



# Focus

## Fall-Winter 2007–08 issue now available in print and on the Web

The September 2007 IRP conference *Pathways to Self-Sufficiency* was designed to explore effective paths to helping families that might have been long-term welfare recipients under prior national policies achieve financial independence and stable employment. Four of the papers delivered at the conference are summarized in this issue of *Focus*. The summaries are prefaced by an excerpt of the essay by conference organizers Carolyn Heinrich and John Karl Scholz.

### Pathways to self-sufficiency

*Carolyn Heinrich and John Karl Scholz*

The evidence is unequivocal that a work-based safety net for families with children has contributed to state and local governments' success in reducing welfare caseloads during the 1990s. Furthermore, caseloads have remained low relative to their early-1990s peak and employment rates of single-parent families with children are considerably higher now than they were in the 1980s.

At the same time, there has been less systematic policy experimentation with approaches to promoting self-sufficiency, and we know much less about the best paths to helping families achieve financial independence and stable employment. Many families are “stuck” in low paying jobs with few or no benefits and little hope of advancement.

In September 2007, IRP hosted a national conference, *Pathways to Self-Sufficiency*, that brought together a group of distinguished scholars who were asked to look forward in the context of different safety-net domains and to describe how a set of policies and institutions might evolve to enhance the ability of low-skilled households to be self-sufficient. Each of the experts was also asked to ground their ideas in the available policy evidence.

It is expected that the full set of papers presented at the conference, including their forward-looking policy recommendations, will be available in a forthcoming conference volume, titled *Social Policy Approaches that Promote Self-Sufficiency and Financial Independence Among the Poor* (edited by Carolyn Heinrich and John Karl Scholz. Copyright © forthcoming Russell Sage Foundation. The *Focus* articles, which draw upon some of the conference papers, are used with permission.)

The contributors to the forthcoming book are: Greg Duncan, Lisa Gennetian, and Pamela Morris discussing the consequences of work-oriented welfare policies for children; David Figlio on public school reform and innovations and their implications for disadvantaged children; Rebecca Blank and Brian Kovak bringing attention to disconnected families; Steve Raphael on the impact of incarceration on employment and family and child well-being; David Neumark examining the role of employers and labor market policies in encouraging skill formation and increasing incomes of those on the margin of self-sufficiency; Jay Bhattacharya on work and health among the poor; Janet Gornick and Marcia Meyers discussing lessons from recent innovations in safety-net policies in other countries; and Kent Weaver addressing the political factors and constraints affecting developments in safety-net policies.

Sponsors of the *Pathways to Self-Sufficiency* conference and related publications include the U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, the Russell Sage Foundation, the Casey Foundation, and the Smith Richardson Foundation. IRP is grateful for their support.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc252a.pdf>

### Effects of welfare and antipoverty programs on participants' children

*Greg J. Duncan, Lisa Gennetian, and Pamela Morris*

Antipoverty programs that enhance parents' self-sufficiency by requiring or supporting employment have grown in popularity over the last 30 years. The passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act is a recent example. Although improving the well-being of children is an often-expressed goal of policy reforms, emphasizing adult employment and reductions in the welfare rolls have taken precedence in the policy debate.

Evidence from a diverse set of experiments now illustrates some of the conditions under which policy-induced increases in employment among low-income and mostly single parents can help or hurt young children's achievement. This article summarizes the results of research conducted as part of the

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Next Generation Project, a collaborative effort involving researchers at MDRC and several universities. The analysis described in this article concentrates on younger children, and on understanding the pathways by which the programs affected children's achievement.

A comparison of achievement effects for children whose parents participated in programs with and without earnings supplements found similar program effects on parent's employment and annual earnings, but only those programs with earnings supplements increased income. These same programs with earnings supplements also had positive effects on the achievement of young children. Programs generally had unfavorable effects on adolescent's schooling outcomes, whether or not there was an earnings supplement. Other findings suggest that human-capital-development programs for mothers could benefit children if the time mothers spent acquiring new skills is sufficient. Surprisingly, across all the studies, there were few effects on available measures of parenting, depression, the home environment, marriage, and cohabitation.

These findings suggest that policymakers face a choice when deciding which welfare reforms are best for children. They can increase parental self-sufficiency, provide few benefits to children, and save government money with mandatory employment service programs. Or, at greater taxpayer cost, they can use earnings supplements to increase parental employment, raise family income, and provide benefits to children.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc252b.pdf>

## Improving educational outcomes for disadvantaged children

*David N. Figlio*

The positive relationship between educational attainment and adult earnings in the United States is strong and has increased over time. In 1979, college-educated adults earned 75 percent more per year than did high school graduates. By 2003, college-educated adults averaged well over twice the annual earnings of high school graduates. High school dropouts work in the lowest-paid occupational groups at more than twice the rate of those who graduated from high school.

That gaps in achievement have remained so constant over time in an era of active attempts to increase equity in educational opportunity indicates that there are no easy answers to the question of how to best educate children from disadvantaged backgrounds. However, recent policy experimentation provides lessons that could help to better understand the policies and practices that might improve the educational outcomes of these families. This article outlines some of the policy options and summarizes the evidence concerning the potential effectiveness of these policies.

For example, the author argues that increased spending for schools that serve disadvantaged families will itself not necessarily lead to improved outcomes for these children. Specifically

targeted spending, however, may pay dividends: for instance, large teacher bonuses to encourage highly qualified teachers to remain in schools serving disadvantaged children and teacher merit pay could boost the performance of these children.

The author concludes by noting that there are few easy answers when considering the potential solutions to the problems of persistent low achievement by disadvantaged children. Each policy option offers trade-offs, and each has the potential to either improve or worsen the academic performance of disadvantaged children. Specific features of the policy's design are likely to play the most important role in determining the policy's success.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc252c.pdf>

## The employment prospects of ex-offenders

*Steven Raphael*

In 2005, over 2 million U.S. residents were in prisons or jails. The incarceration rate, 737 of every 100,000 U.S. residents, was over five times the rate among European Community nations. Prior to the 1970s, the number of inmates in state and federal prisons consistently hovered around 110 per 100,000. Since 1970, this rate has increased by more than fourfold. Moreover, the incidence of increased incarceration is unevenly distributed. In particular, less educated young men, especially less educated African American men, have experienced the largest increases.

This essay focuses primarily on the adverse consequences of incarceration for the employment prospects and economic stability of ex-prisoners and their families. Corrections and incarceration policies put in place over the last quarter century, the author argues, have weighed disproportionately upon low-skilled minorities, especially blacks, and have seen diminishing returns to their increasingly heavy costs.

Beyond an obvious incapacitation effect, incarceration is also likely to have a dynamic, lagged effect on the employment prospects of former inmates. Incarcerated men fail to accumulate employment experience while incarcerated due to the interruption caused by the incarceration spell. Moreover, former inmates are often stigmatized in the legitimate labor market post-release by their criminal history records. In particular, the interruptions occasioned by prison time are compounded by the greater difficulty ex-prisoners may experience in finding a job. Finally, high incarceration rates among select demographic groups may have adverse spillover effects on members of those groups who have not been to prison.

The figures reveal large baseline disparities between the average employment outcomes of those who eventually experience incarceration and those who do not. The figures also suggest that the disparities between the two groups in earnings and employment widen after incarceration. Changes in incarceration rates, indeed, appear to explain a sizable portion of the widening racial disparity in employment rates.

Roughly 600,000 inmates are released from prisons each year, and nearly 5 percent of the adult male population has served time. This article mentions several relatively straightforward policies available to state and federal governments that are unlikely to compromise public safety yet would eliminate some of the challenges confronting former inmates who are trying to move into productive and stable lives and avoid poverty.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc252d.pdf>

## The growing problem of disconnected single mothers

*Rebecca Blank and Brian Kovak*

The welfare reforms of the mid-1990s significantly decreased the availability of cash assistance to low-income families with children, primarily affecting poor single mothers. Mothers were given incentives to move into work and also faced mandates to participate in welfare-to-work programs. Funding was shifted toward greater support for those who work and away from the safety net for nonworkers. The result was a major decline in welfare participation and a significant increase in earnings among these families, but the reforms have also made assistance less available to a growing group of single mothers who are not working and do not receive public assistance benefits. These women and their children are often referred to as “disconnected families.”

Disconnected families are very poor, and the majority live without other adults in their household. High rates of poverty among these families contribute to high child poverty rates in the United States. A variety of studies have documented the multiple barriers to work that some single mothers face and correlated these barriers with problems in finding and holding a stable job. Barriers include health problems, particularly depression and other forms of mental illness; responsibility for care of someone with health problems, either a child or another relative; living in a situation that involves domestic violence; and past or current problems with substance abuse.

The evidence suggests that many of the most disadvantaged women who are neither working nor on welfare have hit time limits or been sanctioned, making it impossible for them to utilize welfare as an income source. The difficulty of returning these women to welfare programs has increased with the recent federal revisions in the Temporary Assistance to Needy Families (TANF) block grant that occurred in January 2006. Furthermore, many of these families appear in need of greater public assistance than they are currently receiving.

The authors conclude that their analysis demonstrates the serious need for a more effective safety net for these women and their children, which warrants an equally serious response by policymakers.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc252e.pdf>

## IRP Spring/Summer 2008 Conference Schedule

### Measuring the Role of Faith in Program Outcomes, April

This working conference will bring together faith-based service providers, policymakers, and evaluators interested in faith-based services for hard-to-serve populations. A key question to be addressed is whether the provision of services by FBOs has a differential effect specifically as a result of leveraging the religiosity of participants.

The conference is being organized by Jennifer Noyes and Maria Cancian, with support from the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (ASPE/DHHS), and the Bradley Foundation.

### Changing Poverty, May

Continuing the book series which includes *Fighting Poverty* (1986), *Confronting Poverty* (1994), and *Understanding Poverty* (2001), IRP is holding this small working conference to discuss a new set of commissioned papers that consider trends and determinants of poverty and inequality, the evolution of poverty-related policy, and the consequences of poverty for families and children.

Maria Cancian and Sheldon Danziger are editing the volume, with financial support from ASPE/DHHS and the Russell Sage Foundation.

### Summer Research Workshop, June

This is an annual, invitation-only meeting at which social scientists present papers on a variety of topics affecting low-income individuals and families. Workshop organizers are Robert Moffitt, John Karl Scholz, Robert Hauser, and Jeffrey Smith.

### A State of Agents? Third-Party Governance and Implications for Human Services, July

This research conference will address important issues raised by public policy and management scholars regarding the burgeoning number of third-party entities that play increasingly central roles in the design, management, and execution of public policy.

This conference seeks to advance new ideas and theoretical arguments for research and generate new empirical evidence that sharpens the debate over the use of agents of the state.

This conference is being organized by Carolyn Heinrich, with financial support from ASPE/DHHS; Univ. of Arizona; Univ. of Washington; and Univ. of Southern California.

### A Course in Applied Microeconometrics, August

IRP will host “A Course in Applied Microeconometrics.” Guido Imbens, Harvard University, and Jeffrey Wooldridge, Michigan State University, will discuss developments in microeconometrics and focus on methods that are relevant for, and ready to be used by, empirical researchers, at whom the course is aimed.

IRP with support of ASPE/DHHS is cosponsoring this course.

# *Focus*

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## ***Focus 25:2, Fall-Winter 2007–08 issue: A summary of articles***

### **Pathways to Self-Sufficiency**

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