I am very happy to introduce this issue of Focus, which covers four topics: the income-health gradient; emergency savings for low-income families; a successful place-based urban policy—the federal urban Empowerment Zone program; and jobs—the importance of who you work for, and job quality for low-wage workers. These articles are based on recent work by our local and national affiliates. All of them send the message that addressing the problems of health status gradients, emergency savings, and decent jobs are complicated endeavors. But each of these advances our policy- and poverty-relevant knowledge and gives hope of improved lives for low-income families.

First up is an introduction to an important new book, The Biological Consequences of Socioeconomic Inequalities edited by Barbara Wolfe, William Evans, and Teresa E. Seeman, which grew out of a series of meetings to engage both social and biological scientists to examine the sources of the well-known socioeconomic status–health gradient. For example, they assess how social and biological factors might explain the relationship between child health and family income. Evidence using children certainly suggests that family income influences health, but it is not possible to fully explain observed differences in health by income alone. While this work does not answer all of the questions regarding the mechanisms by which health differs by economic status, it greatly advances what we know about one of the most debated and important relationships in society: economic well-being and health. The answers to this puzzle link closely to the IRP major research theme of the intergenerational transmission of poverty, starting later this year.

Next is a summary of an important topic—emergency savings for low-income consumers. Emergency savings, also called rainy day savings or contingency savings, act as a form of insurance against unexpected, irregular, and unpredictable expenses. Over the course of the Great Recession, it has become clear that families who suffer large economic losses in earnings, incomes, and assets, increasingly need to stanch the downward economic spiral and stabilize the family’s financial ship. Professor Michael Collins, head of the Center for Financial Security (CFS) at UW–Madison and an IRP affiliate, argues that an effective policy to encourage savings should target specific types of expenses or contingencies that households typically underestimate; recognize behavioral biases and over-optimism about future resources; and create a way to systematically encourage adequate savings for an emergency. While we do not yet have the answer to effective means for savings-building, we will attempt to push the ball even further in our spring 2014 IRP/CFS workshop on Financial Decision-Making, Poverty and Inequality. Stay tuned and search our website (www.irp.wisc.edu) for more on this upcoming event.

The third piece is about a place-based policy that actually seems to work: the federal urban Empowerment Zone (EZ) program. IRP affiliate and economics professor Jesse Gregory and colleagues recently published their analysis of the EZ, finding that the program appears to have successfully transferred income to a small, spatially concentrated labor force. While the authors caution that this is a short-term evaluation, leaving important questions about whether this program will have lasting effects, they conclude that so far it is a promising strategy for reviving otherwise depressed urban spaces.

We finish this issue of Focus with a familiar and frustrating issue: good jobs, both the importance of who you work for as well as job quality and low-wage work. As the labor market continues to slog along in its recovery from the Great Recession, many are asking: What does it take to find a good job and to support a family? If the answer to poverty is a good steady job with decent wages and long-term prospects for advancement, the two entries that end this issue will help shape that debate.
First, we summarize the Robert J. Lampman Memorial Lecture given by David Card last spring, and entitled, “Good Jobs: The Increasing Importance of Who You Work for in Achieving Economic Success.” Professor Card argues that having a “good job” is mainly about working at a “good firm,” and that some employers appear to offer firm-specific wage premiums which are too large to be completely explained by the idea that particularly profitable firms will share those profits with employees. Such a finding challenges the conventional economic belief that equally-skilled workers are paid the same wages regardless of where they work. The Card framework acknowledges firm-specific wage premiums and in so doing represents an important new direction in labor market analysis, one which appears to be quite helpful in explaining rising wage inequality, cyclical wage variation, early career progression, and gender wage gaps.

Finally, in contrast to good firms that pay well, low-wage working conditions are addressed by IRP affiliate and social work professor Anna Haley-Lock to better understand the process by which low-income workers “churn” in and out of employment. This work complements research on individual-level characteristics, as well as the firm characteristics that Card explores. Haley-Lock looks at how organizational and other contextual factors, such as location and firm size, correspond with the quality of waitstaff jobs, and finds that pay, benefits, and workers’ ability to influence work schedule are affected by these factors.

As always, IRP is on the lookout for good opportunities to stimulate research, train young researchers, analyze policy, and improve program performance and practice to better the lot of the poor. We welcome any ideas you may have that will help us to achieve these goals.

—Timothy M. Smeeding, IRP Director