

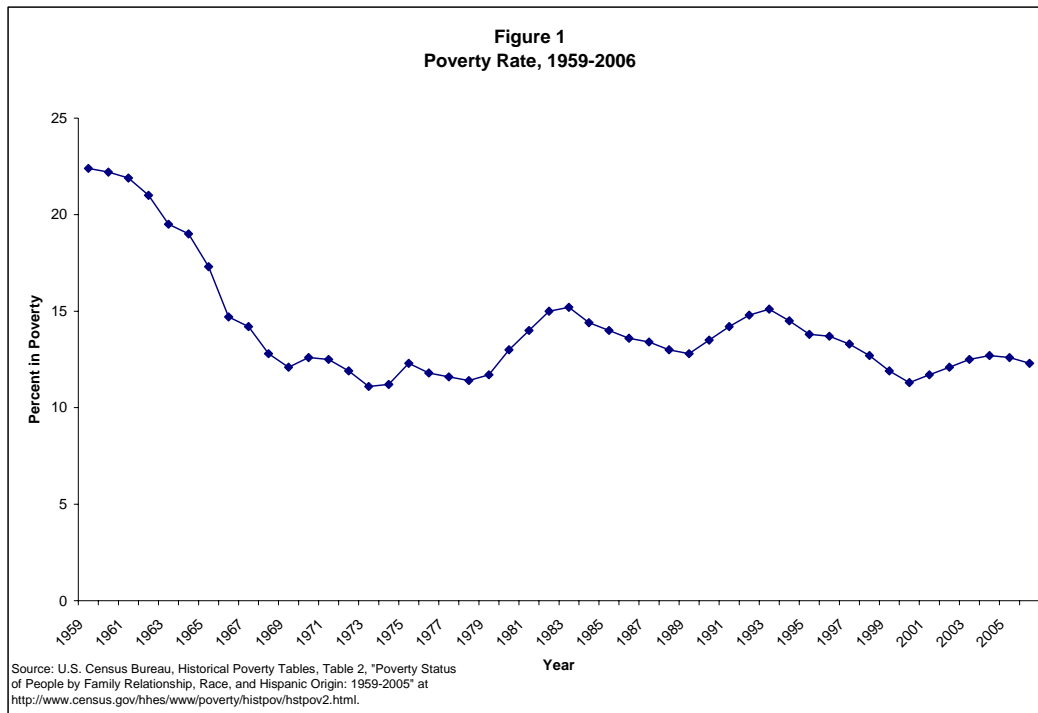
A Plan for Reducing Poverty

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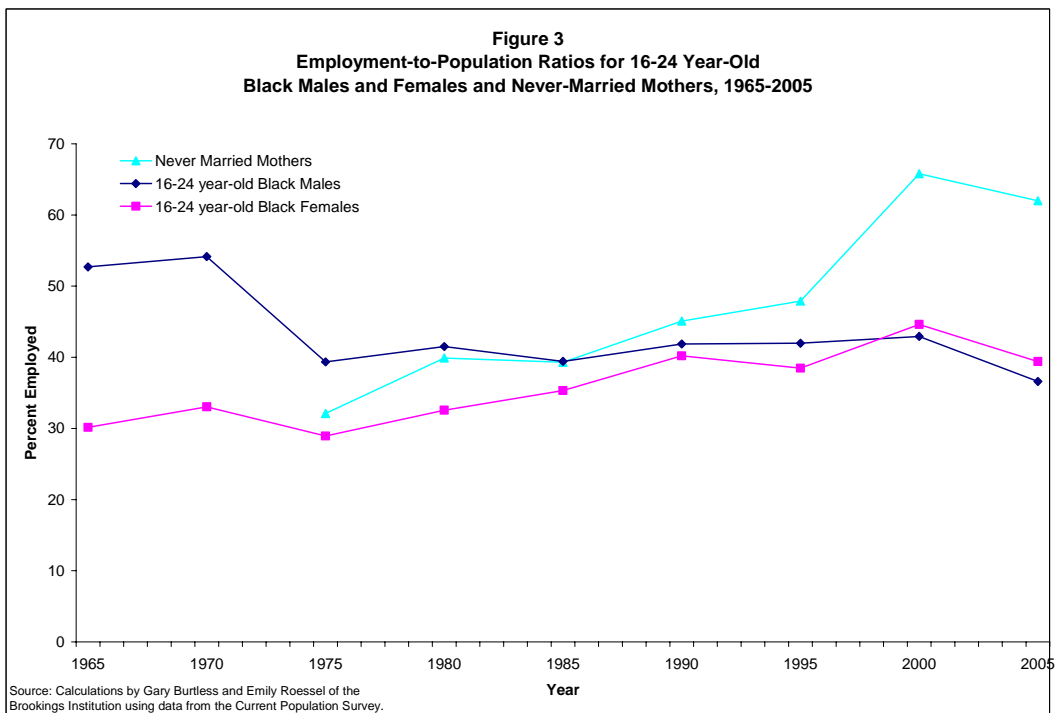
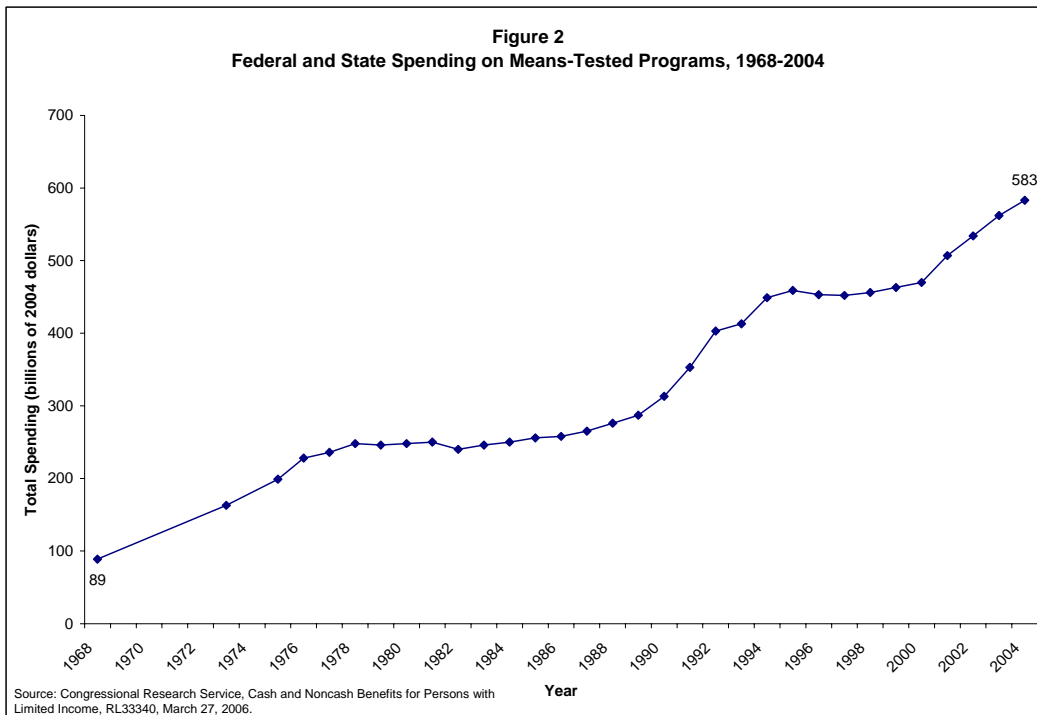
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Consider the surprising lack of progress against poverty since the early 1970s. Figure 1 shows that poverty fell precipitously during the 1960s, rose slightly for a few years, and then fell to its lowest level ever, a little over 11 percent, in 1973 and 1974. Over the next three decades and more, poverty moved up and down in rough correlation with the economy, but never again approached the low achieved in the mid-1970s.

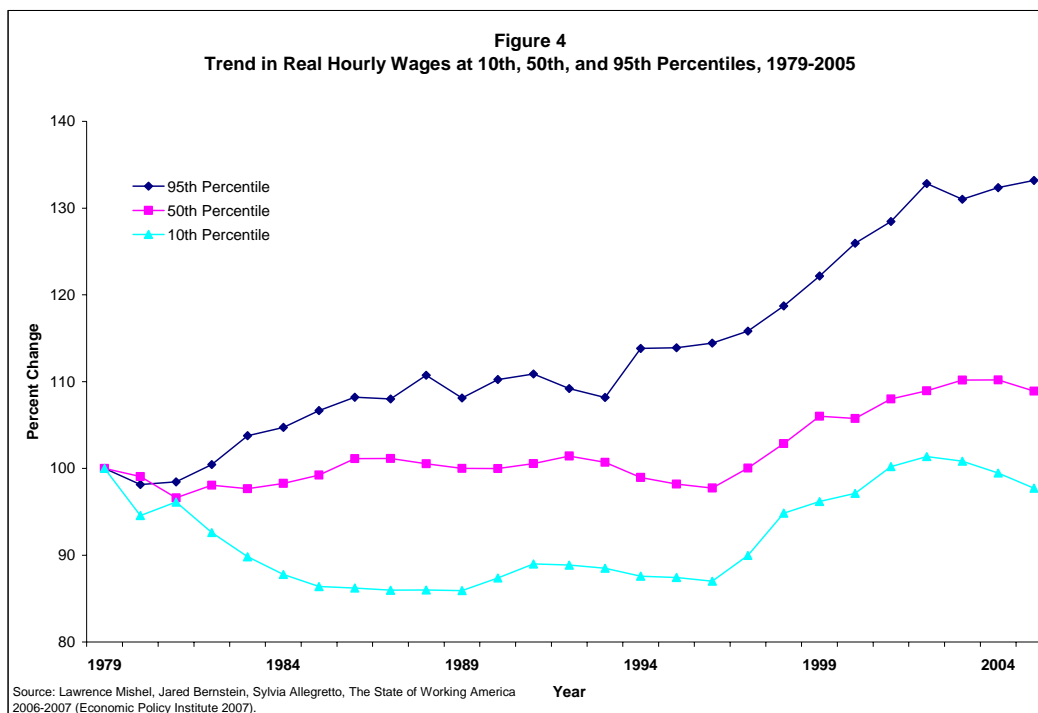
This lack of progress is especially surprising in view of the tsunami of government means-tested programs and the blizzard of spending on these programs (Figure 2). As the breadth of these programs expanded – eventually to include cash, medical, nutrition, housing, social services, and other categories of programs – and spending grew as measured in constant dollars, as a percentage of all federal spending, and as a percent of GDP, the nation made no progress against poverty. If anything, there was a slight increase in poverty over the entire period between early 1970s and 2006. Why?



Causes of Poverty

Changes in Work and Wages

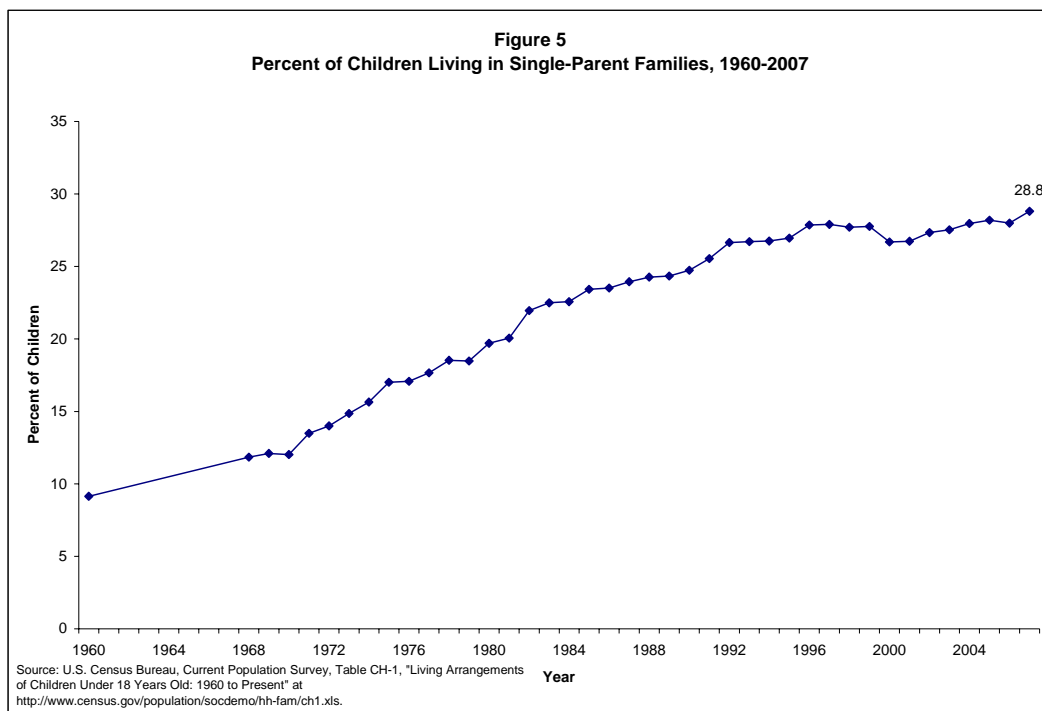
Figure 3 shows labor force participation rates for young black males, black females, and never-married mothers of all races (but disproportionately black). Black male work rates started at the remarkably low level of slightly over 50 percent in the mid-1960s, declined precipitously in the early and mid-1970s, held steady until the early 2000s, and then fell again, ending the period with a work rate that had declined by nearly one-third since the mid-1960s. There may well be a connection between the precipitous fall in male work rates, especially for young minority males, and the falling rate of marriage for young blacks. Nonworking males contribute to child poverty by having babies outside marriage, by not forming married-parent families, and by failing to provide support for their children when they live apart.



Nonwork is certainly an important reason for the lack of progress against poverty, but another part of the story is problems with the low-wage labor market. International trade, growing sophistication of technology in most businesses, immigration of low-skilled workers, and the availability of cheap labor abroad have conspired to make wages more or less stagnant at the bottom of the U.S. wage distribution. Figure 4 shows the trends in wages at the 10th, 50th, and 95th percentiles of the wage distribution since 1979. To more clearly depict the trends, wages are

expressed in proportion to wages in 1979. The story portrayed in Figure 4 is quickly told: wages at the bottom, after falling and then rising, are only a little above where they were nearly three decades ago; wages in the middle have increased somewhat (around .2 percent per year); and wages at the top have increased by nearly 40 percent. The only time the bottom of the wage distribution rose was during the tight labor market of the second half of the 1990s. But in most years for the past quarter century, wages at the bottom fell or were stagnant. If the American economy provided steady increases in wages at the bottom, workers receiving those wages would have a better chance to rise above poverty. But unfortunately, on balance the job market at the bottom turns out to be another force pushing poverty up.

Changing Family Composition



It is by now old news that the American family has undergone profound changes in recent decades. Marriage rates fell while divorce rates increased to a high level in the early 1980s and have remained high since. Nonmarital birth rates continue to grow beyond all previous experience as cohabitation continues to increase. The upshot is that at any given moment nearly 30 percent of American children live in a single-parent family, and over the course of their childhood upwards of 60 percent spend some time in a single-parent family (Figure 5). These discouraging figures are even worse in the case of minorities, especially black

Americans. About 70 percent of black children are born into a single-parent family and around half the rest experience a divorce. Thus, approximately 80 percent of black children spend at least part of their childhood living outside the context of a married-couple family.

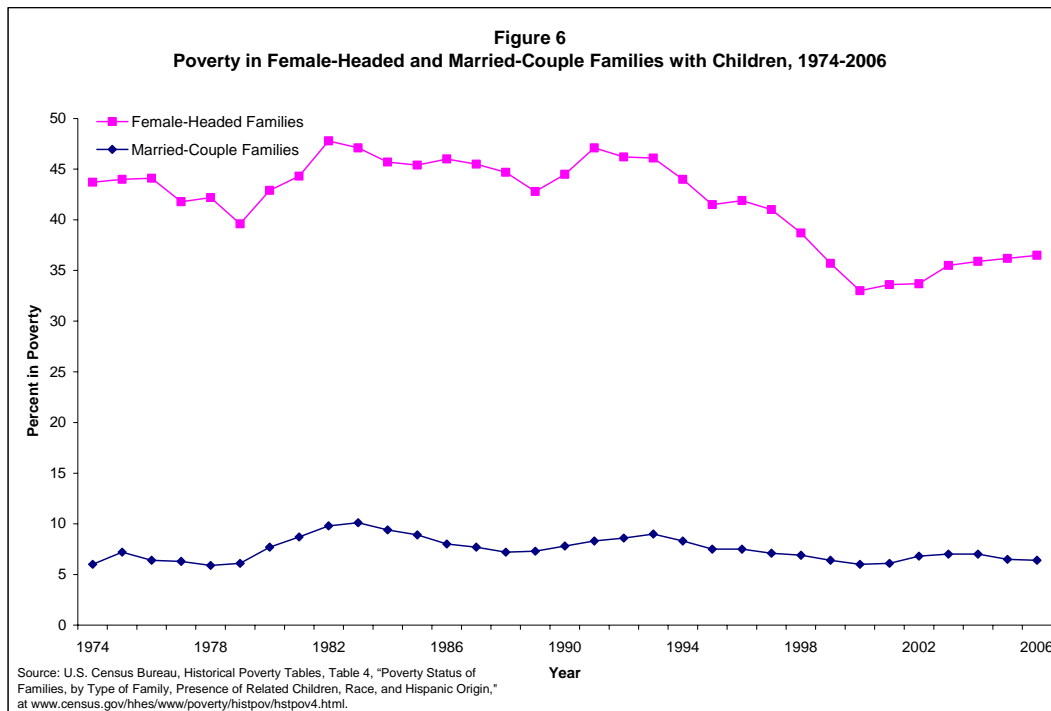
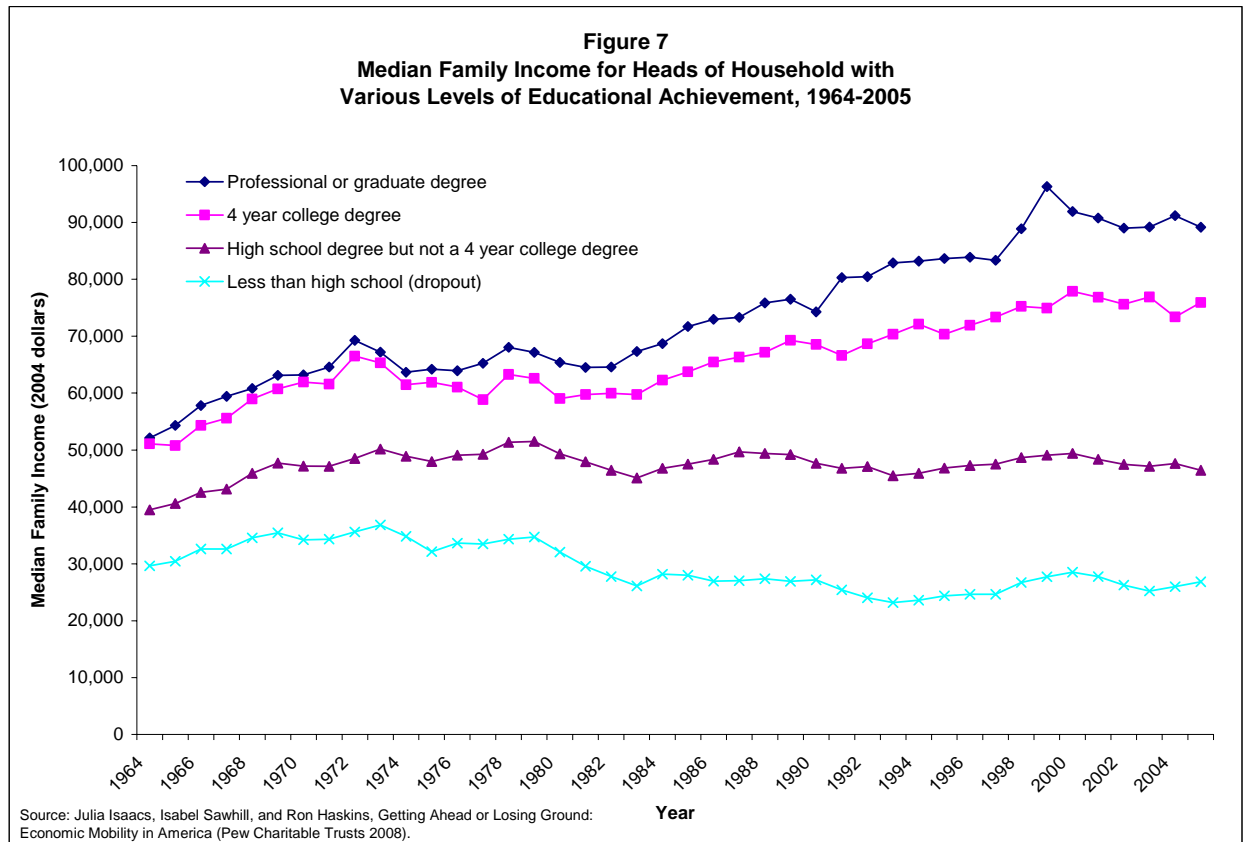


Figure 6 shows one reason why scholars and policymakers should be concerned about the growing number of children in single-parent families. In most years, poverty rates are four or five times as high in female-headed families as in married-couple families. It follows that as the fraction of children living in female-headed families rises (Figure 5), all else equal, so does the poverty rate for children. In addition, there could well be a long-term impact on poverty because children reared by their married parents do better in school, are less likely to have mental health problems, are less likely to be arrested, and are more likely to go to college than children reared by single parents. Until the rate of children living with their married parents increases, the high and still increasing share of children living with single parents will continue to push the poverty rate upwards.

Stagnant Levels of Education



The American economy rewards those with more education, and the rewards have been growing in recent decades. Figure 7 portrays the differences in returns to schooling for those who have achieved various levels of educational credentials. Three points are apparent. The first is that there has consistently been a major difference in the income between those with higher and lower educational credentials. Second, this difference has been increasing for more than three decades. Third, the returns to achieving either a B.A. or a professional or graduate degree have been increasing for thirty years while the returns to a high school degree or no degree have been declining or flat. In large part because of the wage story, high school dropouts now and in the future will have trouble rising above poverty. So will many with only high school diplomas.

Although both genders and all ethnic groups dramatically increased their levels of educational attainment over the course of the 20th century, the rate of increase of high school completion has slowed considerably. Equally important, children's learning of basic skills has

been virtually flat over the past quarter century in both reading and math. Further, at least 40 percent of Americans receive no education beyond high school, and the rate of college completion is strikingly lower among minorities and children from low-income families. Education levels and educational achievement, especially for those in the bottom half of the distribution, are stagnant thereby contributing to the difficulty of reducing poverty.

A Plan to Reduce Poverty

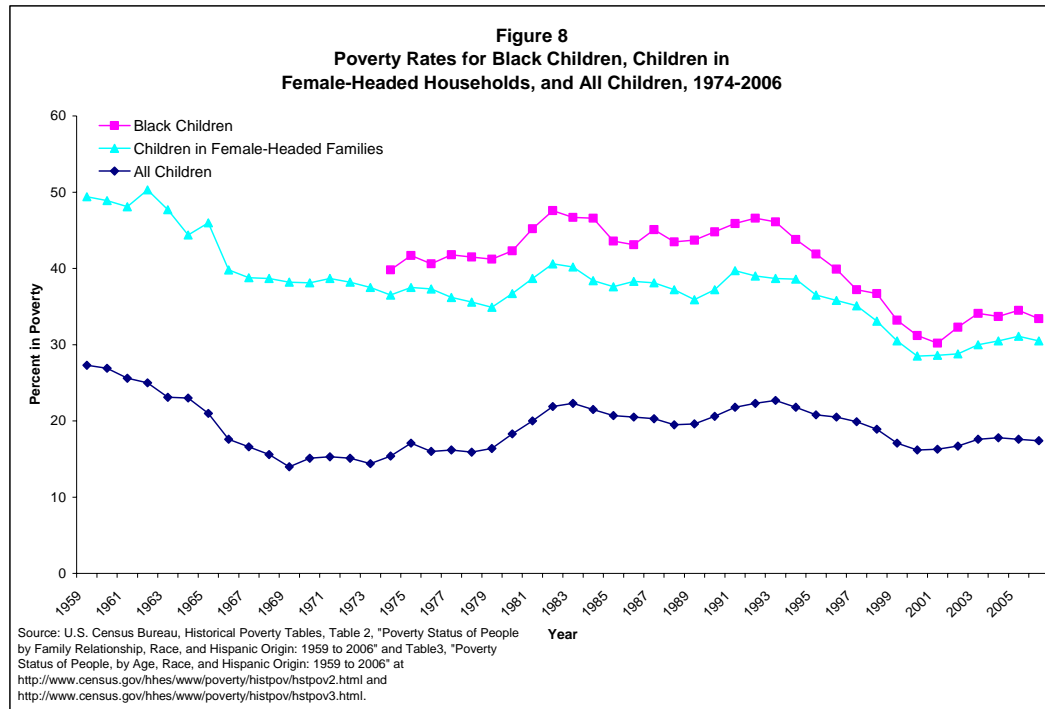
Taken together, declines in work and stagnant wages, the decline of married-couple families, stagnant levels of education, and other factors not reviewed here exert upward pressure on poverty. The resulting lack of progress against poverty has led to a sense of hopelessness that seems to pervade discussions about reducing poverty and equalizing opportunity and outcomes for children from poor and minority families. But this hopelessness is excessive. Yes, the deck is stacked against scholars, administrators, and policymakers who want to figure out ways to reduce poverty in America. But never mind the stacked deck. Policymakers, with help from scholars, have figured out at least one effective strategy for increasing income and reducing poverty among the most poverty-ridden group in our society -- single females with children. This tested strategy can be strengthened and at least two additional strategies hold out great promise for reducing poverty.

Strategy 1: Increasing and Supporting Work

Increasing Work. A key part of the anti-poverty strategy that has proven effective is the 1996 welfare reform law and, in particular, its work requirements. The context of the 1996 law was the failure of the strategy of simply giving money and in-kind benefits to the poor to reduce poverty. President Johnson, who declared the War on Poverty in 1964, said that his strategy was to provide “a hand up, not a hand out.” Even so, research by David Ellwood and Mary Jo Bane of Harvard in the mid-1980s showed that the strategy of unencumbered giving led to many very long stays on the nation’s major cash welfare program, Aid to Families with Dependent Children (AFDC). Of the families on the rolls at any given moment, 65 percent would eventually be on cash welfare for eight years or more (counting repeat spells).

The 1996 reforms encouraged work by ending the legal right to cash welfare and making receipt of the benefit contingent on individual responsibility; by requiring states to enroll

half (after a five-year phase-in) of their caseload in work programs; by requiring states to back up their work requirements with a state-devised system for imposing sanctions on recipients who did not meet the state work requirements; and by disallowing use of federal funds to provide benefits to any family that had been on the rolls for more than 5 years.



Due to this constellation of factors, a booming economy, and at least one other factor to be described below, following the 1996 reforms welfare recipients left welfare for work in droves. Between 1962 and 1994, the welfare rolls virtually never declined – in bad economies and good, the welfare rolls grew. And yet, following welfare reform the rolls fell by half in four years, a completely unprecedented outcome. Meanwhile, poor and uneducated mothers not only joined the labor force but raised their earnings (primarily by working more hours) as never before and pulled themselves and their children out of poverty. Child poverty enjoyed its most consistent decline since the early 1970s, falling nearly 30 percent between 1993 and 2000 (Figure 8). Black child poverty reached its lowest level ever; by 2000 it had fallen by one-third. Similarly, poverty among children in female-headed families reached its lowest level ever. Census data on income among female-headed families during these years show that it was mothers' earnings and not welfare payments that made the difference in reducing child poverty. Indeed, cash welfare income actually fell during these years.

Although disadvantaged and minority females have greatly increased their work effort in recent years, there is still plenty of room for improvement. More than 30 percent of mother-headed families below 150 percent of poverty have no one working at all and nearly 70 percent have no year-round, full-time worker. Thus, reforms should aim to strengthen both the carrots and the sticks employed by current policy to increase work among disadvantaged single mothers. A good place to start is with housing programs.

Each year, around 5 million low-income households receive some type of federal housing subsidy, at a total cost of nearly \$60 billion. Only able-bodied adults who reside in public housing projects are subject to any work requirement – and even that requirement is weak. Worse, most housing programs actually contain substantial work disincentives because the rule that beneficiaries must pay 30 percent of their income toward the cost of their unit means that, if they accept a job or increase their hours of work, their rent goes up by as much as 30 cents for each dollar (or additional dollar) of earnings. When this obligation is added to Social Security taxes and state taxes, many workers in low-wage jobs who receive housing subsidies pay 50 percent or more of their earnings in taxes and extra housing payments. It would be challenging to think of a system that would more effectively discourage work.

Even so, it is possible to successfully implement a stronger work requirement in housing programs. HUD and local housing authorities have a tradition stretching back to 1984 of creating programs – modest though they may have been – to encourage work. The current version of these programs, implemented in 1991 and called Project Self-Sufficiency (PSS), is open to residents of public housing and holders of tenant-based vouchers. The participating resident agrees to a self-sufficiency plan that lays out the steps to achieve independence over a period of 5 years.

Another underlying factor supporting a broad work requirement in housing programs is that there is strong evidence that a program similar to FSS can significantly increase work by residents of public housing. Implemented in six sites using a random-assignment design, a demonstration program called Jobs Plus offered residents of public housing help from specialized staff located on-site in preparing for and finding a job, financial incentive to work by reducing or even eliminating the financial penalty for earnings typically involved in the requirement that residents pay 30 percent of their income in rent, and a community support component in which residents at the project met to discuss work opportunities. James Riccio,

who led the evaluation of Jobs Plus, concluded that the evaluation showed “conclusively” that the program increased employment and earnings over a four-year follow-up period. For some groups, annual earnings increased as much as \$3,000.

HUD officials should launch an initiative to encourage or cajole all non-elderly, non-disabled adults with housing benefits to enter the workforce. The precise number of housing beneficiaries to which the work requirement would apply is difficult to compute, but in 1999 HUD estimated that about 1.9 million of the 4.2 million adults receiving benefits had a prime (not aged, not disabled) worker. Of these, HUD reports that 57 percent had earnings at the time they submitted their annual recertification forms. But many of them earned less than \$8,000 during the previous year, suggesting that they did not work full-time or year-round. These nonworkers and part-time workers are worthy targets for Jobs-Plus-type services. The program should require local housing officials and officials administering the TANF and Workforce Investment Act programs in the local area to coordinate their efforts. In general, the definition of work and the exemptions from the requirement should be the same as those found in the TANF program.

In addition to housing, the TANF program itself should be reformed. The \$16.5 billion TANF block grant can be used by states to provide a variety of types of assistance to poor families and children. The two most common uses of the funds are for cash welfare payments and for activities related to helping families work or prepare for work. The TANF program is generally credited with encouraging states to use strong measures to help, cajole, or force – at the pain of losing their cash welfare benefits – able-bodied adults on or applying for welfare to enter the workforce. Indeed, TANF has the strongest work requirements of any federal program at any time. Although the TANF program has been largely successful in promoting work, the program should nonetheless be strengthened in three ways.

The first is to amend TANF so that the size of the block grant is adjusted for inflation. The cost of this proposal over five years would be about \$6 billion. States use their block grant funds both to pay for cash welfare and to promote work. States must find the optimum balance between these two policies. If they emphasize work, they must spend more money to help people leave or stay off welfare. If they don’t emphasize work, the size of their caseload increases and they must pay more for welfare benefits. Since the 1996 reforms, states have shown that they can

help families avoid welfare through their work programs, primarily through job search programs. But the relentless eroding of their block grant by inflation is beginning to weaken their programs.

A second change in the TANF program is that states should be allowed to fulfill up to 50 percent – rather than the current 30 percent – of their work requirement by allowing family heads to participate in educational activities. Experience now shows that most low-income mothers who find jobs make only modest improvement in wages as they gain work experience. There is growing agreement that without further education or training, many mothers who leave welfare will find it difficult to move beyond jobs that pay low wages and modest or no benefits. Work in low-wage jobs is a great improvement over welfare dependency, but if we are to improve economic mobility and opportunity, adult education and training are a must.

The third TANF reform is that the federal government should provide states with financial incentives to mount programs addressed to family heads who have no earnings and have either lost their cash welfare or are at risk of doing so. As Rebecca Blank has shown, the number of poor mothers with no cash welfare and no earnings in a given year has doubled since 1995. About half of these mothers live with other adults in households that average around \$20,000 in income per year. But it is not clear how the other half is living, except that their income puts them and their children in deep poverty. Blank has recommended that the federal government provide states with block grant funds of about \$3 billion annually to help these mothers. Although the Blank proposal is worthy of consideration, my view is that states should bear the primary burden for designing, conducting, and financing programs for these disconnected mothers. Specifically, states should be given additional federal dollars, at the rate of one federal dollar for every two state dollars spent on a program for these mothers. A total of \$1 billion would be available to states at this matching rate each year. In order to qualify for their share of funds, which would be available to states in proportion to each state's share of the number of children in poverty, states would have to present the Secretary of the Department of Health and Human Services with a plan outlining how the money would be spent to help these mothers address the barriers that are preventing them from working and for providing support to the mothers and their children while the mother prepares for work.

Table 1
Overview of the Work Support Programs

Program	Description
Earn Income Tax Credit	Cash wage supplement paid annually through the tax code
Child Tax Credit	Cash payment to families with children; payable on limited basis to poor and low-income families with no tax liability
Child Care	Several programs that pay for or subsidize the cost of care for parents who work or attend school
Food Stamps	Coupons that pay for food
Medicaid/SCHIP	Pays for health care for children and, on a limited basis, adults
Child Support Enforcement	Comprehensive (and usually free) program designed to encourage or force parents who do not live with their children (usually fathers) to pay child support
Housing	Provides public housing free or at reduced cost or provides subsidies to pay rent
Education and Training Programs	A host of programs that aim to help adolescents not bound for college and poor, low-income, or unemployed adults enhance their literacy or job skills to qualify for better jobs
Other	School lunch; school breakfast; Special Supplemental Food Program for Women, Infants, and Children

The Work Support System. Welfare reform was only half the federal strategy for attacking poverty. Over a period of more than a decade before the enactment of the 1996 reforms, Congress and Presidents Ronald Reagan, George Bush, and Bill Clinton had passed a series of laws that created, modified, or expanded programs that provided cash and in-kind benefits to poor and low-income working families, mostly families with children. Collectively, these programs are often referred to as the nation's work support system (Table 1). The work support system is one of the most important elements of the nation's approach to social policy. Additional reforms would strengthen the system and lead to future reductions in poverty.

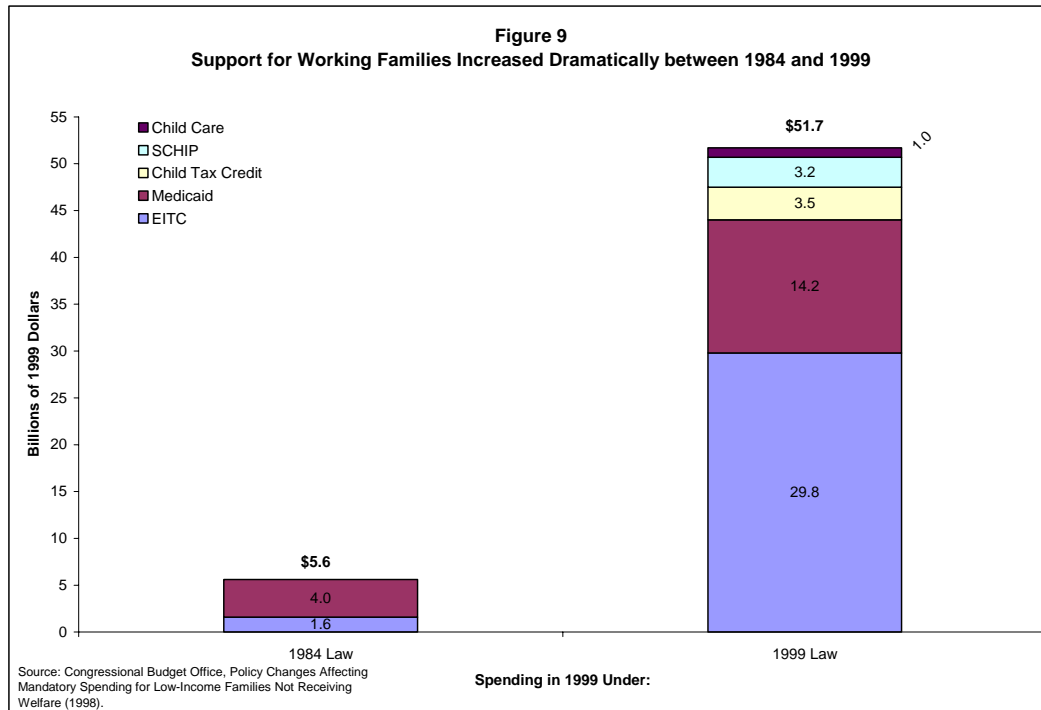
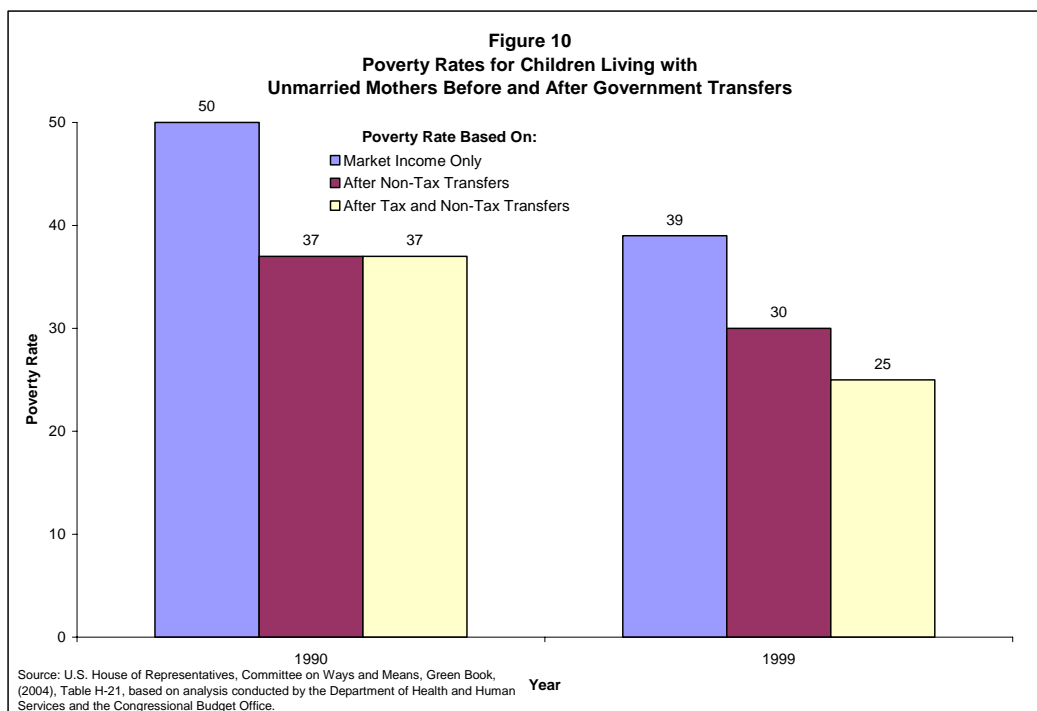


Figure 9 provides a graphic idea of the seriousness with which federal policymakers developed the work support system over a period roughly two decades. Based on a study by the nonpartisan Congressional Budget Office, the two bar graphs present estimates of how much working families would receive in 1999 from programs in the work support system as they existed in 1984 and in 1999. If the law on child care, medical assistance, the child tax credit, and the Earned Income Tax Credit (EITC) had not changed after 1984, in 1999 working families would have received a mere \$5.6 billion in benefits. But because Congress expanded or created all these work support programs after 1984, in 1999 working families qualified for \$51.7 in benefits. A more recent estimate of benefits for working families by Sheila Zedlewski of the Urban Institute shows that between 1996 and 2002, work support benefits grew by 27 percent in real dollars.



The greatest beauty of the dramatic expansion of the work support system is that the increase in work by single mothers following enactment of welfare reform in 1996 activated the work support system for millions of these families. Work and work support, in short, functioned together to reduce poverty. The analysis depicted in Figure 10, conducted by the Department of Health and Human Services and the Congressional Budget Office, provides a clear view of the impact of government programs on children's poverty rates in families headed by never-married mothers in 1990, before welfare reform, and in 1999, after welfare reform. The poverty rate in 1999 was over 20 percent lower than in 1990 (50 percent vs. 39 percent). Undoubtedly, this decline in raw poverty before any government assistance was due to increased work and earnings by these never-married mothers. Even better, after the work support benefits are taken into account, the combination of more work plus work support benefits resulted in a poverty rate that was one-third lower in 1999 than in 1990. Both on paper and in practice, most mothers who left welfare improved their financial condition.

The success of the work support system in helping low-income working families with children can be improved. More specifically, three reforms now seem appropriate. The first stems from the fact that not all eligible working families receive all the work support benefits for which they qualify. A good example of actions Congress can take to improve effectiveness of the work support system is the 2002 food stamp reforms that streamlined state administration and

led to increased food stamp enrollment by working families. These reforms are an especially good model because they were proposed by states, based on the experience state officials had in trying to administer food stamps for working families, and were adopted by Congress and the Bush Administration on a bipartisan basis.

Second, low-income working families need more help paying for child care. Although Congress greatly increased child care funds when welfare reform was enacted in 1996, there have only been a few modest increases since then. There are many low-income working families that do not receive help paying for child care and there are large inequities in the system because mothers leaving welfare are more likely to get a child care subsidy than similar mothers who did not go on welfare. Other than this conspicuous inequity, the child care block grant and the vouchers it funds seem to be working well. The major problem is simply that states need more money to ensure that more working families receive child care. Mark Greenberg of Center for American Progress has recently recommended increasing the funding by \$20 billion a year. Given the serious and growing problems with the federal deficit, \$20 billion is too much to expect, but Congress should try to increase child care funding by \$1 billion or \$2 billion per year over two or three years and make sure that states use all the money for child care.

Third, although the political feasibility of this reform is low, Congress could greatly strengthen the work support system, increase work incentive, promote economic opportunity, and dramatically improve the economic well-being of around 3 million households by radically reforming the nation's low-income housing programs. A little less than half of the households that receive federal housing benefits have children, mostly living with their single mothers. Housing reform offers the best opportunity for advancing the make-work-pay agenda over the next several years.

Spending on housing for low-income households is enormous. A recent report from the Congressional Research Service showed that in 2007 the federal government spent \$58.7 billion on means-tested housing programs that supported over 4.6 million units of housing. This sum does not include the \$5.1 billion spent on the low-income housing tax credit. Together, the two types of programs provided \$63.8 billion to subsidize housing for poor and low-income people.

In the last decade and more, there has been a gradual shift away from construction and an increase in the use of vouchers than allow recipients to select their own housing. As Edgar Olsen of the University of Virginia shows in a careful analysis, the shift away from government

involvement in construction and management of housing will certainly save money – or more to the point for our purposes, will allow a given sum of money to serve more families – and will do so without reducing the average quality of housing. In addition, another major advantage of vouchers is that they allow recipients flexibility in where they live, a potential advantage in finding employment or in changing jobs. Choice also allows recipients to pick better neighborhoods. Choice is on the rise and our goal should be to move it even faster and further.

The shift in housing policy toward vouchers is a great improvement over project-based funding, but it does not solve the single greatest problem with the nation's housing policy; namely, the huge inequity in the distribution of housing benefits. Entitlement programs like food stamps, Medicaid, and school lunch provide guaranteed benefits to all who meet program requirements and everyone lives under the same set of benefits and rules. By contrast, housing programs are like day care subsidies in that Congress does not authorize enough spending to provide the benefit to everyone who qualifies. Moreover, because housing, as a work support subsidy, provides both incentive to work (at least potentially) and additional income that improves the economic well-being of families, a fairer distribution of housing benefits could do a lot more than reduce inequity.

Following the innovative work of Olsen and Jeffrey Tebbs, federal policymakers should create an entitlement to housing assistance that would both cut the Gordian knot of inequity and convert housing into a more effective element in the nation's work support system for millions of additional families. The goal of reform would be to get the most out of the resources now devoted to housing by providing at least some benefit to all eligible families that want a housing subsidy. To finance this bold reform, policymakers should gradually phase-out, perhaps over a ten-year period, all programs that support construction, including public housing, project-based assistance, and the Low-Income Housing Tax Credit. The savings would be transferred to the current voucher program, somewhat modified as outlined below, bringing its total funding to around \$40 billion.

Olsen and Tebbs estimate, extrapolating from the results of large-scale studies, that around 18 million households in the nation would be eligible for federal housing subsidies under the parameters established by their proposal (which are roughly equivalent to those in current law). Given a pool of \$40 billion that can be created by combining funds in the current housing voucher program with funds from the housing programs policymakers could terminate, the

average household would receive an annual subsidy of about \$5,600 under Olsen/Tebbs. This figure represents about a 20 percent reduction in the average housing subsidy received by families under current law. This reform represents a straightforward tradeoff: reducing current housing subsidies by about 20 percent in order to provide the subsidy to roughly 3 million additional families. But more to the point, the reform would result in a greatly strengthened work support system because millions of additional low-income households would be able to count on a housing subsidy. Further, the efficiency of federal housing programs would be enhanced by eliminating construction and government ownership programs. Finally, voucher recipients could choose their own housing and thereby improve the quality of the neighborhood and the schools their children attend. They could also move to be nearer to employment centers. And all of these benefits can be purchased without increasing federal spending. Who said there's no free lunch in Washington?

Strategy 2: Reducing Nonmarital Births and Increasing Marriage Rates

A great deal of evidence has accumulated that the optimum family form for promoting child development is the married-couple family. Unfortunately, the share of children – especially black children – living with two parents has declined precipitously over the past four decades (see Figure 5 above). It is regrettable that scholars and program innovators have produced so little information about how to restore marriage rates. The knowledge base for increasing marriage rates today is approximately equivalent to the knowledge base for reducing poverty when President Johnson initiated the War on Poverty in 1964. To expand this knowledge base and then expand on what seems to work, several propositions seem reasonable.

The first is that we should do more to reduce nonmarital births. Along with the decline of marriage, the entry of women into the paid labor-force, and the aging of the population, the rise of nonmarital births is one of the most important demographic events of our time. For reasons that are not clear, in sharp contrast with the modest concern over nonmarital births among older women and over declining marriage rates, the scholarly and policy worlds have long tried to figure out why so many teens give birth outside marriage and how to do something about it. The consequences of teen births have been shown to be serious for the teen mother herself and for her baby. Not the least of these consequences is that having a baby outside marriage reduces the mother's chances of eventually marrying.

There is good evidence that several types of programs that engage teens in constructive activities and provide authoritative advice about abstinence and birth control can reduce both pregnancy rates and nonmarital births without increasing abortion rates. These programs are reviewed in great detail by Douglas Kirby for the National Campaign to Prevent Teen and Unplanned Pregnancy. The programs that have proven most effective in reducing both pregnancy rates and sexually transmitted diseases among teens are based on tested curriculums with emphases on, among other factors: focusing on specific goals and the behaviors that help achieve the goals (especially increasing abstinence and use of birth control); changing the conditions that affect sexual behavior, such as knowledge of perceived risks, attitudes, perceived norms about abstinence, and goals for the future; involving youth in constructive activities with adults such as mentoring and community service; and securing support from local authorities such as schools, departments of health, and community-based organizations.

Congress should provide the Department of Health and Human Services (HHS) with up to \$1 billion a year for five years to provide money to states and local school districts and other community-based organizations to implement tested programs that have been shown to reduce sexual activity and teen pregnancy rates. All funded programs should emphasize either abstinence or abstinence and birth control and must agree to collect a standard set of data on outcomes. HHS should give priority to jurisdictions that have high poverty rates. In addition, HHS should select several exemplary programs for careful evaluation by third-parties using random-assignment designs and should periodically report the results to Congress and to the public.

A second proposition for increasing marriage rates is that both the federal and state governments should experiment with ways to increase marriage rates among couples who want to marry, especially low-income couples. Critics often pose this goal as one of trying to talk people into getting married. But research conducted on representative samples of couples who have had a baby outside marriage – a group that is disproportionately poor and minority – shows that half of them live together, a total of 80 percent say they are in love, and 90 percent of those who live together say their chances of marriage are “fifty-fifty or better”. If couples say they want to marry, why not fund community-based agencies to help them move toward marriage and to acquire the relationship skills that research shows can increase marital satisfaction and reduce divorce rates?

Two actions that have already been taken to promote healthy marriage deserve public scrutiny. The first is that the Bush administration has used discretionary funds to establish high-quality demonstration programs designed to build and strengthen marriage. Some of the programs are designed for young unmarried couples who have had a baby together (and often cohabit), some for young couples who are already married, and some to promote community-wide programs that use media to point out the advantages of marriage for children, adults, and communities. Other programs are designed to use churches and other non-profit organizations to promote and strengthen marriage.

Marriage education under the Bush programs is typically conducted in a setting with four or five couples and involves instruction and discussion of topics shown by research to be key issues in most marriages, such as communication, money management, dispute settlement, child rearing, trust, family violence, and sexual fidelity. The sessions often follow clearly specified lessons and activities from curriculums developed for young couples, including curriculums that have been developed specifically for low-income black and Hispanic couples. There are now a host of random-assignment studies being conducted around the nation to determine whether using this kind of program can increase marriage rates or reduce divorce rates. All the studies are also collecting information on child outcomes, including performance on standardized tests and school performance to determine whether children benefit if their parents participate in marriage education programs. The federal government should continue these demonstration programs for at least another five years to determine whether carefully implemented marriage education that includes family coordinators and services has impacts on marriage rates, divorce rates, and children's development.

The Bush administration also sponsored legislation that now provides \$100 million a year for 5 years to support about 150 programs throughout the nation that aim to support healthy marriage. Most of the programs are sponsored by community-based organizations like churches and other groups that provide services to poor and low-income families. At the moment, none of these programs are being evaluated by well-designed studies. Someone with political sensibilities might notice that these programs are creating a network of local organizations and individuals who are advocates for the program and who could play a role when the question of reauthorizing the \$100 million program comes up in Congress in 2009 or 2010.

Yet another way to increase the incentives for marriage is to reduce financial penalties in both the tax code and in transfer programs for couples who marry. Congress has already taken several actions to reduce tax penalties for married couples and has even modified the EITC so that married couples get to keep more of their EITC as their earnings rise. Careful research on a representative national sample by Gregory Acs and Elaine Maag of the Urban Institute shows that for most cohabiting couples under 200 percent of poverty, the major marriage penalties come from loss of benefits in transfer programs rather than the EITC. Based on this research, the federal or state governments should authorize demonstrations that study the effects of allowing low-income couples who marry to retain their welfare benefits, especially TANF and food stamps, for a year or two after marriage.

Finally, a less specific consideration than the proposals outlined above invokes a message about American culture. Consider welfare reform. It is true that a large number of federal and state statutory provisions were changed to produce both the sticks represented by work requirements and time limits, and the carrots represented by child care, health insurance, and wage subsidies for those who work. Many of these reforms were supported by scientific demonstrations showing that they would increase work and even save government money. But having visited many of the programs, both before and after welfare reform, and having discussed the reforms with welfare recipients, welfare administrators, politicians from both sides of the aisle at the federal and state level, and with many scholars who study poverty and welfare, I would make the subjective claim that during the 1990s something very near to a consensus was developed on the need to increase personal responsibility and reduce welfare dependency among the poor. When public figures – and in this regard President Clinton deserves great credit – are singing a common tune of personal responsibility and work, and when this music is consistent with sharp changes in programs throughout the nation that are willingly and skillfully implemented by agents of government, something that might be called cultural change is afoot. The welfare reform movement changed the way many politicians, welfare administrators, and welfare recipients themselves viewed both welfare and work. Without similar broad changes in society reflecting the importance of education and marriage to adults, children, and society, our progress against poverty will be limited and the development of children – especially minority children – will suffer.

Strategy 3: Expanding Preschool Education

There is strong evidence that preschool education can produce a wide range of long-term impacts on children's development, but so far these effects have mostly been confined to small, model programs. It is reasonable for scholars and policymakers to be skeptical supporters of preschool programs – supporters because there is evidence from superb studies that they can produce lasting effects, skeptical because these few model programs have been oversold by too many for too long. The two most remarkable studies are the Abecedarian preschool program conducted at the University of North Carolina and the Perry Preschool Program conducted in Ypsilanti, Michigan. Both studies randomly assigned children to experimental and control groups, collected extensive data on the children and their families, and followed the children until they reached at least their mid-20s. Both involved a preschool program featuring a carefully designed and administered curriculum that was implemented by experienced teachers. Both involved parents, but the Abecedarian program did not begin systematic parent involvement until children reached school age; parents were an integral part of the Perry preschool program from the time children started the program. Abecedarian children began the program by roughly three months of age and attended the program full time, five days per week, for 49 weeks per year until they entered the public schools at about age 5. Abecedarian was preschool on steroids. By contrast, the Perry program started when children were either 3 or 4 years of age (some children attended the preschool for 2 years). A major limitation of these studies is that they were both small scale, involving fewer than 125 children, raising the issue of whether a national program for a few millions children could produce the same results. Another limitation is that the programs were both of very high quality, again raising the question of whether a large-scale program could achieve and then maintain such a high level of equality.

A third exemplary program, the Chicago Parent-Child Centers, involved over 1,500 children and operated in 20 schools (with 5 control schools) in Chicago, thereby reducing concerns inevitably associated with small-scale programs operated under ideal circumstances like Abecedarian and Perry. The program consisted of half-day classes delivered at ages 3 and 4 during the school year, used a formal curriculum that emphasized speaking and listening skills, required parental involvement on a weekly basis, included small classes and individualized assessment as children transitioned to the early elementary grades, and provided a comprehensive set of health and social services. The program produced impacts on math and

reading as measured by standardized tests, reduced retention in grade, reduced placement in special education, improved rates of high school graduation, and reduced arrests. The design was not based on random-assignment, causing some critics to argue that the results are subject to doubt.

Table 2
Effects of Selected Early Childhood Programs on Adolescent and Adult Behaviors

Intervention and Outcomes	Control or Comparison Group	Group Receiving Program
Teenage Parenting Rates:		
Abecedarian	45	26
Perry Preschool	37	26
Chicago Child-Parent Centers	27	20
Well-being:		
Health problem (Perry Preschool)	29	20
Drug User (Abecedarian)	39	18
Needed treatment for addiction (Perry Preschool)	34	22
Abortion (Perry Preschool)	38	16
Abuse/neglect by age 17 (Chicago Child-Parent Centers)	9	6
Criminal Activity:		
Number of felony violent assaults (Perry Preschool)	0.37	0.17
Juvenile court petitions (Chicago Child-Parent Centers)	25	16
Booked or charged with a crime (Head Start)		Program Group 12 percentage points lower
Net Earnings Gain from Participating in Early Childhood Programs:		
Abecedarian	\$35,531	
Perry Preschool	\$38,892	
Chicago Child-Parent Centers	\$30,638	
Head Start	No effect	

Note: Table entries are percentages unless otherwise noted.

Source: W. Steven Barnett and Clive Belfield, "Early Childhood Development and Social Mobility," *Future of Children* 16, no. 2 (Fall 2006): 85.

All three of these model programs produced a range of impacts on tests of school achievement in math and reading, grade retention, placement in special education, high school graduation, or college attendance. Equally impressive, as shown in Table 2, at least one of the programs, and often more, reduced teen parenting, delinquency or crime, abuse or neglect,

abortion, or drug addiction and all three significantly increased lifetime earnings. These results are exactly the types of effects that are needed with black children, and virtually all the children in these three studies were black or Hispanic. If impacts like these could be achieved on a broad scale, a huge investment of \$30 billion or more would be justified.

But there's the rub. Although the Chicago results are notable for being implemented on a fairly large scale, the scale is still modest compared with a national program. The only national preschool program is Head Start. There are disputes about the strength of evidence from Head Start, but it must be granted that there is some evidence from long-term follow-ups based on national data sets that Head Start produces lasting impacts. None of the studies of long-term Head Start impacts, however, are from random-assignment experiments. Further, the results of the first random-assignment national evaluation of Head Start found only modest impacts at the end of preschool. This evaluation will eventually produce long-term information, but it is difficult to expect long-term impacts when the impacts at the end of the program are modest and, on many important measures, nonsignificant.

Even so, given the strength of evidence from the model programs, plus encouraging evidence from a new wave of state-sponsored preschool programs, additional public investments are justified. I am especially confident in recommending new investments in preschool because, as this volume shows, problems with the development of black children are so serious that even risky investments are justified. However, rather than recommend a huge new public program, or even worse a simple expansion of Head Start, I recommend a series of large-scale demonstrations. The goal of the demonstrations would be to simultaneously expand coverage of low-income children and to maintain high quality. Congress should appropriate something on the order of \$3 billion a year for five years to conduct the demonstration, and then determine whether additional investments are justified at the end of that period. States that agree to meet a set of requirements would be invited to submit proposals to the Department of Health and Human Services and the best proposals would be funded on a competitive basis. The conditions would include: a single intervention program for all children below, say, 150 percent of poverty in the state, combining all existing funds from federal and state child care programs, state preschool funds, Title I, and Head Start supplemented by additional funds from both the federal level and the state; a promise to increase state spending by, say, 5 percent a year for 5 years; a plan for how the state would increase quality that includes the type of teacher training and

mentoring shown in two recent demonstrations to produce major impacts on the learning of poor children; strong provisions for parent involvement and parent choice; a plan for continuous evaluation of student performance in every preschool facility; the evaluation must include procedures for making the results public on an annual basis; and willingness to cooperate in a third-party evaluation.

The federal government would also fund a third-party evaluation that follows children for at least five years after the end of the preschool program.

Conclusion

A host of demographic and economic trends in the United States are making it difficult for the nation to make progress against poverty and income inequality. However, government policies that raise work levels and provide public benefits to supplement earnings have proven to be effective in fighting poverty among female-headed families. But further progress against poverty and economic inequality seems unlikely unless more poor adults work, reduce the number of births outside marriage, and marry at higher rates. For its part, the federal government should spend additional funds to strengthen the programs that provide cash and other benefits to low-wage workers, design and test new programs for single mothers who encounter difficulty getting or holding a job, test innovative programs that discourage nonmarital births and encourage marriage; and work with states to ensure that as many preschoolers as possible receive high-quality preschool education.

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