

# IRP agenda for 1989–1991

With funds from the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services, the Institute will carry out fifteen studies over the two-year period 1989–91. Twelve will concentrate on children and youth; three will provide a historical framework for today's social problems.

## **The dynamics of poverty and well-being among children and young adults**

These studies will examine how the experiences of children and youth, in particular those associated with poverty, influence their attainment and stability as adults. Child care, family dependence on welfare, family disruption, socioeconomic status, schooling decisions, depressed neighborhoods, youth employment, and foster care are among the topics that will be explored for their effects on the present and future well-being of this generation's children.

### *1. The Impact of Early Childhood Resources on Economic Attainment in Young Adulthood*

Robert Haveman, Department of Economics and Director, La Follette Institute of Public Affairs, University of Wisconsin–Madison; and Barbara Wolfe, Departments of Economics and Preventive Medicine, University of Wisconsin–Madison

This ongoing project seeks to determine how the circumstances of children in their formative years affect their productivity and attainment as young adults. Haveman and Wolfe will relate the investments by parents and society in children's well-being to the outcomes of these investments as measured by completion of high school, earnings or type of first full-time job, early parenthood, and receipt of welfare. They will seek to learn whether causal links connect such variables as mother's work (or receipt of welfare) and her child's future experiences.

The researchers are using data combined from three sources: the Panel Study of Income Dynamics, a longitudinal survey which gives information on the experiences of children as they mature; the Michigan Time Diary Study, which provides data on the adults in the families of these children; and 1980 Census data on area (neighborhood) characteristics of the families.

### *2. The Intergenerational Consequences of Marital Disruption*

Sara McLanahan, Department of Sociology, University of Wisconsin–Madison; and Gary Sandefur, Departments of Social Work and Sociology, University of Wisconsin–Madison

McLanahan and Sandefur are currently engaged in a large research project analyzing the consequences for children of parents' marital breakup. The basic question they address is whether growing up in a single-mother family or a stepfamily results in lower educational achievement, less remunerative employment, and more marital instability than is experienced by children whose parents remain married. If, as some evidence has indicated, these negative outcomes are associated with family disruption, are they related to economic resources, parent-child relationships, and/or community characteristics? Is the age of the child at the time of family disruption significant? Does the sex of the custodial parent matter? Does remarriage attenuate the effects of divorce, or does it represent an additional disruption? Are effects consistent across different racial and ethnic groups? Are they similar among women and men? Given the long-term trends in marital disruption and women's economic independence, it is unlikely that children's exposure to mother-only families will decline in the near future. It is therefore imperative that we understand the risks to children's development from this living arrangement. The ASPE funds will permit the investigators to report their findings in a monograph intended to assist policymakers to develop remedial policies and services to compensate for the loss of parental income and any other deficiencies that may be related to living with a single parent.

The research makes use of four data sets: the National Longitudinal Survey of Youth, the Panel Study of Income Dynamics, the High School and Beyond survey, and the National Survey of Families and Households.

### *3. Child Support, Child Care, and Antipoverty Policy*

Irwin Garfinkel, Department of Social Work, University of Wisconsin–Madison; and Philip Robins, Department of Economics, University of Miami

This study will examine two issues of crucial significance for children: child support and child care. It will evaluate the provisions of the 1984 welfare reform legislation that were intended to strengthen child support enforcement. Among these provisions were those to require withholding of child support from wages when a noncustodial parent's payments are one month in arrears; to expedite procedures to obtain support orders and establish paternity; to confiscate federal and state tax rebates to pay arrears in child support; to require states to develop guidelines for the establishment of child support awards; and to require child support orders to cover medical support. Garfinkel and Robins will measure the effectiveness of these provisions and their impact on poverty and welfare dependence. For this purpose, they will

analyze data from the Current Population Surveys of 1979, 1982, 1984, 1986, and 1988.

In their study of child care policy, the researchers will examine the factors related to the demand for child care and those related to labor supply and will use their results to simulate the behavioral effects and costs of alternative child care policies. They intend as well to investigate the interaction of child care policies with other welfare reform policies. The behavioral models will be estimated with data from the Survey of Income and Program Participation. A comparison of the effects of the Wisconsin Child Support Assurance System with and without an expansion of child care assistance should provide some measure of the effects of interaction between child care and other welfare policies.

4. *An Empirical Investigation of the Effects of Child Care Costs and Subsidies on Female Labor Force Participation and Child Care Utilization: A Structural Approach*

V. Joseph Hotz, Graduate School of Public Policy Studies, University of Chicago

It has been argued that the lack of subsidization of child care is a major barrier to the labor force participation of low-income women who head households. Yet few empirical studies have examined the impact of existing child care subsidies, child care-related programs, or child care costs on the labor force participation of women. Hotz's research project and the Garfinkel and Robins project described above will begin to fill this gap in our knowledge. Hotz will use data from the National Longitudinal Survey of Youth to measure the influence of child care costs and attributes (such as the quality, reliability, and convenience of the services provided) on the work effort of mothers. The study will simulate the effects of different child care programs and will seek to predict the resulting work behavior of young women, especially blacks and Hispanics. This work, which will be coordinated with the work of Garfinkel and Robins, should make it possible to forecast the likely impacts of alternative child care programs and subsidy schemes.

5. *Public Policy and the Supply of Child Care Services*

James R. Walker, Department of Economics, University of Wisconsin-Madison

Making use of a recent survey of child care providers, Walker will first characterize the different types of child care that are offered—by relatives, in family homes, and in centers—with special attention to any differences in quality that may exist between licensed and unlicensed providers. Until now, most studies have looked at licensed providers, yet among those who provide care in their own homes, only between 5 and 10 percent are licensed. It has been tacitly assumed that licensed providers supply a higher quality of service than do unlicensed providers, so many proposals have been made to establish and enforce child care standards. But in fact no empirical evidence exists to support the assumption.

With data on both providers and users of child care, Walker will investigate how well the "child care market" works in terms of consumer satisfaction, waiting lists, and the matching of providers and consumers. The analysis will identify possible sources of "market failure" that may be addressed by government policies. A second phase of the project will draw on the theory of production economics to develop a framework for analyzing the provision of day care in family homes. Using this framework Walker intends to compare licensed and unlicensed family home providers.

6. *The Schooling Decisions of Students from Poverty Backgrounds: A Dynamic Choice Analysis*

Charles F. Manski, Department of Economics and Director, Institute for Research on Poverty, University of Wisconsin-Madison

Because education is a primary vehicle for escaping from a background of poverty, the low rates of high school completion and of enrollment in postsecondary education among students from poverty and near-poverty backgrounds have long been a cause for public concern. This study will analyze the schooling decisions of such students, giving attention to the successive choices they make: whether to complete high school, whether then to enroll in college or technical school. Employing data from the High School and Beyond survey, Manski will make use of recent advances in the econometric analysis of dynamic choice under uncertainty. He will use the resulting model of schooling behavior to forecast the effects on educational attainment of existing and proposed federal programs of financial aid to students in secondary and postsecondary education. (See Manski's article in this issue of *Focus*.)

7. *Middle-Class Flight and the Underestimation of Education's Future Benefit by the Underclass*

Peter A. Streufert, Department of Economics, University of Wisconsin-Madison

The civil rights movement and the ensuing reforms have enabled middle-class blacks to find housing outside of the urban ghettos. As a result, poverty has become more geographically concentrated in large-city centers.

The residents of these areas—which contain high rates of poverty, crime, drug use, teenage pregnancy, and single mothers—are often designated as an "underclass." Streufert will conduct a theoretical analysis of one aspect of the underclass phenomenon: whether its members, lacking appropriate middle-class role models, underestimate education's future benefit and therefore remain poor, forgoing the opportunities that more education might open to them—whether, in other words, poverty breeds poverty via a systematic undervaluation of education. If his hypothesis proves to be correct, several avenues of remedial public policy present themselves. Among them is a policy to counteract the undervaluation of education by offering financial incentives for students to improve their school achievement.

## 8. *Black-White Differences in Youth Employment*

Glen Cain, Department of Economics, University of Wisconsin-Madison

Black youth lag behind white youth in employment, labor force participation rates, wage rates, and earnings. This lag applies to both young black men and young black women, and the disparity between blacks and whites has been increasing over time. These lower employment levels and lower wages of black youth as compared with white youth pose an economic problem with serious future consequences for poverty among black families.

This study will seek to determine the extent to which the observed racial differences are due to demand factors (lack of employment opportunities) or supply factors (lower skills and abilities of the workers) as a first step toward drawing policy implications. The censuses of 1970 and 1980, which contain detail on a sufficiently large number of individuals to permit the study of local labor markets, will provide the data for analysis. Preliminary work on the employment variation across local labor markets among young black men indicates that demand factors play a major role. The research dealing with the comparative labor market performance of young black women and white women is complicated by childbearing and housework, two important alternatives to market work among young women. Cain intends to use a number of strategies to deal with these complexities.

## 9. *Marriage and Marital Dissolution in a Changing Labor Market*

Robert D. Mare, Department of Sociology, University of Wisconsin-Madison; and Christopher Winship, Departments of Sociology, Statistics, and Economics, Northwestern University

In the wake of the decline in marriage and increases in marital dissolution, a number of hypotheses have been suggested that posit a connection between marriage patterns and labor market conditions. It is suggested, for example, that the declines in marriage for blacks result from worsening labor market opportunities for young black men, or, alternatively, that declines in marriage result from increasing economic independence of women and their improved labor market opportunities relative to those of men. A related argument is that the availability of income transfers such as Aid to Families with Dependent Children has an independence effect in that it enables single women not to marry and married couples to separate and divorce.

Mare and Winship will investigate the effects of labor market conditions on marriage patterns of young persons from the 1960s to the present, paying specific attention to trends and differences among blacks and whites. They will test alternative explanations for declines in marriage and increases in marital disruption, taking into account the effects of rising rates of cohabitation of unmarried couples and of school enrollment. Data will come from the National

Longitudinal Surveys of Youth for 1979-88, the National Longitudinal Surveys of Young Men for 1966-81 and of Young Women for 1967-88, and the March Current Population Surveys of 1964-88.

If socioeconomic and labor market conditions greatly affect the decisions of young men to marry and remain married, this research should give some indication of the effects of policies to create jobs on the marital behavior of young persons. If women's opportunities for economic independence strongly affect their decisions to marry and remain married, this research will show whether actual and potential income transfers are a major cause of the decline in marriage.

## 10. *A Simulation Model of the Effect of Workfare on Welfare Caseloads and the Poverty Rate*

Robert Moffitt, Department of Economics, Brown University

Work-welfare programs, which link employment and training to income maintenance, have increasingly been seen as a way to reduce the caseload for Aid to Families with Dependent Children (AFDC) and assist AFDC recipients to become self-sufficient. State-initiated work-welfare programs are incorporated in the Family Support Act of 1988 under the title JOBS (Job Opportunities and Basic Skills Training Program). The federal law gives states a great deal of leeway in designing programs to suit their specific needs. Although the various work-welfare programs now in operation are being evaluated, no tool exists to generalize program features to predict the effects of types that have not yet been tried.

Moffitt will construct a simulation model of the work-related component of AFDC to estimate its effects on (1) AFDC caseloads; (2) government expenditures on AFDC; (3) recipients' earnings, employment levels, and program participation rates; and (4) U.S. poverty rates. The simulation will model the choice of whether to go on the AFDC rolls, taking into consideration personal preferences and work and schooling opportunities; whether then to stay on the rolls or leave after the introduction of work and training requirements; and the change in earnings that results from these choices. The data sets for the study are the Survey of Income and Program Participation and the Panel Study of Income Dynamics.

## 11. *Minorities and the Underclass Debate: Welfare Behavior in Poor Chicago Neighborhoods*

Marta Tienda, Department of Sociology, University of Chicago

The Urban Family Life Survey collected detailed data on the residents of poverty-stricken areas of Chicago in 1986. Tienda will use this information to analyze and compare the welfare experiences of minority and nonminority parents. She will document racial and ethnic differences in the frequency of welfare receipt and the length of time spent on

welfare. Then she will examine intergenerational links in welfare reciprocity and the variations in such links among blacks, Mexican Americans, Puerto Ricans, and whites. Finally, she will attempt to learn whether residence in neighborhoods of concentrated poverty prolongs welfare dependence by reinforcing attitudes toward work and dependence and, if so, whether these effects vary by race and ethnic origin.

Of particular interest to Tienda is the Puerto Rican population. There is growing evidence that Puerto Ricans have withdrawn from the labor market more than have members of other groups and their reliance on welfare has increased. Furthermore the family structure of Puerto Ricans has diverged from that of other Hispanic groups, notably Mexicans and Cubans, and has become more similar to that of blacks. Comparing Puerto Ricans with other minorities will inform policy debates about the need for specific antipoverty measures for racial and ethnic groups. It will also shed light on means by which national origin and race (as opposed to class) circumscribe the economic life course of minority groups.

12. *Assessing the Impact of Foster Care: A Research Synthesis*

Irving Piliavin, Departments of Social Work and Sociology, University of Wisconsin-Madison; and Thomas McDonald, School of Social Welfare, University of Kansas

The number of children in foster care increased during the 1960s and 1970s and appears to have peaked in the late 1970s, when an estimated 350,000 children were in foster family care and over 500,000 were in all types of out-of-home placement. This growth raised concerns about the prevalence and desirability of foster care in a society that both feels a responsibility to protect and nurture children and places a high value on family life. Current federal regulations require child welfare agencies to make reasonable efforts to prevent the need for out-of-home placement and, when placement is necessary, to return children to their families as soon as possible. But evidence suggests that some children may not be better off with their biological parents.

Piliavin and McDonald expect to improve our understanding of foster care by means of a comprehensive and critical review of research to date, concentrating upon the effects of foster care on the children served. (This proposal grows out of Piliavin's previous study of homelessness, which revealed that a surprisingly large proportion of the homeless had been in foster care as children.) The purpose of the review is to identify what we do and do not know concerning the consequences of foster care, to develop recommendations for future data collection and research, to assess trends in the programs and policies that have evolved over recent decades, and to offer proposals for program and policy development.

## Historical perspectives on poverty

13. *How Have Families Been Faring? A Study of Trends in Poverty and Inequality*

Sheldon Danziger, School of Social Work and Institute of Public Policy Studies, University of Michigan; and Peter Gottschalk, Department of Economics, Boston College

Danziger and Gottschalk will extend their work on trends in economic status by examining the underlying relationships among inequality in family incomes, poverty, economic growth, and transfers during the post-World War II period.

Until the 1970s, reductions in poverty and inequality were attributed to strong economic growth, declining unemployment rates, and increases in government transfers. From 1973 to 1983, increases in poverty and inequality seemed to result from offsetting factors: a slowdown in economic growth and rising unemployment on one hand were counteracted to some extent by transfer increases over the 1970s. Since 1983 relatively constant transfers, declining unemployment, and economic growth have prevailed and will be a focus of the project.

The researchers will seek to disentangle the effects of changes in demographics, economics, and public policies by decomposing these changes within the type of accounting framework they have used in previous work. Employing data from the decennial censuses of 1940-80 and the Current Population Surveys of 1968-89, they will address these kinds of questions: Which demographic groups have benefited most during the recent recovery? If male-headed families have benefited disproportionately, does that signal a return to a "feminization of poverty?" How have demographic and policy changes affected minority and majority families? What accounts for the differences between white and black poverty rates?

**The next issue of *Focus* will consist  
of essays on the urban underclass.**

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is made possible by a grant  
from the Rockefeller Foundation.**

14. *Spatial Distribution of Race and Poverty: Trends in Urban Residential Structure*

Karl Taeuber, Department of Sociology, University of Wisconsin-Madison

One explanation of the worsening plight of urban blacks is that sharp increases in class segregation have occurred within inner cities as middle-class blacks have taken advantage of new residential opportunities and moved away from the inner cores. The result is extreme isolation of poor blacks from middle-class persons.

Many aspects of this posited causal scheme have not been subjected to empirical evaluation. Taeuber will analyze data from the decennial censuses of 1940-80 and other available indicators of social change since 1980 to determine the degree to which class mixing existed at earlier census dates; to examine the timing, character, and extent of social changes in cities with large black concentrations; and to seek patterns and trends based on region, city size, percentage black, and economic base.

15. *Historical Perspectives on AFDC: The Paths Not Taken*

Linda Gordon, Department of History, University of Wisconsin-Madison

Gordon's study, part of a larger work on the history of the welfare state, will take a new look at the conflicts and resolutions surrounding the evolution of Aid to Families with Dependent Children (AFDC).

The federal AFDC program, originally enacted in 1935 as Aid to Dependent Children (ADC), was the successor to a variety of mothers' and widows' pension programs established by the states earlier in the century. Several alternative proposals were put forward at that time that touched on such important issues as whether the Children's Bureau rather than the Social Security Administration should administer it (which would have given it a quite different character); whether there should be federal standards for minimum payments; whether eligibility should encompass more than single motherhood and, if so, whether the criteria should be federally determined; and whether there should be federally enforced antidiscrimination requirements. According to Gordon we have almost entirely lost sight of these alternate proposals and tend to regard the form in which ADC was enacted as inevitable; the assumption is that the reform that succeeded was the best available and the others were impracticable.

Knowledge of how the program took shape and the influences brought to bear in shaping it (including the role of women in the process) can offer perspective on today's welfare reform efforts. ■

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**Institute for Research on Poverty  
National Advisory Committee  
1989**

The Institute wishes to extend thanks to three retiring members of the National Advisory Committee who have served for many years: William Morrill, appointed in 1978; Joseph Pechman, appointed in 1975; and Harold Watts, the Institute's first director, appointed to the committee in 1977. Members now serving on the NAC are listed below.

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