INCREASING ECONOMIC INDEPENDENCE THROUGH EMPLOYMENT AND WORK

Bradley L. Hardy
American University
DEFINING ECONOMIC INDEPENDENCE?

1. Employment?
2. Employment above poverty or above “near-poverty”?
3. Employment without safety net benefits?

• Perhaps it depends on individual circumstances, the regional economy, etc.
A BROADER DEFINITION OF ECONOMIC INDEPENDENCE

• Employment + liquidity for emergencies & medium or even long-range plans
THE ECONOMY IS STRONGER. WHAT DO OUR ECONOMIC INDICATORS SAY ABOUT INDEPENDENCE?
LOWER UNEMPLOYMENT OVERALL, & AMONG SOME AT-RISK GROUPS
U.S. LABOR FORCE PARTICIPATION
COPING ABILITY. MIXED EVIDENCE HERE

- w/ J. Morduch, W. Darity Jr., & D. Hamilton
- Federal Reserve SHED data
“Suppose that you have any emergency expense that costs $400. Based on your current financial situation, how would you pay for this expense?”

1= “With the money currently in my checking/savings account or with cash” OR “Put it on my credit card and pay it off in full at the next statement.”

Data from Federal Reserve SHED (2017)
ECONOMIC INDEPENDENCE VARIES BY PLACE
MANY HIGH POVERTY AREAS ARE ALSO LOW-MOBILITY AREAS
EVEN WITHIN CITIES: NEIGHBORHOOD ECONOMIC CONDITIONS VARY
Figure 9. Poverty and Welfare Trends, Overall and Riot-Affected Neighborhoods


Note: Percent poor is calculated as the proportion of families under sixty-five living below the poverty line. Riot tracts correspond to those identified by Collins and Margo (2004).
ECONOMIC INDEPENDENCE AND THE ROLE OF SNAP, THE EITC, & TANF
• Hardy, Smeeding, & Ziliak (2018): SNAP & EITC participation is largely predicted by policy expansion and structural economic factors (state economy + wages)
• Safety net programs collectively reduce income volatility among the poor (Hardy 2017)
• Hoynes et al. (2016): SNAP has lead to overall improvements in earnings, SES outcomes; responsive during bad economic times
• EITC increases employment and income (Bitler et al. 2014; Bollinger, Gonzales & Ziliak, 2009; Chetty, Friedman & Saez, 2012; Dahl & Lochner, 2012; Eissa & Hoynes, 2006)
• Local DC supplement to the EITC lowers inequality
• Yet, some families may be getting by on very little liquidity ("$2 a day"): Edin & Shaefer (2016)
TANF ASSISTANCE POLICY CHOICES VARY BY PLACE: CASH ASSISTANCE VARIANCE (BITLER & HOYNES 2016)
IDEAS FOR PROMOTING ECONOMIC INDEPENDENCE

- Geography: Interventions could vary by place, even within cities
- Coping: Promote economic independence by boosting liquidity among low-income working families
  - Expanded EITC
  - Strong SNAP program
  - A TANF program that commits to cash assistance & employment assistance
- Promote economic independence by continuing efforts to coordinate TANF assistance with WIOA
  - Assistance to families seeking longer-term skill upgrades and training—readiness for higher wage employment
  - Temporary assistance amid seemingly permanent (for some groups) low wages may require reconsideration, flexibility