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Introduction

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Australia and the United States are two wealthy countries with similar levels of income per capita.¹ Although they are both democratic nations that share some historical links, both being former colonies of the United Kingdom, their political institutions differ markedly. Nevertheless, though the institutional settings for the development of public policy differ, the two countries are actively engaged in many similar policy discussions. Discussions include employment policy for the low-income population; poverty policy and strengthening the safety net for low-income families; early childhood education policy; and policies to increase postsecondary education.

The purpose of this volume is to present new research by leading scholars, using the most current high-quality data each country has to offer, to identify contemporary economic arenas in which government policy has a role to play by investing to promote children's potential. We focus on three different but inter-related economic arenas: parental employment; early childhood care and education; and children's educational attainment. These economic arenas are linked by virtue of being the fundamental elements of human capital development and economic success during adulthood in both the United States and Australia. In addition, they contribute greatly to the gross domestic product (GDP) of both nations. Consequently, each country has the potential to learn from the other about promising strategies to build up these important resources. The chapters in this volume also provide insights into the potential effectiveness of employment policies, education policies, and income redistribution policies as tools for encouraging human capital investment in children and reducing resource and achievement gaps. Authors of the chapters employ quantitative analysis of nationally representative data to identify how limited resources in each of these three arenas can compromise child development, and they discuss their findings

in terms of promising avenues for public policy. The volume includes several chapters making use for the first time of new Australian data that answer questions about contemporary policy problems that are common to both countries.

Policy Context Related to the Central Themes

There is a surprising degree of similarity in the domestic social issues faced by Australia and the United States. Here we review three important examples of that similarity, all of which are taken up in detail by the chapters that follow. The three issues are the emphasis in public policy on work by poor and low-income parents and the impacts of parental employment on children; policies that attempt to balance the need for child care while parents work with the goal of providing high-quality early childhood programs to boost the development and school readiness of children from poor families; and policies that promote postsecondary education among children from poor families.

Parental Employment

Beginning roughly in the 1980s and culminating with passage of welfare reform legislation in 1996, the United States gradually developed an effective strategy for increasing work and reducing poverty in families headed by poor mothers. Given the very high poverty rates of families headed by females and the large and increasing number of these families,² a successful antipoverty strategy in the United States must maintain a major focus on female-headed families. After the 1996 reforms, the major aim of which was to increase work rates of single mothers on welfare, there was a 40 percent increase over four years in employment by never-married mothers, a group that previously demonstrated very low work rates and exceptionally high rates of poverty and welfare use.³ The rapid increase in employment by females heading families was accompanied by a rapid fall in poverty among children in these families and among black children (who live disproportionately in female-headed families). In fact, both poverty rates reached their lowest level ever at the turn of the century. Even today, after the most severe recession since the Great Depression of the 1930s and with continuing high levels of unemployment, the poverty rates among children in black families and female-headed families are lower than they were before the explosion of employment among low-income mothers.⁴

Three factors contributed to these notable increases in work and declines in poverty: the strong work requirements in welfare reform, the gradual construction of a system of work-related benefits for low-income workers with children, and a very strong economy that generated plentiful jobs. The 1996 welfare reforms dramatically altered the previous cash welfare program (Aid to Families

with Dependent Children) by creating much stiffer work requirements backed by strong financial sanctions. The major thrust of the state programs that resulted from welfare reform was to require mothers to look for work and to help them find and apply for low-wage jobs. Most states provided mothers with a brief training program, usually lasting for only a few days, that helped them prepare a resume, search local newspapers and the Internet for job openings, contact prospective employers, and practice interviewing. If this type of job preparation training was the soft side of welfare reform, the harder side was that mothers who did not cooperate with the program and make a serious effort to prepare for and find work had their cash benefit cut. In a majority of states, mothers could lose their entire cash benefit if they did not meet the work requirements.⁵ In addition, most mothers could not receive welfare benefits for more than five years, thereby signaling that in the end the mothers had almost no choice except to work.

Clearly, there was ongoing tension between the dual aims of U.S. social policy—to help the poor as well as to avoid welfare dependency—and following the 1996 reforms the pendulum swung in the direction of using stern measures to promote work and reduce dependency. In contrast with the demanding cash welfare reforms, the nation's work support system offered substantial financial rewards for low-income mothers who went to work in low-wage jobs. The development of the work support system over many years reflected the realization on the part of policymakers that if welfare inevitably provided people with incentives not to work, the solution was to provide incentives for people to work, even in low-wage jobs.⁶ Nevertheless, despite many mothers' desire to work to support their families, long-term welfare reliance remained a problem. Sophisticated research published in the 1980s showed that of the families on cash welfare rolls at any given moment, about 65 percent had been on the rolls for eight years or more (counting repeat spells).⁷

Perhaps the most notorious example of the unfortunate disincentives to work in the old system was that if mothers went to work, they and their children often lost their Medicaid health care coverage. To reduce that disincentive, a series of reforms in the 1980s and 1990s resulted in medical coverage for all children below the poverty level and many children up to 133 percent of the poverty level, regardless of the mother's work status. Health coverage for low-income mothers also was expanded. Similarly, reforms at both the federal and state level increased the amount of money available for child care, and the food stamp program was reformed to make it easier for low-income working families to receive the benefit.

A study by the Congressional Budget Office published in 1998 showed that expansion of programs for child care, children's health insurance, and child tax

credits based on earnings resulted in about a tenfold increase in federal and state support for low-income working families.⁸ Thus, federal and state reforms of the work support system “made work pay,” thereby increasing the incentive to work. If work requirements pushed mothers off welfare, work supports pulled them off.

The third element that accounted for the rise in employment and the decline in poverty during the 1990s was the strong U.S. economy. After the recession of 1990–91, GDP increased in real (inflation-adjusted) terms every year until the Great Recession began in 2007. The economy slowed after 2000, but between 1990 and 2000 GDP increased from \$8.0 trillion to \$11.2 trillion, a rise of 40 percent.⁹ More to the point, between 1991 and 2000, the economy added over 18 million jobs.¹⁰ The economy sputtered after 2000 and then plunged after 2007. Even so, as we have seen, employment of never-married mothers was still higher in 2009 than it had been in the early 1990s and poverty rates for black children and children in female-headed families were also lower than before welfare reform. A reasonable conclusion from this history is that the U.S. strategy of combining strong work requirements in welfare programs with attractive work supports is effective when the economy is expanding but less effective when the economy is stagnant.

Encouraging maternal employment is also of concern to policymakers in Australia, although in Australia there is a much weaker push to get low-income single mothers to work. In contrast to the U.S. low-wage, full-time workforce, the Australian workforce is relatively high wage but highly “casualised” (temporary), with 21 percent of employees working on a casual basis.¹¹ Casual employees are hired on a temporary basis with no security of tenure, and they are not entitled to any type of paid leave, including sick leave and recreation leave. To compensate for their lack of entitlements, they are paid up to an extra 15 to 25 percent of the hourly rate paid to permanent employees.¹² The percentage of employees engaged in part-time work in Australia, either on a casual or permanent basis, increased from 16 percent in August 1980 to 30 percent in August 2011.¹³ However, being employed on a part-time basis allows mothers to combine paid work and domestic work without having to work excessively long hours. The Australian government also provides a 50 percent subsidy for child care to encourage mothers to take up paid work.

Although children growing up in single-parent families in Australia are more at risk of living in poverty than children in dual-parent families, generous welfare provisions lessen the impact. And the population of single-parent families is much smaller in Australia than in the United States. Between 1997 and 2009, the proportion of Australian families that were headed by single parents stayed around 20 percent. In 1997, 21.3 percent of children younger than fifteen years

were living in single-parent families, but that percentage decreased to 17.9 percent in 2009 to 2010.¹⁴

In Australia, the federal government gives a single parent with a child under the age of eight up to \$1,390 a month¹⁵ (although the exchange rate between the U.S. dollar and the Australian dollar is set by the market, at the time of writing, one Australian dollar was approximately equal to one U.S. dollar), depending on the parent's income from other sources. Those earning more than \$370 per month have their entitlement reduced by 40 cents for every extra dollar that they earn, but they can still receive a partial payment until their income from other sources exceeds \$8,852 a month. Welfare payments are subject to an assets test, but the thresholds are quite generous and affect only those with assets valued at more than \$186,750 if they own their own home or \$321,750 if they do not own their own home.¹⁶ Like other low-income Australians, single parents may also be eligible for a health care card, which entitles them to free or subsidized medical care for items not covered by the country's universal Medicare system. Although health care provided in public hospitals funded by the state and federal governments is free, in some cases waiting lists are long and many low-income people use their health care card to receive treatment for minor illnesses in the private system.

To encourage mothers to remain in the workforce, the federal government recently introduced universal paid parental leave. Parents who are primary caregivers are entitled to eighteen weeks of leave paid at the national minimum wage rate. Although the scheme is funded by the government, the payments are made by the caregiver's employer to maintain the link between the caregiver and the employer. To be eligible, the caregiver must have worked for ten of the thirteen months prior to the birth of the child and must have earned no more than \$150,000 in the financial year (between July 1 and June 30) prior to the birth.¹⁷

The unemployment rate in Australia has declined significantly since the recession in 1993. At that time, 10.6 percent of the Australian workforce was unemployed. By contrast, around 5.1 percent of the workforce was unemployed in August 2011, despite an increase from 62.2 percent to 65.4 percent in the labor force participation rate of 15- to 64-year-olds.¹⁸ The unemployment rate peaked at 6.1 percent in March 2009 during the global recession but steadily declined as the economy recovered. Of more concern in Australia is the proportion of unemployed people who have been out of work for more than fifty-two weeks—a concern that is shared in the United States. This proportion declined from 34 percent of the total number of unemployed people in 1994 to 13 percent in 2009 before increasing to 20 percent by June 2011. In other words, 120,000 of the 597,300 unemployed persons in Australia have been seeking employment for at least fifty-two weeks.¹⁹

Welfare payments to the unemployed are paid at a standard rate regardless of the person's skills or qualifications or the length of time that he or she has been unemployed. Designed to be a short-term measure, the Newstart Allowance of \$1,055 a month consigns the long-term unemployed to living in poverty. Unemployed persons with dependent children are eligible for extra payments depending on the number of dependent children and their ages. Half of those classified as long-term unemployed have low skills and little education.²⁰

In recognition of the financial difficulties that low-income earners have to contend with and the high effective marginal tax rates that people on welfare payments face, the Australian government increased the tax-free threshold on earned income. From July 1, 2012, the first \$18,200 of earned income is tax free, meaning that 1 million workers will pay no tax and everyone earning less than \$80,000 will receive a tax cut. This measure is designed to encourage those who are currently not in the workforce to participate and those receiving welfare payments to at least take on some paid work.

Although low-income mothers will benefit from paid parental leave and the increase in the tax-free threshold, their ability to remain in the workforce depends on the availability of child care. Rather than provide universal child care, the government provides subsidies to parents who then choose private child care providers. Parents with the highest incomes have more options than parents with low incomes, and that presents a barrier to many mothers seeking paid work. Australia and the United States share the problem of providing enough public support for child care to allow all low-income families to receive a child care subsidy, a topic to which we now turn our attention.

Early Care and Education

Policymakers in the United States can make the low-wage sector of the U.S. economy stronger and more effective by improving the work support system.²¹ Perhaps the weakest link in the work support system is child care. Not only are the funds now available insufficient to provide a subsidy to all the low-income workers who qualify, but the quality of care is uneven.²² As many observers have pointed out, the United States could achieve two policy goals if the federal and state governments spent more money to increase the number of low-income families receiving a child care subsidy while simultaneously improving the average quality of care to boost the development of children from low-income families and better prepare them for public schooling.²³

The United States spends around \$30 billion a year at the federal and state level on early education programs, state prekindergarten (pre-K) programs, and child care programs that are usually subject to some regulation but are of uneven quality.²⁴ About forty of the fifty states have their own preschool programs,

some of which have been well evaluated and found to have positive impacts on the intellectual and social development of children, especially children from poor families.²⁵ Most reviewers of the programs agree that Head Start has modest but inconsistent impacts, whereas the child care programs supported by federal and state dollars, primarily through the Child Care and Development Fund (CCDF), are of exceptionally mixed quality, with the majority of programs being of mediocre quality.²⁶

These CCDF programs are heavily criticized by scholars, advocates, and practitioners, who have launched two major lines of argument about the programs. First, too many working families do not receive subsidies. Despite the high level of expenditures and the numerous programs, there is still not enough money available to help every low-income family pay for child care, let alone enough for every working family regardless of income level. Research shows that low-income working families that do not receive subsidies pay an average of well over \$2,000 or more a year on child care than similar families that have subsidies.²⁷ For low-income families without subsidies, help with child care would amount to a direct infusion of cash into their bank account.

A second criticism of American child care programs is that so many of them are of modest or worse quality. Even Head Start—which at \$7 billion a year and an enrollment of well over 900,000 children is the biggest and most expensive preschool program designed explicitly to provide a quality preschool education—has been shown to produce modest results. A recent national, random-assignment evaluation showed only modest effects at the end of the program year (or, for some children, at the end of two years) and virtually no positive effects on test scores at the end of the first year of schooling.²⁸ In November 2011, the Obama administration implemented the biggest reform in the history of Head Start by subjecting programs to competition for their funding if they do not measure up in evaluations based in part on direct observations of teacher performance.²⁹ The conclusion of most scholars and preschool advocates is that high-quality programs can produce lasting positive impacts on child development and important outcomes even in adulthood, but that too few preschool programs are of high enough quality to produce such impacts.³⁰

Tension between the quality and quantity of child care is a permanent feature of the U.S. child care system.³¹ Quality child care would produce two important benefits: better development and school readiness for poor children and care for children while parents work. The problem is that high-quality care is expensive. The cost of Head Start for one child attending a full-day program is around \$13,300 a year, and the average cost of the preschool programs offered by states, most of which are of high quality, is about \$14,400 a year. By contrast, the average cost of the care now purchased by funds from the CCDF is about \$9,100 a

year, more than 30 percent less than Head Start and well over 35 percent less than the state preschool programs.³²

The trade-off is obvious: pay a higher price and purchase better child development and school readiness at the cost of serving fewer families. But such a trade-off must also factor in the impact on working parents, especially single mothers. Mothers who do not get a child care subsidy might put their child in substandard care, which in turn could have a negative impact on the child's health and development. Alternatively, the mother might decide not to work, a decision that in most cases means that the mother and her children will live in poverty because U.S. welfare programs are not generous enough to lift a family above the poverty line unless the family has additional income.

The solution to the quality-versus-quantity dilemma is for government to spend more money on child care. Until recently, both the federal government and the states had been gradually increasing their expenditures on Head Start, state prekindergarten programs, and child care. But now, given the recession and the magnitude of the financial problems faced by both the states and the federal government, it will in all likelihood be many years before significant new funds are available to boost either the quantity or quality of preschool programs.

In Australia, evidence that children who attend an early childhood program perform better in school has encouraged the Australian government to develop initiatives designed to improve access to early childhood programs for all children, particularly those from low-income families. Currently, early childhood education is provided by a mix of state government-funded preschools, community and private preschools, and child care centers. The availability and cost of early childhood programs differ markedly across the states and territories. For example, in the Australian Capital Territory, the Northern Territory, South Australia, Tasmania, and Western Australia, all four-year-old children are eligible to attend a publicly funded preschool for between eleven and twelve hours a week at no cost to their parents. In Victoria, the state government partially funds preschool programs, but the parents must make some contribution to the payment. In New South Wales, some children attend government-funded preschools, but the majority attend community preschools or child care centers paid for by their parents. In Queensland, the state government ceased providing free preschools for all five-year-olds when universal full-time kindergarten was introduced in 2007, resulting in a dramatic decline in the proportion of Queensland children attending preschool.

According to the Australian Bureau of Statistics (ABS), in 2008 the median cost of preschool to Australian parents, after subsidies from governments, was \$25 a week.³³ In 2009 to 2010, there were 213,446 children attending just over 4,800 preschools in Australia.³⁴ The total cost of providing preschool education

to four-year-old children in Australia in 2006 was around \$540,646,000, which equates to about \$2,180 per child.³⁵ It should be noted, however, that preschool participation in Australia is not synonymous with child care, given how few hours Australian children attend preschool. Working parents must arrange for their children to be in child care before and after preschool; many working parents therefore elect instead to enroll their children in child care centers that have a preschool program. In 2008, fees ranged from around \$50 to \$70 a day, with average costs of around \$287 a week per child (or \$14,924 per year for full-time, year-round care).³⁶ The federal government subsidizes fees paid by parents to approved child care providers.

Although the federal government does not provide universal access to child care, it does provide generous subsidies so that parents can access private child care services. Parents who are working, looking for work, or engaged in training or study for at least fifteen hours a week can access up to fifty hours of subsidized child care a week. The subsidy, of just under \$4 an hour, provides parents with up to \$189 a week toward the cost of child care. Even parents who are not working or studying are eligible for up to twenty-four hours a week of subsidized care. Parents are also able to claim a tax rebate that provides up to \$7,500 a year for out-of-pocket expenses—that is, the difference between the fees paid and the subsidy received from the government.³⁷

In 2009, the Council of Australian Governments (COAG) endorsed a strategy to ensure that by 2013 all children would have access to fifteen hours a week of government-funded, play-based, early childhood education for forty weeks a year in a public, private, or community-based preschool or child care center in the year before they begin school.³⁸ The aim of the initiative is to ensure that all children, regardless of their family circumstances, have some exposure to early childhood education to better prepare them for school. The federal government is also working with the state and territory governments to improve the standard of care provided in child care centers by requiring staff to have formal qualifications relevant to their role. From 2014, all child care center staff either will have or will be working to acquire a Certificate III qualification (similar to a two-year community college degree in the United States) and at least 50 percent of the staff in each child care center or preschool will have or will be working to acquire a relevant diploma or higher-level qualification.³⁹ Child care centers will be staffed by early childhood educators and will provide a valuable link between informal education in the home and formal education in schools.

Total government expenditure on children's services was \$4.7 billion in the 2009–10 financial year, with 80 percent of the funding being provided by the federal government. Of the \$908 million provided by the state and territory governments, 84 percent was spent on the provision of preschool services.⁴⁰

Educational Attainment

It is common knowledge that modern economies are fueled by education. The role of education is especially vital in the U.S. economy.⁴¹ Every year over the past four decades, the family income of people with more education has been greater than that of people with less education.⁴² At the bottom of the income distribution are high school dropouts; then, in ascending order, are people with a high school degree, people with some college, people with a two-year degree, people with a four-year degree, and people with a graduate or professional degree. Equally important, since the early 1990s only those with a four-year degree or higher have enjoyed rising family income. Even people with a two-year degree or some college have experienced stagnant incomes.⁴³

Therefore, the key to economic reward in the United States is postsecondary education. Unfortunately, data from the U.S. Panel Study of Income Dynamics (PSID) show that there is a strong positive correlation between the income of parents and both the college enrollment and college graduation rates of their children. Only 34 percent of young adults from families with incomes in the bottom fifth (roughly below \$20,000 in 2010)⁴⁴ enrolled in college, and only 11 percent—less than a third of those who entered—eventually obtained a four-year degree. By contrast, 79 percent of those whose parents came from the top income quintile (roughly \$100,000 a year and above in 2010) entered college, and over half of them earned a four-year degree.⁴⁵

The cost of postsecondary education is a barrier to obtaining a four-year degree for some young adults from poor and low-income families, although the United States has a variety of sources that provide nearly \$155 billion in financial aid to undergraduate students and another \$45 billion to graduate students.⁴⁶ The College Board reports that in 2010 the average annual cost of attendance at a public four-year institution for an in-state student was around \$20,000, including tuition and fees, room and board, books and supplies, and transportation.⁴⁷ Students from poor families have a number of options for financing their education, including federal and state grant programs, federal and private loans, tax credits, and work-study programs. Over the decade beginning with the 1999–2000 academic year, student aid increased by around 5 percent a year, after figures were adjusted for inflation. However, the share of student aid that is means-tested has been declining, resulting in more student aid going to students from relatively well-to-do families.⁴⁸

Even if a large amount of funding is available to help students from low-income families support postsecondary education, there are other serious barriers that make it difficult for them to get into college and complete a college degree. They include difficulty in learning about available aid, lack of knowl-

edge about how to apply for college admission and for aid programs, and poor academic preparation for college. Students from low-income families are far more likely to suffer from all those problems than students from wealthier families.⁴⁹ As a result, even with the remarkable level of aid available to qualifying low-income students, they are still at a marked disadvantage in preparing for, getting into, and graduating from postsecondary institutions.

Not surprisingly, education is also positively related to labor force participation and income in Australia. Therefore the Australian government has developed a range of policies designed to encourage all Australians to complete secondary school and undertake further study or training. The labor force participation rate of university-educated men is 14 percentage points higher than for men with ten or fewer years of schooling. For women, there is a 20-percentage-point difference between the participation rates of those with a university degree and those with ten years or fewer of education.⁵⁰ In 2004, 91 percent of males and 84 percent of females between the ages of 15 and 64 years who had a university degree or higher were in the labor force. In contrast, just 76 percent of males and 56 percent of females between 15 and 64 years of age who had only eleven or fewer years of schooling were in the labor force.⁵¹

Apart from increased labor force participation rates, people having a higher education are less likely to be unemployed. Although the overall unemployment rate in Australia was 5.3 percent in 2010, the unemployment rate for people with a bachelor's degree was just 2.7 percent while the rate for those with ten or fewer years of schooling was 10 percent.⁵² Despite the obvious advantages of pursuing higher levels of education, a sizable minority of Australian students do not complete secondary school, let alone undertake university study, thus restricting their employment options, constraining their lifetime earnings, and often imposing costs on government programs.

Year 12 completion rates vary according to socioeconomic status, with students from poorer families more likely to drop out. In 2006, 78 percent of students from high socioeconomic backgrounds (those living in areas where the wealthiest 25 percent of the population reside) completed Year 12, whereas just 59 percent of students from low socioeconomic backgrounds (those living in areas where the poorest 25 percent of the population reside) did so.⁵³ Of the students who completed Year 12, those from low socioeconomic backgrounds, having taken subjects that prepared them for vocational training, were less likely to qualify for university education. Those who do embark on vocational training can enjoy relatively high earnings and secure employment, especially if they successfully complete a trade certificate. However, employment opportunities in the skilled trades generally are not available in the numbers required to ensure that all non-academic students are successfully integrated into the labor force.

Students over the age of fifteen living in low-income families are eligible for the youth allowance, a welfare payment designed to keep young people in the education system longer. Students living at home receive \$655 a month; those living away from home receive \$842 a month. Students attending university often work part-time because the youth allowance does not provide an adequate income. Students can earn up to \$611 a month before their youth allowance is affected. Income over that threshold reduces their youth allowance at the rate of 50 cents for every extra dollar. In 2010, just over 137,000 domestic undergraduate students received the youth allowance.⁵⁴

University education in Australia is not free. Students have to make some contribution to the cost of their education, but they do not have to pay fees up front. All domestic university students are entitled to an interest-free loan from the government, which they repay once their taxable income reaches a particular threshold. This policy helps ensure that students from low socioeconomic backgrounds who are academically qualified are not deterred from undertaking university studies by financial considerations. Despite these measures, only 15 percent of low socioeconomic students attend university.⁵⁵

Overview of the Chapters

Recalling that the major purpose of this volume is to review new social science research based on high-quality data about the three policy issues reviewed above, we provide here a brief overview of the volume's eight chapters on parental employment, early child care and education, and educational attainment of poor children.

Parental Employment

U.S. policy for low-income families has increasingly emphasized work as a requirement for the receipt of welfare benefits. Consequently, employment rates for mothers of very young children are at historically high levels, despite the adverse effects of the recent recession on the overall employment rate. Nevertheless, the United States struggles with the problem of long-term unemployment, a problem also shared by Australia. In each country, researchers and policymakers are concerned about the amount of time that parents can devote to work without harming children's development. The three chapters in this section draw on longitudinal data from both countries to illustrate linkages between employment stability, unemployment, and work hours and child development. These analyses can inform policymakers interested in the correlations between families' employment experiences and children's development and in provision of support to help families balance the demands of work and family.

Rebekah Coley and Caitlin McPherran Lombardi analyzed U.S. data from *Welfare, Children, and Families: A Three-City Study* for their chapter, “Dynamics of Early Maternal Employment in Low-Income Families.” These data provide a detailed examination of the work experiences of low-income, mostly minority mothers of very young children over a six-year period in three large U.S. cities beginning in 1999. Not surprisingly, in the era immediately following welfare reform, the authors document high levels of maternal employment. The small share of low-income mothers who did not work in the two years following the birth of a child were less educated, had lower literacy skills, and were more reliant on disability payments from the Supplemental Security Income program than their peers who entered the labor market soon after the birth of a child. Nonetheless but also not surprisingly, job quality was low, as reflected by low wages and the lack of employer-provided health insurance, even though work intensity was quite high. Even after accounting for the greater education and better health of employed mothers, children of low-income mothers who were employed during their infancy showed significantly higher math skills as well as lower anxiety and fewer somatic, hyperactivity, oppositional, and conduct problems at age seven than their peers whose mothers remained unemployed during that period.

Yet among employed mothers, job instability and overly long weekly work hours were correlated with poorer developmental outcomes for children. These results thus suggest that policy efforts to promote low-income mothers’ stable and consistent employment may prove beneficial for low-income children and families. The results also suggest the need for policies and programs to support work environments that allow women adequate time and flexibility to deal with the demands of caring for young children.

In examining the effects of long-term unemployment on children’s development in “Family Joblessness and Child Well-Being in Australia,” Matthew Gray and Jennifer Baxter produce findings that are compatible with those of Coley and Lombardi. Using the Longitudinal Study of Australian Children (LSAC), which collected data on children on three occasions between the ages four and nine, the authors measure joblessness by whether the lone parent or both parents were jobless at the time of each interview. Four results are especially important. First, nearly 60 percent of lone-parent families but only 10 percent of two-parent families were jobless at least once. Joblessness at all three waves was seen almost entirely among lone-parent families, nearly 18 percent of which were jobless on all three occasions; in contrast, only a little over 1 percent of the two-parent families were jobless on all three occasions. Second, on every outcome measure collected, longer exposure to joblessness was correlated with poorer outcomes. The most important correlate of joblessness was low education, reinforcing the

importance of education in helping families avoid economic problems. Third, measures of parenting, especially consistency of parenting and hostility or anger in parenting, were found to be correlated with development outcomes. Finally, introducing control variables such as parenting style, parent education, and parent mental health reduced the strength of the relationship between joblessness and child outcomes, although the relationship nevertheless remained strong at all three waves.

The authors draw a number of interesting conclusions from their research, the most important of which are that persistent unemployment has negative effects on children's development and that the effects are more pronounced the longer the joblessness lasts and that parent education, mental health, and parenting style are important mediators of the impacts of joblessness. The authors also conclude that improving the employment rate of jobless lone parents should be a central role for public policy.

Lyndall Strazdins, Megan Shipley, Liana Leach, and Peter Butterworth also analyzed data from the Longitudinal Study of Australian Children for their contribution, entitled "The Way Families Work: Jobs, Hours, Income, and Children's Well-Being." In Australia, employment rates of parents differ markedly by gender. Although 92 percent of Australian fathers are employed and many are working at least fifty-two hours a week, just 66 percent of mothers in couple families and 59 percent of lone mothers are employed. The majority of mothers, both partnered and single, work on a part-time basis. With an aging population and a low birth rate, Australia will need to increase the labor force participation rate of the working-age population. The implementation of policies designed to encourage more mothers to enter the workforce, such as providing paid parental leave and child care subsidies, raises the issue of how an increase in mothers' paid work hours will affect families. As in the Coley and Lombardi chapter, Strazdins and colleagues' findings show that long work hours of parents have a negative impact on the well-being of young children. Therefore, a key goal of policy in this area is to design policies that minimize the time trade-offs faced by parents in order to encourage more mothers to undertake paid work.

Early Care and Education

A policy approach increasingly common to the United States and Australia is to target resources on improving the early learning experiences of economically disadvantaged children. Especially in the United States, child care is considered not only a work support for parents, which is critically important given large increases in mothers' employment, but also an early intervention strategy—one that is especially important for economically disadvantaged young children. As

mentioned above, in the United States, low-income parents struggle to afford high-quality care, spending a greater proportion of their income on child care than their middle- and upper-income counterparts but obtaining lower-quality arrangements on average than their more affluent peers.

Anna Johnson and Rebecca Ryan analyze national longitudinal data from the U.S. Early Childhood Longitudinal Study–Birth Cohort (ECLS-B) in “The Impact of Child Care Subsidies on the Quality of Care That Two-Year-Old Children Experience.” To help low-income families afford child care, the federal government provides child care subsidies through the state-administered CCDF, the federal government’s largest child care program. The primary goal of the CCDF subsidy program, which was enacted as part of the 1996 welfare reform legislation, is to support the economic independence of low-income parents by reducing out-of-pocket child care costs, thereby facilitating parental employment and allowing low-income parents to keep more of their earnings.

Johnson and Ryan show that CCDF subsidies help low-income families with young children purchase higher-quality care than they would otherwise. Specifically, they find that subsidy receipt led to increased use of center care, which was higher in quality than home-based care, and to the use of higher-quality home-based care. However, according to this analysis, subsidy receipt does not increase quality of care among families of toddlers already using center-based care. It is possible that the supply of quality center-based care for very young, low-income children is too low for recipients to benefit from the increased purchasing power that subsidies afford. Improving the availability of high-quality center-based care is a key objective of policy targeting low-income families in the United States.

Frank Oberklaid, Sharon Goldfeld, and Tim Moore analyzed the 2009 Australian Early Development Index (AEDI) for their contribution, entitled “Early Childhood Development and School Readiness.” Oberklaid and colleagues describe a wide variety of social services that have been made universally available to Australian children and families but point out that significant gaps in child development persist because these services have not been taken up by the families that need them most.

AEDI data, which reflect the cumulative environmental influences on children’s development in the years from birth until school entry, demonstrate the negative impact of early disadvantage on children’s development with regard to physical health and well-being; social competence; emotional maturity; language and cognitive skills; and communication skills and general knowledge. Although the majority of Australian children attend preschool and benefit from the opportunities to develop pre-literacy and numeracy skills, children living in disadvantaged communities, who are most at risk of developmental delays, are less likely to attend preschool. Children who do not fit well within the learning

environment tend to do less well academically and socially, have lower educational levels on leaving school, are more likely to become teenage parents, and are more likely to have poor employment records and to become welfare recipients. Australian policymakers are in the process of implementing policies aimed at overcoming the long-term effects of disadvantage experienced in the early years. However, Oberklaid, Goldfeld, and Moore point out that providing universal access does not necessarily translate to universal participation.

Educational Attainment

The three chapters in this section, all drawn from U.S. data, illustrate how gaps in educational attainment are associated with family background and income inequality and how inequalities are passed along from early childhood through adolescence and across generations. Collectively, the results from these chapters point to the need for effective strategies to encourage lower-income students to enroll in postsecondary educational institutions. As the authors discuss and as we pointed out earlier in this introduction, states can intervene to make postsecondary education more affordable for low-income students by establishing sliding-scale tuition schedules while the federal government could allocate increased support to new and existing financial aid programs for low-income youth. Also needed for this population are new approaches that address information barriers to entering and, especially, to graduating from college.

In “Economic Inequality and Children’s Educational Attainment,” Mary Campbell, Robert Haveman, and Barbara Wolfe investigate whether a persistent increase in economic inequality among families and geographic areas has implications for the educational attainment of children who have experienced increasing inequality. To do so, they draw on longitudinal data on about 1,200 children who were observed over a period of thirty years in the U.S. Panel Study of Income Dynamics. They first relate the family and geographic factors that exist while children are growing up to their educational attainments as young adults (completed years of schooling and graduation from high school). They then simulate the effects of increases in inequality in three family economic variables—family income (relative to needs), family wealth, and the increase in the Gini index for the state of residence on schooling attainment. Their simulation of the effects of increased inequality on the distribution of children’s educational attainments uses the coefficients estimated in a model of educational attainment adjusted to reflect increased inequality. They find a small negative effect of increased inequality on the average level of schooling of these youths, along with significant increases in the inequality of their schooling attainments.

The chapter by Kathleen Mullan Harris and Hedwig Lee, “Pathways of Social Disadvantage from Adolescence into Adulthood,” is an original report

from an important longitudinal study of the transition from adolescence to adulthood. The National Longitudinal Study of Adolescent Health (Add Health) has now collected four waves of data from a large sample of young people who were in grades 7 to 12 when the study began in 1994 and were between the ages of 24 and 32 years at the time that the fourth wave of data was collected.⁵⁶ The longitudinal design of the study and the extensive information collected on the adolescents' families, peers, neighborhoods, and schools as they made the crucial transition from adolescence to adulthood permit careful study of the associations between the youth's social environment and outcomes in young adulthood, including educational attainment, poverty or welfare status, and subjective social status. Harris and Lee emphasize that their analysis shows that the disadvantages experienced by many adolescents, especially minorities, occur in a variety of social settings, including their family, their peer group, their school, and their neighborhood and that those disadvantages are cumulative.

Nonetheless, adolescents can increase their upward mobility in early adulthood if they make good choices, such as by finishing high school (at a minimum), avoiding teen pregnancy, and getting a job and avoiding idleness when they complete their education. The study also shows that engagement in civic activities promotes upward mobility, especially for females. From these and similar results, the authors conclude that intervention programs should target several of the social contexts in the lives of disadvantaged students, especially by encouraging civic participation and promoting mentor relationships. The goal of the mentors and programs that facilitate civic participation should be to help disadvantaged adolescents to avoid dropping out of school, teen pregnancy, and idleness.

Complementing the Harris and Lee chapter, the chapter by Patrick Wightman and Sheldon Danziger, entitled "Poverty, Intergenerational Mobility, and Young Adult Educational Attainment," uses data from the PSID to examine the intergenerational transmission of poverty and inequality. They investigate the relationship between family background and young adult outcomes and the extent to which inequalities in parental socioeconomic status (SES, as measured either by income or by educational attainment) may have affected young adult educational attainment over the past thirty years. Despite several decades of spending on compensatory education programs, from preschool through college, over the period of study, the authors find no evidence that the gaps in college completion (earning a four-year degree by the age of 25 years) between young adults from low-income and those from high-income families narrowed among cohorts from the mid-1950s through the early 1980s. Nor do they find any such evidence for gaps between young adults from low-education and those from high-education families. The authors also examine educational attainment

differences by SES in a three-generation context, focusing on the outcomes of young adults around the age of 19 years raised by low-income parents who were themselves raised in low-income households. The results show that educational attainment is lower both for those whose own childhood SES was low and for those whose parents' childhood SES was low. The authors conclude that equality of educational opportunity in the United States has not improved since the beginning of the War on Poverty in the mid-1960s.

Summary and Implications

This volume examines perennial issues of social policy that Australia and the United States have in common and that both nations spend billions of dollars and at least as much political capital trying to solve or minimize. Three specific issues that receive extensive treatment in the eight chapters included in the volume are employment of the poor and the attendant problem of child care; the trade-offs between inexpensive means of caring for children while parents work and more expensive, high-quality early childhood education programs that can boost development and promote school readiness; and the role of postsecondary education in equalizing opportunity.

An important feature of the chapters—and indeed the major reason that we organized the conference and this volume—is that they all explore these vital policy issues by using original empirical research based on high-quality longitudinal datasets from their respective countries. The policymakers and to a lesser extent foundations of both nations have made extensive investments in creating longitudinal datasets that allow researchers to accurately describe the course of social problems over time and to study the underlying social and demographic conditions related to these problems. The authors capitalize on two Australian datasets (the Longitudinal Study of Australian Children and the Australian Early Development Index) and four U.S. datasets (the Panel Study of Income Dynamics, the Early Childhood Longitudinal Survey–Birth Cohort, the Three-City study, and the National Longitudinal Study of Adolescent Health) to present original analyses of parental employment, early childhood care and education, and educational attainment. All of the authors draw implications for social policy from their empirical analyses.

The chapters on parental employment are timely because many nations with advanced economies have now embarked on policies intended to boost the employment of their adult population, including parents, because of the crisis in funding the welfare state.⁵⁷ But parental employment—especially in single-parent families—raises serious questions about child development. The chapters in this section show that children demonstrate better development if their par-

ents work and have higher income but that working long hours at low-wage work by either both parents or by lone parents is associated with problems in the academic and socioemotional development of children. On the other hand, long-term joblessness is also inimical to children's development. The policy implications of these findings are that the current emphasis on high employment rates of both parents in two-parent families and of lone parents can boost family income and have either a neutral or positive impact on children's development. However, given the potential negative impacts of long hours and low wages on child development, governments would be wise to provide supports such as child care, wage supplements, parental leave, and employment and training, which subsidize the income of low-income parents, help parents to maintain job stability, and promote advancement to better jobs with higher pay and better benefits and working conditions.

The chapters in the section on early care and education assume that high-quality early education is a key to the development of disadvantaged children and explore the conditions that support it. Without government subsidies, poor parents are not able to afford high-quality care and therefore miss an opportunity to boost the development of their children; in some circumstances, their children are harmed by being exposed to inadequate care. Even with government subsidies, families do not always select higher-quality center-based care. Equally problematic, representative national data from Australia indicate that communities that have a large share of disadvantaged families do not have adequate programs to promote the development of poor children, who then arrive at the school door already far behind children from more advantaged families. The implication of these chapters is that higher child care subsidies would promote selection of somewhat higher-quality care by parents. Ensuring that more children receive high-quality care also requires raising the overall quality of care available in local communities. Oberklaid and his coauthors conclude, however, that even greater subsidies and higher-quality care will be inadequate to achieve meaningful progress toward equal opportunity. Rather, a much more aggressive preschool strategy is required in which children with bigger problems receive both high-quality care and individual supports as well as treatment for themselves and their parents.

The three chapters on educational attainment produce a rather stark picture of educational disadvantage in the United States. The chapters show the wide range of disadvantages faced by children from low-income families, including disadvantages in their families, peer group, school, and neighborhood during the crucial transition to adulthood and the impact of rising inequality in widening the already considerable gap in educational achievement, especially between black and white children. The Wightman and Danziger chapter shows that the

gap in college achievement between children of upper-income and low-income parents has widened by as much as 50 percent across three generations. Thus, the impact of low income reaches across generations. As Wightman and Danziger conclude and the other authors in this section imply, the long history in the United States of focusing policies on reducing the gap in educational opportunity have largely failed. The authors conclude that the country must intensify its efforts to boost the development of poor children during the pre-school years, do a much better job of preparing them for college, and find more effective ways of helping them finance the ever-increasing costs of a college education. The chapter by Harris and Lee also emphasizes the importance of civic participation and mentoring in helping poor children make more responsible personal decisions, such as to stay in school and avoid teen pregnancy.

Taken together, these studies show that Australia and the United States share similar social problems associated with the tangled relationship between poverty, poor education, low-wage work, and low family income. Researchers and policymakers from both sides of the Pacific have much to learn from each other's social problems and policy responses. We believe that this volume moves us closer to that goal.

Notes

1. In 2010, per capita income in the United States was about \$47,000 while per capita income in Australia was \$40,000. See International Monetary Fund, "Gross Domestic Product Based on Purchasing-Power-Parity (PPP) Per Capita GDP," World Economic Outlook database, September 2011 (www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx).

2. The poverty rate for female-headed families is about four to five times the rate for married-couple families. In 2010, for example, there was an approximately fivefold difference: 31.6 percent of families with a single female household head were in poverty but only 6.2 percent of married-couple families. Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2010* (U.S. Census Bureau, 2011), table B-3. At any given moment, about 25 percent of American children are living in a female-headed family; see U.S. Census Bureau, "America's Families and Living Arrangements: 2011," table C-3 (www.census.gov/population/www/socdemo/hh-fam/cps2011.html).

3. Calculations based on Brookings tabulations of data from the Current Population Survey, "Annual Social and Economic Supplement," 1980–2010. The specific employment-to-population ratios were 46.5 for 1995 and 66.0 for 1999, yielding an increase of 41.9 percent. See also Ron Haskins, "Balancing Work and Solidarity in the Western Democracies," Discussion Paper (Berlin: Social Science Research Center Berlin [WZB], October 2010).

4. The poverty rate for families with a female householder (no husband present) with children was 41.5 percent in 1995, 33.0 percent in 2000, 38.5 percent in 2009, and 40.7 percent in 2010. See DeNavas-Walt, Proctor, and Smith, *Income, Poverty, and Health Insurance Coverage*, table B-3.

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12. Australian Council of Trade Unions, "Casual Workers Factsheet" (www.actu.org.au/HelpDesk/YourRightsfactsheets/CasualWorkers.aspx [November 23, 2011]).
13. Australian Bureau of Statistics, *Labour Force: September 2011*, No. 6202.0, table 01 (2011) (www.abs.gov.au).
14. Australian Bureau of Statistics, *Family Characteristics: 2009–10*, No. 4442.0, "All Children, Family Type by Age of Child, 1997, 2003, 2006–07, 2009–10" (2011) (www.abs.gov.au).
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16. Centrelink, *Payments: Assets Test* (Australian Government Department of Human Services, 2011) (www.centrelink.gov.au/internet/internet.nsf/payments/chartab.htm#a).
17. Centrelink, *Individuals: Paid Parental Leave Scheme Eligibility* (Australian Government Department of Human Services, 2011) (www.centrelink.gov.au/internet/internet.nsf/individuals/ppl_working_parents_eligibility.htm).
18. Australian Bureau of Statistics, *Labour Force*, table 01.
19. Australian Bureau of Statistics, *Australian Social Trends September 2011: Long-Term Unemployment*, No. 4102.0 (2011) (www.abs.gov.au).
20. *Ibid.*
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