

How do welfare and tax settings affect children's involvement with child protective services?

Review of recent experimental and quasi experimental studies



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CONTEXT FOR THE WORK



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UNDERSTANDING WHAT WORKS FOR TAMARIKI

The Oranga Tamariki Evidence Team works to build the evidence base that helps us better understand wellbeing and what works to improve outcomes for New Zealand's children, young people and their whānau.

Welfare Expert Advisory Group review of New Zealand's social welfare system

The Ministry of Social Development and Oranga Tamariki completed a joint piece of work to support the Group.

This work explored the impact of S70A benefit deductions on children and young people, and what the impact of removing these deductions might be.



What is S70A?

- Parents who receive a sole parent benefit are required to apply for child support from the other parent.
- For each dependent child they do not seek child support for, the benefit is reduced by between \$22 and \$28 per week for each child.



Project work

- Descriptive profile of children affected by S70A
- Review of recent international literature
- Findings from recent qualitative work



THE WIDER EVIDENCE BASE



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What do we know about the relationship between low income and children's outcomes?

- There is a lot of debate around the relationship (see Bywaters et al., 2016, or Slack et al., 2017 for reviews)
- Child poverty has been linked to a range of negative outcomes for children
- **the majority of families, whether living with low incomes or not, do not harm their children.**



Why does low income sometimes lead to negative outcomes for children?

Theory 1: the 'what money can buy' model

Theory 2: the parental stress model



Why are experimental designs important?

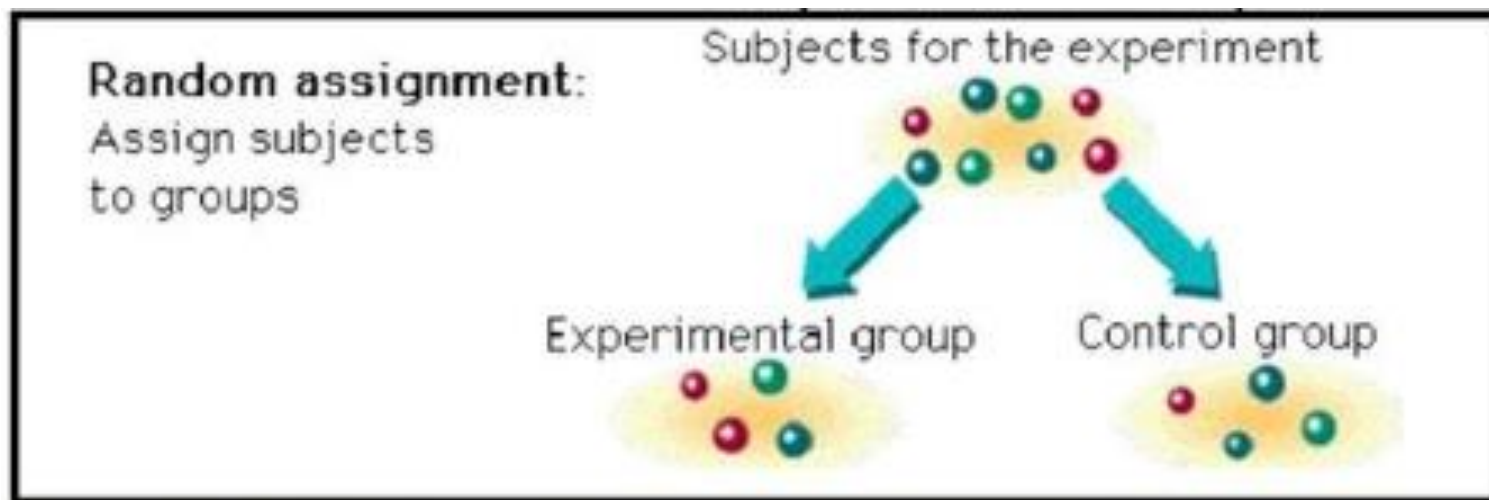
Most studies cannot be used to understand whether low income causes poor outcomes for children

Studies need to use empirical designs to control for bias and confounding factors



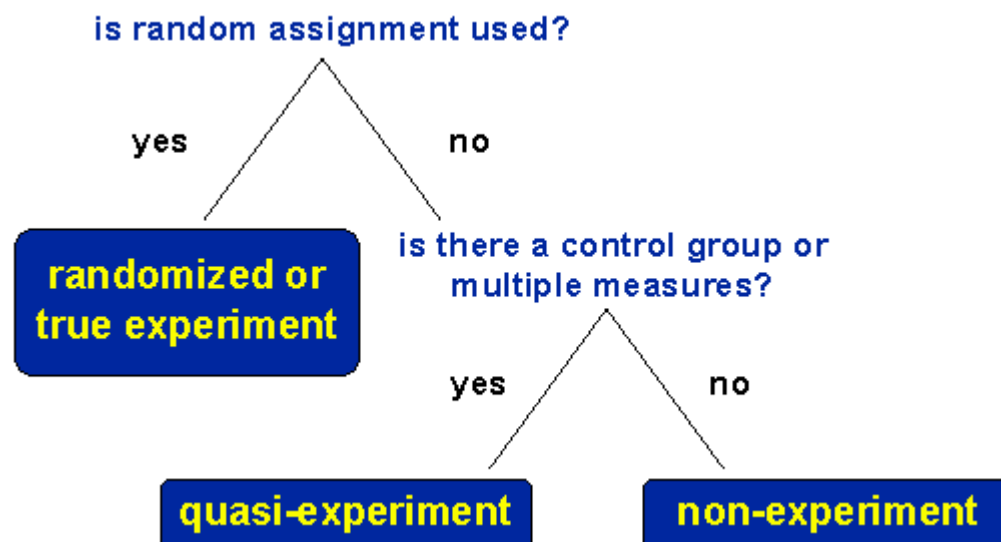
Example of an experimental design

Randomly allocating participants to a new benefit policy with additional or stricter financial sanctions compared to an existing benefit policy or business as usual



Example of a quasi experimental design

‘Natural experiments’, where assignment to the experimental or control condition is driven by environmental factors, such as state government decisions to set benefit levels at different rates



These studies have limitations

- The relationship between income and child outcomes is complex, and a number of factors other than income can affect the likelihood of child maltreatment
- There are also challenges with obtaining unbiased samples and fair proxies



These studies have limitations

- Most were completed in America
- Different welfare systems, measures of maltreatment, and child protective service practices across jurisdictions mean making direct comparisons is challenging



WHAT HAPPENS WHEN WELFARE PAYMENTS ARE REDUCED?



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Lowering welfare payments can increase rates of entry into care

- the Danish government introduced time-dependent welfare payment ceilings
- Some mothers experienced a decrease in welfare payments, about 30% of their disposable incomes
- that income change increased children's risk of out-of home placement by 25% (Wildeman & Fallesen, 2017)



Lowering welfare payments can also increase the likelihood of substantiated neglect

Fein and Lee (2003) examined the impact of a welfare reform package that used stricter penalties to encourage beneficiaries to obtain employment.

They used an experimental design, where participants were assigned to either:

- business as usual
- new policy which included strict penalties for failing to meet work requirements



Lowering welfare payments can also increase the likelihood of substantiated neglect

The group assigned to the stricter approach experienced

- more benefit deductions
- more employment
- but also more cases of substantiated neglect



WHAT HAPPENS WHEN BENEFIT AMOUNTS OR EARNINGS INCREASE?



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Small increases in income can substantially reduce the likelihood of involvement with child protective services

- As part of a randomised controlled trial, mothers who made use of temporary financial assistance also received either:
 - a full pass-through
 - partial pass-throughof child support payments (Cancian et al., 2013).
- An increase in income from child support payments of \$100 per year lead to a 10% reduction in the likelihood of having a maltreatment report screened-in for further assessment.



Small increases in income can substantially reduce the likelihood of child neglect and entry into care

- consistent with an earlier study in the USA that examined state-level variation in benefit levels (Paxson & Waldfogel, 2002).
- A 10% increase in the maximum benefit was predicted to reduce rates of neglect by 39% and the foster care population by nearly 20%.



Policies that increase earnings can reduce the likelihood of neglect or involvement with child protective services

- Berger et al. (2017) examined the relationship between income and child protective services involvement and abuse and neglect- type parenting behaviours (using self report)
- They used survey data and a quasi-experimental design, which made use of differences between states and over time in the amount of refundable tax credit available.



Policies that increase earnings can reduce the likelihood of neglect or involvement with child protective services

They found that a yearly income increase of \$1000

- decreased the likelihood of child protective service involvement by 7–10%
- reduced the likelihood of parents' self-reported neglect-type parenting behaviours (3-4%)



Policies that increase earnings can also improve child developmental outcomes

- Earning supplements have small, but consistently positive, effects on child development and educational outcomes (Dahl & Lochner, 2012; Hamad & Rehkopf, 2016; Morris, 2004).
- In contrast, policies that encourage employment without increasing income (eg. mandatory work activities or time limits for benefit receipt) do not have clear benefits for children's development (Morris, 2004).



Providing short-term financial supports to meet material needs has also been linked to reductions in child maltreatment outcomes

- Rostad et al. (2017) used a quasi experimental design to explore the impact of accessing short term financial supports
- They examined outcomes for families with open child welfare cases who were also receiving home-based support
- The group that accessed the funds were 17% less likely to have a re-notification in the next year



Unclear or inconsistent findings

Some studies find mixed results or no evidence of a relationship between income and child maltreatment .

See Jacob et al. (2015), Lee et al. (2017), and Millett et al., (2010).



Unclear or inconsistent findings

These findings might reflect a weak relationship between the income or outcome measures

These findings may also reflect methodological issues, such as:

- problematic proxies,
- challenges identifying control groups or
- limitations to available administrative data



FINAL COMMENTS



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The Oranga Tamariki Evidence Team works to build the evidence base that helps us better understand wellbeing and what works to improve outcomes for New Zealand's children, young people and their whānau.

There is some experimental and quasi-experimental evidence that...

- Lowering welfare payments can increase rates of child neglect and entry into care
- Small increases in income can reduce the likelihood of involvement with child protective services, child neglect, and entry into care
- Policies that increase earnings can also reduce the likelihood of involvement with child protective services or neglect



There is some experimental and quasi-experimental evidence that...

- short-term financial supports to meet material needs can reduce the likelihood of child maltreatment outcomes

However...

- These designs have limitations
- There are different welfare systems, measures of maltreatment, and child protective service practices across jurisdictions
- There is a lack of evidence in a New Zealand context



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<https://www.orangatamariki.govt.nz/research/>

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