chronic situations?

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## From Income Support to Child & Family Support: Some Rather Surprising Consequences of National Welfare Reform

By Thomas Corbett

**T**he 1996 Personal Responsibility and Work Opportunity Reconciliation Act has accelerated policy and management trends that are transforming public assistance. One group of senior welfare administrators from the seven upper Midwest states—the Midwest Welfare Assistance Network or WELPAN—has made culture change a major issue since federal welfare reform became a reality. In recent years, welfare culture change typically has involved a shift in focus from income support to work and self sufficiency. Currently WELPAN sees further shifts toward concerns about family and community functioning, particularly the well-being of children. The chapter thinks through the nature of culture change in the present and how past reform themes contribute to change in the present. The chapter takes a look into the future and speculates on where we might be headed. The final part presents real examples of how states and localities are transforming the culture of welfare reform from income support to child and family support.

**“The old program was error driven, now we are employment driven. The old program focused on paper, now we’re focused on people. The old program was a barrier-based program looking at what (recipients) couldn’t do, now we’re looking at strengths that they have and what (customers) can do to become self-sufficient.” - Pat Jernell, Anoka County, Minnesota**

In the three years since its passage, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has accelerated policy and management trends that are transforming public assistance in this country. When applicants typically interact with a welfare-type agency, they encounter a set of expectations, procedures, attitudes and environmental cues—in short, the “culture” of the agency, which defines the character of the program administered through the agency.

One group of senior welfare administrators from the seven upper Midwest states—the Midwest Welfare Peer Assistance Network or WELPAN—has made culture change a major issue and concern in the three years since federal welfare reform became a reality in 1996.

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

Creating culture change in the welfare arena does not dictate the type of program you will have. In fact, culture change has had very different outcomes in past decades. However, recently emerging program cultures have reflected, in many cases, mutual responsibility between the participant and the agency that is focused on self-sufficiency and other mainstream behaviors and values.

For workers in the field, culture change typically examines attitudes, values, philosophies, staff roles, and the need to continuously upgrade knowledge and skills. For participants, culture change can mean assuming personal responsibility, committing to job preparation, identifying necessary resources such as child care and child support payments, taking advantage of work opportunities, and assertively working to become part of mainstream society. For members of the larger community, it may require rethinking stereotypical views of welfare and welfare recipients and more active involvement in addressing the issues of low-income and disadvantaged families.

### **How Does Our Past Shape Our Current Direction?**

We cannot really grasp where we are going until we better understand our past. Likewise, we cannot create a vision of where we want to be until we appreciate where we have been. We change a system's culture because we sense fundamental flaws in how it is designed and managed. This section explores the nature of welfare, the flaws that emerged and became increasingly evident, and how social assistance for poor families evolved over time. All these issues offer important clues about the current push for change.

Changes in welfare systems in recent years seem to represent qualitative, not incremental, change. The core concern with Aid to Families with Dependent Children (AFDC) has been the real or imagined negative effects on behavior at the individual, family and community levels. Consequently, behavior change at all these levels is replacing income support as the primary purpose under Temporary Assistance for Needy Families (TANF). Emerging policies under the new philosophy seem less directed at ensuring certain outcomes—having a minimal level of economic resources—and more oriented toward facilitating full participation in the opportunities society offers, and perhaps also remedying areas where private markets and systems fall short.

New welfare policies are now expected to solve societal issues including everything from poverty and unwise fertility decisions to family instability and poor parenting. New programs seek to facilitate connections between those isolated from mainstream society and institutions that can help them achieve full potential. Programs appear to refocus, from what is wrong with people, to what they can achieve with a little assistance.

***We cannot really grasp where we are going until we better understand our past.***

***“...I think probably the biggest change is the emphasis on personal responsibility that we have brought to the mix and the way that has been supported by the W-2 agencies themselves by building on people’s strengths rather than identifying their weaknesses...First and foremost is the signal that you are valuable, you are valuable to your family, you are valuable to your community, and we are going to help you identify how you can build upon that value.” - J. Jean Rogers, Wisconsin***

As summarized in Table 1, the early decades of federal welfare for families focused on the children, particularly how government could help women raise their own children. The cash assistance was important, but secondary to the broader goal of helping mothers be mothers. Local jurisdictions helped “fit” or “good” mothers raise their children better. The War-on-Poverty era, which also included what we have called the “social service” strategy for reforming assistance, built upon the basic culture of assistance in those early decades. The relationship between worker and client was intense and personal. Social service workers cajoled, counseled, and used a variety of casework techniques to ensure the proper stewardship of the family.

During the mid-1960s and mid-1970s, an “income definition” of poverty emerged, with the solution being to correct the income shortfall in a simple, efficient, and standardized manner. Economists moved to the forefront of policy development. Services were separated from cash assistance. Flat grants were introduced, instead of individualized budgets. Lawyers joined the economists, and client protections were strengthened. AFDC became an entitlement, with benefits based almost solely on categorical status (single parenthood) and economic need. Much of the machinery from the earlier era was dismantled. Government no longer tried to change people, except for changes that could be obtained through altering economic incentives.

In entitlement programs, the efficiency principle predominates - provide benefits in a simple, standardized way without conditions. “Check-issuing” approaches to helping low-income people are easily routinized, making them easier to design and operate.

A strictly income-based solution to child poverty, particularly solutions coming out of Washington D.C., were under serious attack by the late 1970s. By the early 1980s, a new paradigm had emerged. Explanations for poverty shifted once again toward the individual (behavioral dysfunction) and away from institutional factors, such as market failures. The locus of action shifted to the states. Slowly at first, and then more quickly, state-sponsored welfare demonstrations began. Under the slogan of the “new social contract,” the basic welfare structure that prevailed as recently as 20 years before was partially restored.

## Table 1. Reform Goals

### The Early Decades:

The “Family Saving” Era  
mother’s pensions  
moralistic era  
local discretion permitted

### The 1960s:

The “War on Poverty” Era  
community empowerment  
human capital

Early “Dependency Reduction” Era  
counseling/social work  
labor market attachment  
labor demand enhancement

### The 1970s:

Improving Economic Well-being  
welfare entitlements  
earnings supplements

The Parental Responsibility Goal  
child support enforcement

### The 1980s:

Enhance Family Formation/Stability  
Reduce Teen and Nonmarital Births  
Moving Beyond Work  
Learnfare and such

### The 1990s:

Enhance Family Functioning/Parenting  
The Extended Family Goal  
bring the father back

### 2000 and Beyond:

Saving the Children (the next generation perspective)

But for the past decade or two, we have been recreating aspects of the earliest welfare system, applying these technologies to bold new objectives. We have retied morality, behavior, and a concern with the quality of parenting and family to welfare. Work remains the major goal, but increasingly as a way of stabilizing families and improving the discipline and focus of the adult caregivers. In effect, we have attached all the complexity and ambition inherent in the early welfare programs back into contemporary policies.

But most of all, we have returned to local control, with all the risks and rewards inherent in such a concept. On one hand, we have enormous potential for innovation and entrepreneurship. On the other, we have variation across agencies and even among workers.

### What Cultural Changes Are Occurring?

It appears that what we call the culture of an institution is becoming increasingly important. The following table lays out the attributes that characterize the new forms of social provision, and compare them with earlier ways of organizing and operating welfare programs.

**Table 2. Emerging Attributes**

| <u>Traditional Attributes</u>         | <u>Emerging Attributes</u>         |
|---------------------------------------|------------------------------------|
| focus on benefits -----               | focus on behavior                  |
| autonomous agency -----               | collaborative agency               |
| unidimensional -----                  | complex and multipurpose           |
| agency-dominated interactions ---     | participant-initiated interactions |
| top-down communications -----         | peer-to-peer communications        |
| autonomous staff -----                | teams/collaborative staff          |
| rule-oriented -----                   | worker discretion                  |
| data-oriented -----                   | people-oriented                    |
| ameliorating problems -----           | preventing problems                |
| limited target populations -----      | broader target populations         |
| treating all participants alike ----- | personalized treatment             |
| process-oriented -----                | outcome oriented                   |
| static operations -----               | dynamic operations                 |
| point-in-time concept -----           | point-in-process concept           |

Ten years ago, the target groups of interest were limited mainly to adult recipients, though on occasion the children might receive some attention. The worker-client interaction tended to be uniform, episodic, and routine. Recipients were viewed primarily as providers of data, workers viewed themselves as passive data collectors. The basic recipient-worker relationship was often marked by distrust and suspicion. Personal involvement with recipients was discouraged because it might interfere with the primary agency mission of payment accuracy, which was the only factor measured and rewarded through the Quality Control system. Typically, no one asked applicant families about their problems, strengths, or strategies for moving into society's mainstream. The primary program function was to separate the eligible from the non-eligible.

Thus, the dominant program philosophy was characterized by process and bureaucracy. At the extreme, local agency and worker discretion was severely constrained by the introduction of automated welfare case management systems in the late 1970s. During this period, a signature event in Wisconsin was the creation of the Computer Reporting Network, which was an automated case management system that radically centralized decision making. Important program rules were built into the system, and the manuals were rewritten to translate all discretion into clear-cut binary decisions: if the situation is A, you must do X, if it is B, you must do Y.

***In the old system "...everything was eligibility oriented, the emphasis was on meeting the needs of the system to document eligibility under the rules, not to meet the needs of the individual. The mission of the old system was to treat everyone equally and to make sure that each applicant received all of the benefits, and only the benefits they were entitled to, under the law." - Mary Ann Cook, Dane County, Wisconsin***

The emerging paradigm is new and, at the same time, very old. The program challenge is to encourage and facilitate positive behaviors. Where possible, counterproductive behaviors, such as dependency, are to be discouraged and prevented. The emerging systems have varied and multiple purposes, such as work, marriage, responsible parenting, that include multiple targets, including parents, children and non-custodial parents. Complex, behavior-focused programs tend to be dynamic and longitudinal, based on change over time, not static systems in which each month is an independent accounting period. New programs tend to be so multi-dimensional and individualized that workers must adopt professional norms eschewing bureaucratic rules. In turn, the organizational forms in which the workers function are transformed, becoming less hierarchical. Communication between workers becomes more collaborative and less top-down. Agency boundaries become more gray as interagency agreements and one-stop agency models emerge.

At the heart of the issue is the idea that individual workers, teams of workers, and institutional partnerships will tackle the most difficult of society's problems together. Programs no longer will be executing policies, but will be creating policies. They will no longer be functionaries, but rather professionals. They will no longer dwell on symptoms, but will work on creating fundamental cures. Rather than ignoring the most difficult cases, they will be engaging the most troubled families in creative ways.

***One of the things I know is the signage is different. There's not a sign that says this is the Department of Welfare. All our signage says that this is the Division of Family and Children. Almost every bulletin board in every waiting room that you go in the 92 county departments, you see notices about employment and jobs. You always see the question, "What can we do to help?" "Where is it that I might help you?" There's the real change... - Thurl Snell, Indiana***

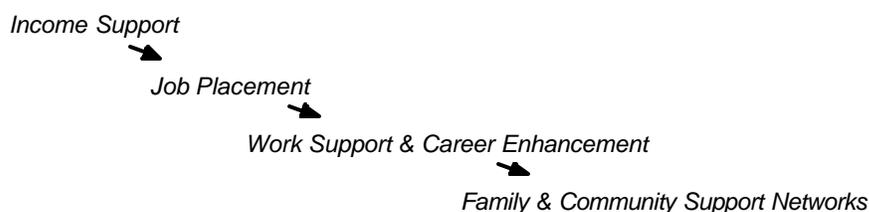
Given the new mission, the population of interest can no longer be defined in narrow, categorical terms. More often these new missions strive to meld the traditional AFDC/TANF population of women and children into the broader community that includes, for example, all low-income workers.

## Where are We Going: Peering into the Future

*If you're just looking at the employable adults, you're not looking at the whole dynamics that we set up a family for success or perhaps (for) failure and return to welfare. What we want to be able to do is also focus within that family on prevention. That could be teen pregnancy prevention, juvenile crime prevention, some of those adolescent risk factors—helping those kids to stay in school and stay engaged in school. Hopefully, that will lead to graduation and to the world of work for the children themselves. - Shirley Iverson, Oregon*

There are clues to the future that can be seen in the changes that have already taken place in the brief existence of national welfare reform. Table 3 lays out a set of changes that, in part at least, are taking place.

**Table 3. Primary Program Purposes**



At a simple level, these changes are easy to describe. Programs clearly moved from income transfer systems to job placement systems. But that process did not end there. Getting a person into a job was not enough. The early “leavers” studies suggested that, while most of those who left cash assistance were working at jobs above the minimum wage, their labor market attachment seemed tenuous. For some, the real work was just beginning when a person got a job. And as active cash assistance caseloads collapsed, those that remained were challenging, requiring completely new service approaches and resource investments.

**Income Support.** Between the early 1970s and the early 1990s, cash welfare was clearly an income support program. While work obligations had been attached to welfare since the 1960s, they were not seriously applied until the Family Support Act of 1988, or even later in many cases. The transition from income support to a work orientation took many years and much debate to complete.

**Job Placement.** Once the transition to a work orientation was complete, agencies focused on job placement goals. In just five years, from early 1994 to 1999, caseloads have fallen from 15 million to 6.9 million - an extraordinary success. Yet, this success has almost immediately raised a new set of concerns. How are new entrants into the labor market sustained and nurtured? How can their career progression and earnings growth be enhanced?

*The very fact that we're doing all the welfare delivery system inside a one-stop job center conveys the message to the recipient that this is why they come here. They don't come here for welfare; they're coming here to get a job...In terms of notices, the idea of getting a job, being successful in job search is the primary message we send to participants. Throughout the job center, the “expect success” motto is very prominent. --Larry Jankowski, Kenosha County, Wisconsin*

**Work Support.** Agencies are now grappling with work-based and work-focused strategies, shifting from a focus on the non-working poor to the working poor. Job placement agencies are moving from a job placement perspective to a work support and career enhancement perspective. This shift is challenging and contains significant implications for agencies and workers. How do you engage customers who are working and may no longer see what was welfare as useful? Do you need to develop new types of relationships with the private sector? Must you develop non-traditional office hours, evenings and weekends? Should you place office sites out in the community, where the employees can be found?

*I think what's on the horizon right now is a great adventure around our working clients. They could be working and receiving employment-related day care, or they could be in the food stamp program. We're looking at how to build retention activities so they will keep their jobs....and use the skills they learn on their first placement to get the next better job. How can we provide...those skills that the employer wants for a promotion or again that wage enhancement piece? That's what I see as exciting. - Shirley Iverson, Oregon*

**Family and Community Support.** Another immediate set of challenges involve the remaining cases who are still on welfare roles, who tend to be very hard to serve because of multiple barriers to employment. In addition, other needs that never could be addressed in the era of income transfers and high caseloads now become manageable. Suddenly, some agency workers who think along the lines of work support agencies are already engaged in planning for what it will take to redefine themselves as family and community support entities.

Today's former welfare agency staffers are dealing with child welfare issues, domestic violence, teen pregnancy, education issues, health care and mental health care, crime and delinquency, and a host of personal, family, and community issues. Activities are focused on children doing their homework, youth making the difficult transition to adulthood, communities struggling with identity and empowerment issues. All of these concerns were not part of welfare agencies since at least the 1960s.

*Our GOAL in doing this is to take the best of what our child welfare system has to offer. In terms of understanding the importance of inter-familial dynamics and the things that happen in families that affect a family's well-being and the safety of children and link that to the best that we have in our self-sufficiency program, including the importance of getting work, of completing an education, of being able to take care of one's own family. We're talking about...dealing with families in a very holistic and strength-based way. - Barbara Drake, El Paso County, Colorado*

Yet another transformation may take place shortly. The point is that change is now endemic. It will not come from the top down, but will emerge in agencies across the country. Culture change is becoming a process, not an event.

## What Changes Are Still Likely to Occur?

*What we already see may only be a small reflection of what will be. The explosion of innovation and entrepreneurship have been remarkable. But what is still to come? ...to work with families in a much broader context is to recognize that we don't want to create dependency, we want to help them use their strengths to be as self-sufficient as possible and to support them in many different ways; through work, through child care, through helping them realize their own potential.* - Lynda Crandall, Michigan

This list captures dimensions of change and evolution. They are not necessarily listed in order of importance:

- \* **Getting the question right.** The future may see the organizing principle of social assistance move away from strategies to one of ultimate purpose. What was welfare is not about income support, not about getting a job, not even about self-sufficiency. We may be seeing a return to original purposes-nurturing and raising competent and healthy children. Economic well-being, work, and family stability are interim measures of success with respect to this ultimate goal.
- \* **Shifting from individual to institutional entitlements.** The individual cash assistance entitlement has shifted to a state entitlement of a flat amount of federal dollars. The future may see a further flow of dollars percolate down to the local and community levels.
- \* **Shifting from “solutions at the center” to “solutions at the front lines.”** Washington can collect and distribute money efficiently, but it cannot run social service interventions very well. Authority and real decision-making will not stop at the state level, but will drift downward to counties and local communities, then perhaps neighborhoods. In some respects, real authority will ultimately rest with the professionalism of the worker or case management team.
- \* **Universality, or less targeting.** Targeting created perverse incentives, since there was always the temptation to change behavior or circumstances to gain access to benefits. If program or agency services are generally available to the broader community, there is less need to bend one's situation to fit program requirements. No need to have a child, leave a child's mother, lose a job, or hide the fact one is working. In addition, there is apparent advantage to merging disadvantaged people into programs and agencies designed to serve the entire community, as is done in comprehensive job centers.
- \* **Replicating the real world.** Another way to say less targeting is to treat poor people as everyone is treated. Raise expectations, rather than lowering the bar. If you treat the non-working poor differently and better than the working poor, troublesome signals are sent to the community that can generate antagonism and opposition to poverty programs.
- \* **Decoupling transitional supports, including child support.** Welfare used to be a passport to an array of services and programs, from child care subsidies to free help with child support to education and training support. Programs are now decoupling these forms of assistance from welfare status for reasons of fairness and to reduce the incentive to become dependent in order to access other programs.

\* **Promoting community responsibility.** Reform is increasingly seen as a community responsibility, with employers, service vendors, volunteer groups, and faith-based communities all playing an important role. Government used to have a monopoly on providing social assistance. It is likely to remain the responsible authority, but much more is expected from non-profits and even for-profits. The best programs are viewed as ones where an environment of cooperation and competition exists, at least to some degree.

### **How Are States and Localities Transforming the Culture of Welfare Programs?**

Many people see TANF as welfare by another name, even if it is more work-oriented. It still includes guarantees, sanctions, accounting periods, and marginal tax rates. People continue to focus on the income transfer functions that have dominated the welfare debate for 30 to 35 years. But those on the frontlines sense the profound changes taking place in communities across the country. At a Welfare Peer Assistance Network (WELPAN) meeting in 1998, one member paused during the discussion and mused, “You know, we are not talking about welfare anymore, are we?”

*“You know, we are not talking about welfare anymore, are we?”*

When a **Wisconsin** mother with small children needs help, she doesn’t go to a welfare agency. She goes to a Job Center or workforce development center. She may go into a government agency, non-profit, or for-profit, depending on where she lives. In many areas, the agency is a network of vendors that weaves together many services to help all members of the community into the mainstream. This is not far removed from the European movement of social inclusion, with the primary purpose of the safety net to ensure that all members have a chance at full participation in the economy and in conventional family and social institutions. Increasingly, we see Wisconsin agencies focus on issues of personal, family, and community dysfunction— domestic violence, teen pregnancy and education, parenting, and progression into the labor market.

On the south side of **Chicago**, in the community once dominated by the notorious Robert Taylor Homes, young mothers meet and discuss their lives as part of the Pathways Program, a structured program to help disadvantaged people work toward self-sufficiency, developed by Toby Herr and her colleagues at the Erickson Institute. These TANF recipients discuss welfare and work, but spend even more time talking about children, parenting, relationships, and family functioning. They are building lives. If these young mothers find work, they can be helped with their tax returns to ensure that they receive the Earned Income Tax Credit and other credits to which they are entitled.

In **Indiana**, community involvement and responsibility are stressed. Welfare is not just what government does. In 1995, the legislature established a mandate that created a grass roots community planning process to inform and shape future welfare plans.

Innovation and change know no geographic boundaries. In El Paso County, **Colorado**, local officials are blending together the child welfare and TANF systems, trying to create a wrap-around set of services to attack community poverty.

*When I first came here about 2.5 years ago, I was interviewing with the board of commissioners and they asked me how I was going to reduce the welfare caseload. Together, we reframed that question to - how are we going to work with the community to eliminate poverty? So, we define our success not only in the way that we get people into jobs, but the quality of the jobs. - David Berns, director, El Paso County, Colorado in Colorado Springs*

Programs are now creating vision for the agency. TANF will be the preventative program for child welfare, and child welfare will be the anti-poverty program. Agencies have reorganized all their resources and developed entirely new sets of relationships with communities.

In **Oregon**, the TANF caseload has fallen from 44,000 cases to less than 16,000. Entry-level wages are above \$7 per hour. But the state and its local agencies focus on the larger picture. Falling caseloads and putting people into jobs are only intermediate goals. The real work is to stabilize families and ensure that children are being raised in the best possible environment. Toward that goal, agencies are making huge investments in mental health, Alcohol and Other Drug Abuse (AODA) services, and other programs to deal with the challenges faced by the hard-to-serve population.

As in El Paso County, **Colorado**, the emphasis has shifted to holistic, preventative work to stabilize and strengthen families and communities. The phrase heard repeatedly among managers and workers is, "Whatever it takes."

*...We work with teens to stay in school; we also work with our partners in the community who may provide vocational options for kids. For individual kids, we may...look at if that kids may be spending too much time in the home caring for younger children or may be feeling too much pressure from whatever the family crisis is. We may set up a plan where we look at what the interests of the child are, whether that's art classes or swimming. And then we do whatever it takes to get them to those places. So this summer, if they enjoyed swimming and needed a chance to get there, we help them with bus tickets or whatever they might need so they can be a regular kid and they can also get out and start exploring who they are and looking at their futures. - Leslie Anderson Freck, TANF manager, Portland, Oregon*

### **Conclusion**

Sustaining momentum means continual vigilance to "get the question right." That means an ongoing dialogue about what we are trying to achieve. When WELPAN first met during the first days of TANF, there was a temptation to focus on how to do reform. The group focused, however, on a different issue - how to define success. Ultimately, that is the most important and difficult job that state and federal officials have. Ultimately, we must seek to find consensus on ultimate goals, forgetting about the futile arguments around strategy as if they were ends in and of themselves. Performance must be measured, not effort.

The reauthorization debate surrounding TANF is upon us. Some will look at caseloads alone and conclude that welfare is reformed, and that many of the resources can be diverted. But if caseloads were the only measure of success or failure, or even the most important measure, welfare reform would have been an easy policy issue to deal with. The program could simply have ended, and there would be no caseload to worry about. We are only now beginning to sort out how to effectively reinvest TANF resources. Culture change is merely a code word for the courage to confront the future. Since the future is always in front of us, the challenge of culture change is never finished.

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## Not Perfect, But Still Pretty Good: How the Earned Income Tax Credit Supports Low-Income Working Families

By John Karl Scholz

**T**he Earned Income Tax Credit (EITC) is the country's largest cash income support program for low-wage families. Since it began in 1975, the EITC has been expanded under both Democratic and Republican administrations. The maximum credit has increased from \$550 in 1986 to just over \$1,500 in 1993 to more than \$3,800 in 1999. In 1997, EITC lifted 4.3 million Americans out of poverty. The intent of the program is to reward working families, while attempting to reduce welfare reliance. The EITC provides a cash subsidy to earnings up to a specific income level, but no money to those who do not have earnings. Its targeting, beneficial labor market effects, and its relatively low administrative costs make it an appealing policy. Eleven states including Wisconsin have turned to the EITC. The chapter compares the EITC to three other programs for low-income workers: the minimum wage, incremental and targeted hiring subsidies, and payroll tax reductions.

The earned income tax credit (EITC) has been available to low-income working families in the U.S. since 1975, with expansion under both Republican and Democratic administrations. It has grown rapidly since its introduction, particularly in the last 15 years. In 1999, the credit is expected to cost \$31.9 billion. This compares with a cost of about \$3.8 billion in 1999 dollars when it was introduced in 1975. The EITC is the country's largest cash income support program for low-wage families.

### What is the Earned Income Tax Credit?

The EITC provides a cash subsidy to earnings up to a specific income level, but no money to those who do not have earnings. The program's intent is to reward working families, while attempting to reduce welfare reliance. It is a tax refund paid to families generally in a lump sum after filing a tax return that reports income earned in the previous year. The maximum credit has increased from \$550 in 1986 to just over \$1,500 in 1993 to more than \$3,800 in 1999. The maximum rate of earnings subsidy has risen from 11 percent in 1986 to 19 percent in 1993 to 40 percent of earned income in 1999. In preliminary data from 1997, the average EITC payment was \$1,572.

There are three ranges in the EITC schedule. Taxpayers with the lowest incomes receive an earnings subsidy. For example, taxpayers with two or more children in 1998 who earned less than \$9,390 received a benefit equaling 40 percent of their total earned income. Over the second range of income, the EITC neither increases or decreases. In 1998 taxpayers with two or more children who earned between \$9,390 and \$12,260 received the maximum credit of \$3,816. For taxpayers with incomes larger than the top of the second range, the credit is phased out with every dollar that is earned. In 1998, the credit was reduced by 21 per-

cent of each dollar earned for taxpayers with two children making between \$12,260 and \$30,095 in earned income.

### **How Effective is the EITC in Reaching Families Who Are Truly Low-Income?**

The EITC is available only to taxpayers with earned and adjusted-gross income of less than \$30,095 if they have more than one qualifying child, \$26,473 if they have one child, and \$10,030 if they have no qualifying children. In 1997, EITC lifted 4.3 million Americans out of poverty (Council of Economic Advisors, 1998). About half of all EITC payments go to families with incomes below the poverty line. About two-thirds of EITC payments go to taxpayers with wages in the bottom quarter of all workers with children, or those making less than \$6.43 per hour (Scholz, 1996). More than 95 percent of EITC benefits go to workers with wages below the median of \$9.42 per hour. To further increase the odds that benefits go only to limited-income families, a 1995 federal change limits EITC recipients to less than \$2,300 of investment income.

***In 1997, EITC  
lifted 4.3 million  
Americans out  
of poverty.***

### **How Do Families Use the EITC?**

A recent study of 6,000 Chicago-area families examined how low income families use the EITC (Smeeding, Phillips and O'Connor, 1999). About 65% of all families use the refund to pay a bill or purchase a commodity. Utilities and rent were the highest priority items, followed by food and clothing. Clearly, the EITC helps families make ends meet.

Evidence also exists that the EITC may assist families in moving from welfare to work. Of those expecting a refund in this study, about one-fifth reported a car-related use. Lack of transportation is a serious roadblock to job search, employment and job mobility. The EITC may provide a critical bridge to a higher level of economic well-being by making a dependable source of transportation available to working families (Raphael and Rice 1999; Rimer 1995; Ong 1996). Danziger et al. (1998) find that 47 percent of low-income welfare recipients in their study do not own or have access to a car. But for those who do have a car, the effects of car ownership on earnings are equivalent to the effects of completing high school in terms of higher future earnings. Therefore, the ability to buy a car or truck, insure a vehicle, make repairs, or payoff a car loan increases the opportunity to work more at better paying jobs (Allard and Danziger, 1999).

Eleven percent of households had an expected expense for tuition or schooling, while 7 percent mentioned paying for education as a first priority for EITC money. Families also expressed a desire to use EITC benefits to improve their children's early learning by improving the quality of their child care or for other child-related learning expenses. EITC money also can pay for the recipients' own tuition at a technical college or trade school.

Half the families surveyed mentioned saving as a priority, and more than a third of those expecting a refund decided to save some or all of it. Making regular car payments and paying off bank loans, medical bills, or credit card debt are all uses of EITC that help establish or improve credit history.

## **Does EITC Affect Work Participation and Female Headship of Low-Income Families?**

The EITC has provided a powerful work incentive for low-income earners with children because benefits from Temporary Assistance for Needy Families (TANF) are not counted as income, nor does it affect eligibility for Food Stamps or Medicare. Dickert, Houser and Scholz (1995) estimate the 1993 EITC expansions would increase labor force participation of single-parent families by 3.3 percentage points. Eissa and Liebman (1996) found a similar effect when looking at 1986 EITC and tax changes. Meyer and Rosenbaum (1999) reported that EITC is the primary influence on the increased employment rate of single mothers from 1984 to 1996, and 33 percent of the increase from 1992 to 1996.

Two recent papers found that EITC may increase the number of single, female-headed families, although the effects are small.

## **How Expensive is the EITC to Administer?**

Compared with other income transfer programs, the EITC has low administrative costs. Because most EITC recipients are required to file a tax return even if they do not receive a credit, a formal review and certification of eligibility is not necessary. The cost of administering the EITC was a very small fraction of the total IRS budget in 1995 of \$7.6 billion. That budget served a total of 116 million individual taxpayers and 15 million corporations. In contrast, the costs of administering two other major income support programs for low-income families are higher. Administrative costs for Food Stamps alone were \$3.7 billion in 1995, and AFDC costs were \$3.5 billion, though these programs also provided services that EITC recipients do not receive.

While a system based largely on self assessment (like the U.S. income tax) will have lower administrative costs than a more bureaucratic approach, it will also have higher noncompliance. The most recent study of EITC noncompliance examined returns filed in 1995 and found that of the \$17.2 billion claimed in EITC, \$4.4 billion, or 25.8 percent of the total exceeded the amount to which taxpayers were eligible. Additional compliance measures have been enacted in 1994, 1995, 1996 and 1997, which, all else being equal, will reduce the net overclaim rate, but EITC noncompliance remains a serious problem for tax administration.

***The EITC provides a powerful work incentive for low income earners with children.***

## **How Does the EITC Compare with Other Policies to Support Low-Income Working Families?**

A number of other policies have been proposed to help low-wage workers. Below are brief comparisons of the EITC and three other programs for low-income workers: the minimum wage, incremental and targeted hiring subsidies, and payroll tax reductions.

### **Minimum wage**

The minimum wage ensures that wages cannot fall below a certain level. Many in our society feel there should be a certain level at which work is valued. Some researchers, however, have concerns about the harmful consequences of a minimum wage on employment levels for low-skill workers. There is evidence that

***The EITC is more precisely targeted to those in economic need.***

changes in the U.S. minimum wage in the past 10 years have not reduced employment, though this evidence is controversial.

The EITC has a distinct advantage over the minimum wage because it is better targeted to help low-income workers. One study (Burkhauser, Couch and Glenn, 1996) found that only about 21 percent of benefits of a minimum wage increase go to workers who are part of families with incomes below 125 percent of the poverty line. Almost 40 percent of the benefits go to households with income-to-poverty ratios of more than 3. Thus, minimum wage increases are a blunt tool for assisting low income families, whereas the EITC is more precisely targeted to those in economic need.

One disadvantage of the EITC, under the existing law, is it provides only a small subsidy to childless taxpayers, which might make minimum wage increases more effective in increasing the earnings of low-wage childless workers. Expanding the EITC's childless worker credit would likely be a better targeted alternative, however, and would also have better employment effects than increasing the minimum wage.

### **Targeted and new hiring subsidies**

The U.S. has tried several different marginal or incremental employment subsidies in the past 20 years targeted at hard-to-employ workers. By the mid 1990s, the Targeted Jobs Tax Credit (TJTC) provided employers a 40-percent wage subsidy on the first \$6,000 of qualified wages, which include young people from low-incomes families, welfare, and SSI recipients, Vietnam vets, some people with prison convictions, and people with disabilities who were part of vocational rehabilitation programs.

The TJTC was replaced in 1996 by the similar Work Opportunity Tax Credit (WOTC), which provides a 25-percent credit for employment of 120 to 400 hours, and a 40-percent credit for employment of 400 or more hours up to \$6,000 of earnings, or a maximum of \$2,400 per worker. The Welfare-to-Work credit adopted in 1997 targets long-term welfare recipients and offers 35 percent of the first \$10,000 of qualified wages in the first year of work and 50 percent of the first \$10,000 in the second year, for a maximum employment subsidy of \$8,500 per employee. The employee must work at least 180 days or 400 hours.

The appeal of these targeted wage subsidies is the promise of creating employment for disadvantaged workers at a fraction of the cost of universal employment subsidies or supply-side policies like EITC. However, little evidence exists that the subsidies are effective. Katz (1996) finds that the TJTC may have modestly improved employment rates for disadvantaged youth. However, there are major concerns with these incentives. First, while employment rates are lower for the targeted groups, many in each group would be employed even without the hiring incentive. Second, the incentives may cause members of targeted groups to be hired instead of other disadvantaged workers. Last, there is evidence that targeted subsidy programs actually stigmatize members of some groups, harming their employment prospects (Burtless, 1985).

Targeted hiring subsidies really have a different goal than the EITC, which is designed to increase the incomes of low-income families. The WOTC and

Welfare-to-Work credits try to stimulate employment of individuals in certain groups. While different, they are complementary policies in that each should help the other be more effective.

### **Payroll tax reductions**

Three out of four Americans pay more in payroll taxes than they do in income taxes. So, it seems that payroll tax relief might be beneficial for low-wage earners. The EITC is closely linked to payroll taxes, since those supporting EITC have argued that it offsets the regressive burden of payroll taxes. For many years, the subsidy rate of the EITC was tied to the combined employer-employee shares of payroll taxes.

However, it is difficult to reduce payroll taxes on low-wage workers. Proposals that exempt the first specific amount of income from taxes would be hard to administer for workers who have more than one job or who change jobs during the year. Underpaid taxes could be paid at the end of the year on individual tax forms, as is done with overpaid payroll taxes for affluent taxpayers, but some people would fail to file. Payroll tax changes could also alter the balance of social security financing, which could have wide-ranging political and economic ramifications.

### **Which Options Has Wisconsin Invested In?**

Eleven states have turned to the EITC to support low-wage earners. Wisconsin, in particular, has one of the most generous EITC programs in the country. In 1996, more than a quarter million Wisconsin families received federal credits of more than \$348 million, or more than \$1,000 each. More than 196,000 families received state claims averaging nearly \$300 each.

From 1989, when the state credit was started, through 1993, its rates were 5 percent of the federal EITC for families with one child, 25 percent of the federal credit for families with two children, and 75 percent of the federal credit for families with three or more children. In 1999, the state credit was 4 percent of the federal credit for families with one child, 14 percent of the federal credit for families with two children, and 43 percent of the federal credit for families with three or more children.

By augmenting the federal credit, the Wisconsin state EITC means that families with two or more children in Wisconsin who make between \$8,000 and \$12,000 are eligible for a combined state and federal credit of more than \$5,400, which can exceed 50 percent of the previous year's income. Providing higher benefits for larger families seems to make sense. The 1993 expansions of the EITC were designed so that a family with one or two children with one full-time, minimum wage worker would not have an income below the poverty line. A family with three or more children with a full-time, minimum wage worker would still have an income below the poverty line. The extra tier in the Wisconsin state EITC disproportionately helps those needy larger families.

***Wisconsin has one of the most generous EITC programs in the country.***

## Conclusion

The Earned Income Tax Credit is primarily targeted to working taxpayers with children. Because political debate in this country often focuses on the adverse effects of poverty in children, the focus on families seems appropriate. Its targeting, beneficial labor market effects, and its relatively low administrative costs also make it an appealing policy to assist low-income working families.

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## Helping Children Get Started Right: The Benefits of Early Childhood Intervention

By Craig Ramey

**R**amey's Abecedarian Project compared infants from low-income families who were randomly assigned to a high-quality child care setting with infants in a non-treated control group. Families in the study had multiple risk factors in addition to poverty. By following the children's progress through age 21, the study found that high-quality, multi-faceted early intervention alters the course of intellectual development in young children. Positive effects included higher IQ and cognitive performance; improved language; decreased grade retention; decreased need for special education; higher reading and math achievement scores; higher levels of formal education; delayed parenthood; and higher rates of post-high school education for teen mothers. In replications, researchers found that African-American, Hispanic and Caucasian children who were at the highest risk benefitted the most from early intervention. The chapter concludes with several key components of successful early intervention programs for children in poverty.

Young children who live in poverty lag behind their peers from their earliest school years, according to numerous studies, suggesting that poor children do not enter school adequately prepared for success (Alexander & Entwisle, 1988). In attempts to improve the academic odds for low-income children, many types of early childhood education programs have been developed. These programs are based on the idea that providing early intellectual stimulation would enhance cognitive development, allowing children to enter school better prepared to learn. Increasing the likelihood of early school success, in turn, would eventually result in increased formal education and success in adulthood. However, few early childhood programs have been well-controlled enough to allow researchers to evaluate the extent to which long-term outcomes are the result of the program itself.

### What Does Effective Early Intervention Look Like?

One effective long-term program, The Abecedarian Project from the University of North Carolina in Chapel Hill, was a carefully controlled study of 57 infants from low-income families who were randomly assigned to receive early intervention in a high-quality child care setting, and 54 infants in a control group that did not receive the treatment. Experiments of this sort are the best kind of study because they prove a cause and effect relationship between early childhood education and later school success. Families in the study had multiple risk factors in addition to poverty, including mothers who had lower IQs, mothers who had low levels of formal education, single-parent families, teen mothers, and authoritarian child-rearing attitudes (Ramey & Ramey, 1999). Children's progress was monitored in follow-up studies at ages 12, 15 and 21.

## Figure 1. High Risk Characteristics of Abecedarian Families

- 
- ◆ Poverty
  - ◆ Low Maternal IQ
  - ◆ Low Maternal Education
  - ◆ Single Parent Families
  - ◆ Teen Motherhood
  - ◆ Authoritarian Child-Rearing Attitudes
  - ◆ External Locus of Control

Ramey & Ramey (1999)

The Abecedarian Project differed from other early childhood programs in that:

1. It began in early infancy, whereas other programs begin at age 2 or older; and
2. Children in the program had five years of exposure to early education in a high-quality child care setting, whereas most other programs were of shorter duration.

Each child had an individualized program of educational activities, consisting of games incorporated into the child's day. These activities focused on social, emotional and cognitive areas of development, with a particular emphasis on language. Several studies of our early childhood programs including the Abecedarian Project, Project CARE, and Infant Health and Development Program, all had these program features in common:

- ❖ A multidisciplinary, intergenerational, and individualized approach;
- ❖ Programming that was embedded in local service delivery systems;
- ❖ Preschool treatment that included family support social services, pediatric care and referral, center-based early childhood education, and supplemental meals and snacks;
- ❖ A low child/teacher ratio and year-around programming every weekday from 7:30 a.m. to 5:30 p.m. that met or exceeded NAEYC standards and provided daily transportation.;
- ❖ Developmentally-appropriate practices and a curriculum and practices that put emphasis on language development.

Children in the control groups of these studies received family support social services, pediatric care and referral, and supplemental meals and snacks.

### How Effective Can Early Intervention Be?

The Abecedarian study found that high-quality, multi-faceted early intervention does indeed alter the course of intellectual development in young children. Positive effects resulting from the project included:

#### **Higher IQ, learning performance, and improved language development.**

Young adults who received intervention had significantly higher cognitive test scores from toddlerhood through age 21 than did untreated peers.

***High-quality multi-faceted intervention alters the course of intellectual development in young children.***

**Decreased grade retention.** Those in intervention had a 30-percent retention rate by age 15, compared with 56 percent in the control group. Decreased need for special education. Twelve percent of those in early intervention were placed in special education by age 15, compared with 48 percent in the control group.

**Higher reading and math achievement scores.** The effect of early intervention remained large for reading from primary school through age 21. The size of the effect on math scores was medium in contrast to the large effect on reading.

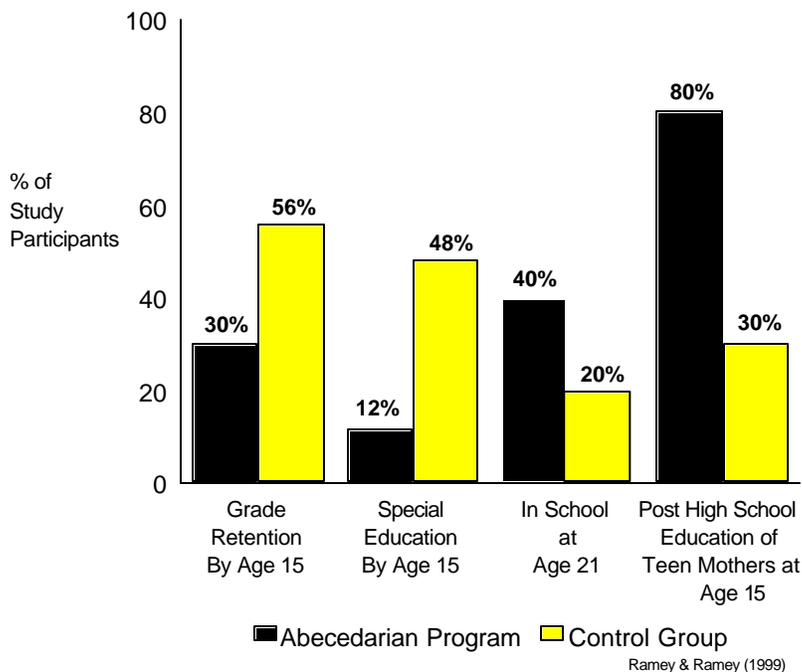
**Higher levels of formal education.** Those in the treatment group were more likely to be in school at age 21—40 percent of the intervention group compared with 20 percent of the control group. About 35 percent of the young adults in the intervention group either graduated from or at the time of assessment were attending four-year colleges and universities, compared with 12 percent of the control group.

**Delayed parenthood.** On average, those in the intervention group were 19.1 when their first child was born, compared to 17.7 for those in the control group.

**Higher rates of post-high school education for teen mothers.** More than 80 percent of teen mothers who received early intervention had post-high school education 15 years after enrollment in the project, compared with 30 percent of control group participants.

The project had no effects on maternal attachment to children; parental child-rearing attitudes; or the family’s home environment. These findings are actually conservative estimates because the program was carried out in a high-resource community with lots of other services. Thus, the program was compared to a control group which received more services than many programs provide.

**Figure 2. Long Term Benefits of the Abecedarian Early Childhood Program**



### What Families Benefit the Most?

When this study was replicated in the Infant Health Development Project, researchers found that African-American, Hispanic and Caucasian children who were at highest risk benefitted the most from early intervention. The study also found that benefits continue when children are in high-resource school environments, but diminish if children move to low-resource schools.

### How Important is a Family Component in the Success of Early Intervention?

The Abecedarian Project and other research studies have found that the most effective early intervention programs combine high-quality child care with a family approach, particularly home visiting. For extremely isolated and socially disadvantaged families, home visiting by itself does not appear to be sufficient (Wasik, Ramey, Bryant, & Sparling, 1990).

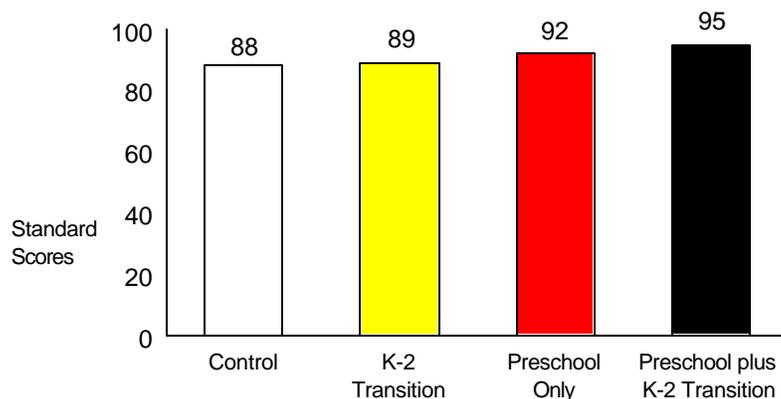
### How Does the Timing and Duration of the Program Affect Child Outcomes?

In a recent study, we followed up our preschool program with additional educational support in both home and school for the first three years the child attended public school. In this K-2 program, master teachers with graduate degrees in education and experience working with high-risk families provided consultation and technical assistance to classroom teachers and to parents. The program was designed to influence the parents' support of learning, to individualize school experiences during the year, and to provide additional support over the summer.

At age 8, when the program ended, the most effective treatment for reading achievement was the combined preschool and K-2 condition followed by the preschool only and the K-2 condition only with children in the control group scoring lowest. At age 15, there was a strong significant effect of the preschool only condition and the combined preschool and K-2 conditions. The K-2 program alone, however, had no lasting practical benefit (Ramey, Campbell, Burchinal, Skinner, Gardner, & Ramey, in press). Thus, it appears that early interventions are important and that the longer the treatment, the more beneficial (Ramey, Campbell, Burchinal, Skinner, Gardner, & Ramey, in press).

**African-American, Hispanic, and Caucasian children at high risk benefitted the most.**

Figure 3. Timing and Duration Effects



Ramey et al., *Applied Developmental Science*, in press.

## What Are the Principles of Successful Early Intervention?

Key components of successful early intervention programs for children in poverty, developed by Ramey and Ramey (1998) include:

**1. The principle of developmental timing.** Interventions that begin earliest in a child's life and continue longer tend to produce the greatest benefits. Specifically, programs that begin before age 3 and continue until school age have shown the greatest benefits. Five major studies that produced some of the largest effects of early intervention all enrolled children in infancy. However, there is no evidence that educational interventions provided after a certain age cannot be beneficial. Rather, the earlier a child's age, the more likely that the benefits will be sizable.

**2. The principle of intensity.** Programs that are more intensive—based on the number of home visits per week, the number of hours per day, the number of days per week, and the number of weeks per year—produce larger positive effects than less intensive interventions. In addition, the families and children who participate most actively and regularly are the ones who show the greatest progress. Ramey et al. (1992) found that the amount of intervention each child and family received had a strong, positive relationship to the child's intellectual and social development at age 3. The highest participation group had nearly a nine-fold reduction in the percentage of low-birth weight children with mental retardation, compared with the control group that received no home visits or center-based daily education. Another long-term analysis of this same group of families by Blair, Ramey, and Hardin (1995) found that children's intellectual development was strongly linked to the amount and length of time they participated in early intervention.

**3. The principle of providing direct learning experiences.** Children who receive direct educational experience have larger and longer-term benefits than do children in programs relying on intermediary routes, such as parent training. Successful direct intervention can take different forms, such as center-based day care with trained staff; home-based program to enhance children's everyday learning opportunities; and programs that combine both components.

**4. The principle of program breadth and depth.** Interventions that provide comprehensive services have larger effects than those that are narrower in focus, such as home visiting only or parent education only. Projects that have had the biggest impacts have adopted a multi-pronged approach including health and social services, transportation, assistance with urgent family needs, individualized developmental therapies, parent services and training, in addition to strong educational programs for children.

**5. The principle of individual differences in program benefits.** Studies have found that some individuals respond differently to a program than others, based on risk factors. For instance, children in the Abecedarian Project (Martin, Ramey, & Ramey, 1990) who had mothers with the most limited intellect (IQ scores below 70) benefitted most from the program. Children whose mothers had cognitive disabilities performed at least 20 IQ points higher than control-group participants.

***Interventions that begin earlier and continue longer produce the greatest benefits.***

**Early childhood improves the school success and educational attainment of poor children even into early adulthood.**

**6. The principle of the importance of children’s environments in order to maintain development.** Over time, the effects of early intervention diminish if no adequate environmental supports are in place to maintain the child’s positive attitudes and behavior and to encourage continued learning. Challenges such as poor school environments, poor health, dysfunctional home life, and poverty affect the behavior of children and adults at all ages.

One study that did look at continued intervention into elementary school found that at age 8, children who had received continuous intervention all eight years of life performed best in reading and math, followed next by those who received intervention the first five years of life. Next were those children who received elementary school intervention for three years.

**7. The principle of cultural appropriateness.** Interventions for children and families must recognize and build on cultural beliefs, traditions and practices in order to achieve desired outcomes. They are less likely to achieve long-term success if they do not build upon cultural values and strengths.

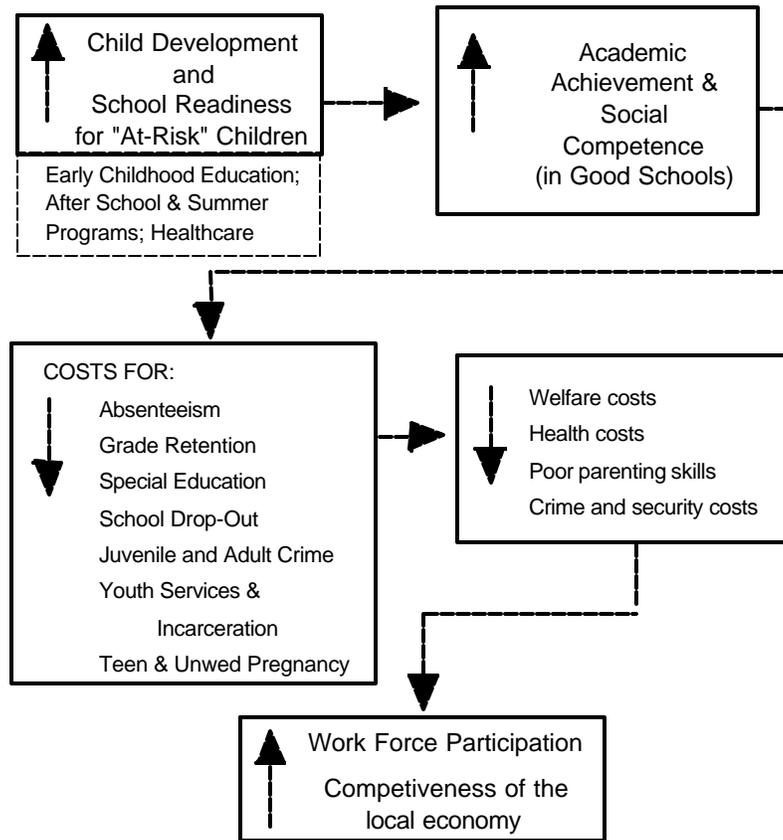
#### **Why is Early Childhood Education a Key Investment for State and Local Policymakers?**

Comprehensive, intensive, long-term early intervention may appear costly on the face of it. But quality early childhood education for children in poverty is an effective community investment.

As shown in Figure 4, quality child development and school readiness programs boost academic achievement and social competence for children attending quality elementary and secondary schools. In turn, the increased costs associated with children living in poverty—high school absenteeism, grade retention, special education, school drop-out, juvenile and adult crime, and teen pregnancy—drop significantly. When these social problems decrease, welfare, health care and anti-crime security costs drop as children enter their teen and young adult years. In addition, the parenting skills of these individuals as young adults increase. Ultimately, work force participation increases, and the competitiveness of the local economy rises.

The importance of high quality, educational child care from early infancy is now clear. The Abecedarian study provides scientific evidence that early childhood education significantly improves the scholastic success and educational attainment of poor children even into early adulthood. Welfare reform means that, more than ever, children growing up in low-income families will need early child care. Providing early learning experiences can increase their chances for later success.

**Figure 4. Why Early Childhood Education is a Key Investment for States and Communities**



Ramey & Ramey (1999)

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*Dr. Craig Ramey is a Professor and Director of the Civitan International Research Center at the University of Alabama at Birmingham. He has presented his findings, based on research with 14,000 children and families in over 40 states, at nine state legislatures, the National Governor's Association, the National Conference of State Legislatures, the National Association of Attorneys' General, and the Council of Chief State School Officers. His programs have been awarded the American Psychological Association's Award for Exemplary Prevention Research.*

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## **Selected Resources**

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Judi Bartfeld  
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(608) 262- 4765  
bartfeld@facstaff.wisc.edu

Interests: Earned Income Tax Credit; coordinates an outreach campaign to promote awareness of the EITC among low-income families around Wisconsin.

Dave Riley  
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(608) 262-3314  
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Interests: Child development; directs the “Early Childhood Excellence in Education Evaluation Project”

Arthur Reynolds  
Social Work, Educational Psychology, and Child & Family Studies  
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Interests: evaluation of educational interventions for poor children

Ron Schaffer  
Center for Community Economic Development  
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### **Institute for Research on Poverty, University of Wisconsin-Madison**

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Gary Sandefur  
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sandefur@ssc.wisc.edu  
Interests: minority issues related to poverty, intergenerational consequences of marital disruption, single-parent families

## **National Resources**

### **New Hope Project**

The New Hope Project is a three year, experimental anti-poverty demonstration which began in August 1994 in two Milwaukee, Wisconsin, neighborhoods. The purpose of New Hope is to demonstrate that the solution to poverty is not welfare dependency, but rather jobs that pay enough for families to live decent lives. New Hope is funded by a consortium of local, state and national organizations interested in work-based antipoverty policy, the State of Wisconsin and the federal government. [http://www.lafollette.wisc.edu/newhope/nh\\_info.htm](http://www.lafollette.wisc.edu/newhope/nh_info.htm)

### **Related Publications Available**

#### **National Conference on State Legislatures**

<http://www.ncsl.org>

Early Childhood Care and Education: An Investment that Works  
Meeting the Challenges of Welfare Reform: Programs with Promise

#### **National Governors' Association**

<http://www.nga.org>

Ten Principles for Effective Workforce Development Programs  
Improving Services for Children of Working Families (matrix of services in 32 states)

#### **The Finance Project**

<http://www.financeproject.org>

Financing Services for Young Children and Their Families: New Directions for Research, Development, and Demonstration, 1998  
Financing Services for Young Children and Their Families: Meeting the Challenges of Welfare Reform, 1997

#### **Child Trends**

Who Are America's Working Poor Families With Children? 1999

<http://www.childtrends.org/workingpoor.htm>

#### **Packard Foundation**

<http://www.futureofchildren.org>

Long-Term Outcomes of Early Childhood Programs, 1995





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BF114 Helping Poor Kids Succeed: Welfare, Tax, and Early Intervention Policies (2000)