What Is Our Responsibility to the Poor in the Aftermath of the Great Recession? (And Do We Even Know What to Do?)

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Roadmap

- A safety net built around work — when there is no work
- Making low-wage work pay
- The plight of low-skill men
- Preparing low-skill employees for “middle-skill” jobs
- Antipoverty policy: a three-legged stool
Unemployment Rate, and Number of SNAP, Unemployment Compensation, and TANF Recipients, Nov 2007 – July 2010
Family Rewards

- **Goal**: reducing immediate hardship with cash transfers while preventing intergenerational poverty in long term

- **20+ separate incentives** for children’s school performance, family preventive health care, and parents’ work and training

- Families earned **more than $6,000**, on average, over first two years
Family Rewards: Early Effects on Poverty and Hardships (18-month follow-up)

Percentage Point Change

<table>
<thead>
<tr>
<th>Category</th>
<th>Program group</th>
<th>Control group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had income at or below poverty level</td>
<td>-11.1 ▼</td>
<td>70.0</td>
</tr>
<tr>
<td>Food insufficiency</td>
<td>-7.3 ▼</td>
<td>22.1</td>
</tr>
<tr>
<td>Cannot make ends meet</td>
<td>34.1</td>
<td>14.8</td>
</tr>
<tr>
<td>Did not get medical care because of cost</td>
<td>-3.9 ▼</td>
<td>6.5</td>
</tr>
<tr>
<td>Uses a check cashier</td>
<td>29.2</td>
<td>10.4</td>
</tr>
<tr>
<td>Has a bank account</td>
<td>73.3</td>
<td>51.8</td>
</tr>
</tbody>
</table>

Note: Results shown here are statistically significant at a 1 percent level.
Family Rewards: Education Effects for Less-Prepared 9th-Graders

Subgroup: NOT PROFICIENT on 8th grade tests (before program)

- 95% attendance (year 2): Program group 21.8, Control group 19.3
- Repeated 9th grade (year 2): Program group 22.1, Control group 21.8
- Earned 22 credits (years 1 & 2): Program group 38.1, Control group 40.1
- Passed ≥ 2 Regents Exams (years 1 and 2): Program group 22.9, Control group 25.2
Family Rewards: Education Effects for More-Prepared 9th-Graders

Subgroup: PROFICIENT on 8th grade tests (before program)

<table>
<thead>
<tr>
<th></th>
<th>Program group</th>
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<tbody>
<tr>
<td>95% attendance (year 2)</td>
<td>51.1</td>
<td>36.2</td>
</tr>
<tr>
<td>Repeated 9th grade (year 2)</td>
<td>3.0</td>
<td>8.8</td>
</tr>
<tr>
<td>Earned 22 credits (years 1 &amp; 2)</td>
<td>72.7</td>
<td>64.5</td>
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<tr>
<td>Passed ≥ 2 Regents Exams (years 1 and 2)</td>
<td>77.6</td>
<td>71.7</td>
</tr>
</tbody>
</table>

Percentage Point Change

- 95% attendance (year 2): +14.9
- Repeated 9th grade (year 2): -5.8
- Earned 22 credits (years 1 & 2): +8.1
- Passed ≥ 2 Regents Exams (years 1 and 2): +5.9

Statistically significant at a 1 percent level

5 percent level

10 percent level
TRANSITIONAL WORK CORPORATION VS. CONTROL GROUP
Percent Employed (Subsidized or Unsubsidized)

*Statistically significant at a 1 percent level
Projected Job Openings, 2008-2018

The top 15 occupations account for one quarter of all openings.

Cashiers
Retail salespersons
Waiters and waitresses
Customer service representatives
Registered nurses
Food preparation and serving workers
Office clerks, general
Laborers & freight/stock/material movers
Elementary school teachers
Stock clerks and order fillers
Truck drivers, heavy and tractor-trailer
Janitors and cleaners
Home health aides
Child care workers
General and operations managers

Total job openings due to growth and replacement needs (millions)

Median earnings

Very low
(< $22,000)

Low
($22,000 – $32,000)

High or very high
(≥$32,000)

Source: Bureau of Labor Statistics
Self-Sufficiency Project:
Percentage Employed Full Time
By Months from Random Assignment

- Program Group
- Control Group

Percentage Employed Full Time

Months From Random Assignment
Earnings Supplements
Consistently improved children’s school achievements

- Minnesota Family Investment Program (MFIP)
  - Earnings disregard (MFIP Inc) 0.14*
  - Earnings Disregard with work mandate (Full MFIP) 0.15*

- Self-Sufficiency Project
  - Cash supplement for full-time work 0.11** 0.14**

- New Hope
  - Cash supplement and subsidies for full-time work 0.08 0.25**

*Statistically significant at a 1 percent level  **5 percent level

- Programs with earnings supplements also had favorable impacts on other aspects of children’s well-being.
- Effects were particularly pronounced for long-term welfare recipients.
Promoting Retention and Advancement

Three large-scale studies — ERA, UK ERA, and WASC — used a variety of interventions:

- Job-search assistance for reemployment after a job loss or for finding a better job
- Job coaching for employed individuals
- Referrals to education and training
- Financial incentives linked to sustained employment or education and training
- Assistance in accessing work supports, such as food stamps and child care
Hard to Move the Needle But the Most Promising Are:

- Offering financial incentives for employment retention, along with job coaching
- Involving providers or staff with close ties to employers
- Using community-based organizations to assist in providing services
- Providing services to assist people with job-to-job transitions and with quick reemployment, rather than with specific job retention
NEW DEAL 25-PLUS: LONG-TERM UNEMPLOYED AT BASELINE Impacts on Earnings Trends

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>ERA Group</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td></td>
<td></td>
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<tr>
<td>2006-2007</td>
<td></td>
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<tr>
<td>2007-2008</td>
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<tr>
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</tbody>
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Earnings (pounds)

- ERA Group
- Control Group
Tracking Earnings, Poverty and GDP, 1947-2010

GDP (Quantity index, 1947=100)

Sources: Bureau of Labor Statistics, U.S. Census Bureau, U.S. Dept. of Commerce
Fundamental Breakdown

- A welfare policy based on work — when there is no work

- A disconnect between productivity and earnings — productivity continues to rise, but wages do not

- An overall antipoverty policy predicated on a growing economy — when the economy has stalled