

Fighting Poverty and Promoting Economic Mobility in Virginia

Ron Haskins
The Brookings Institution

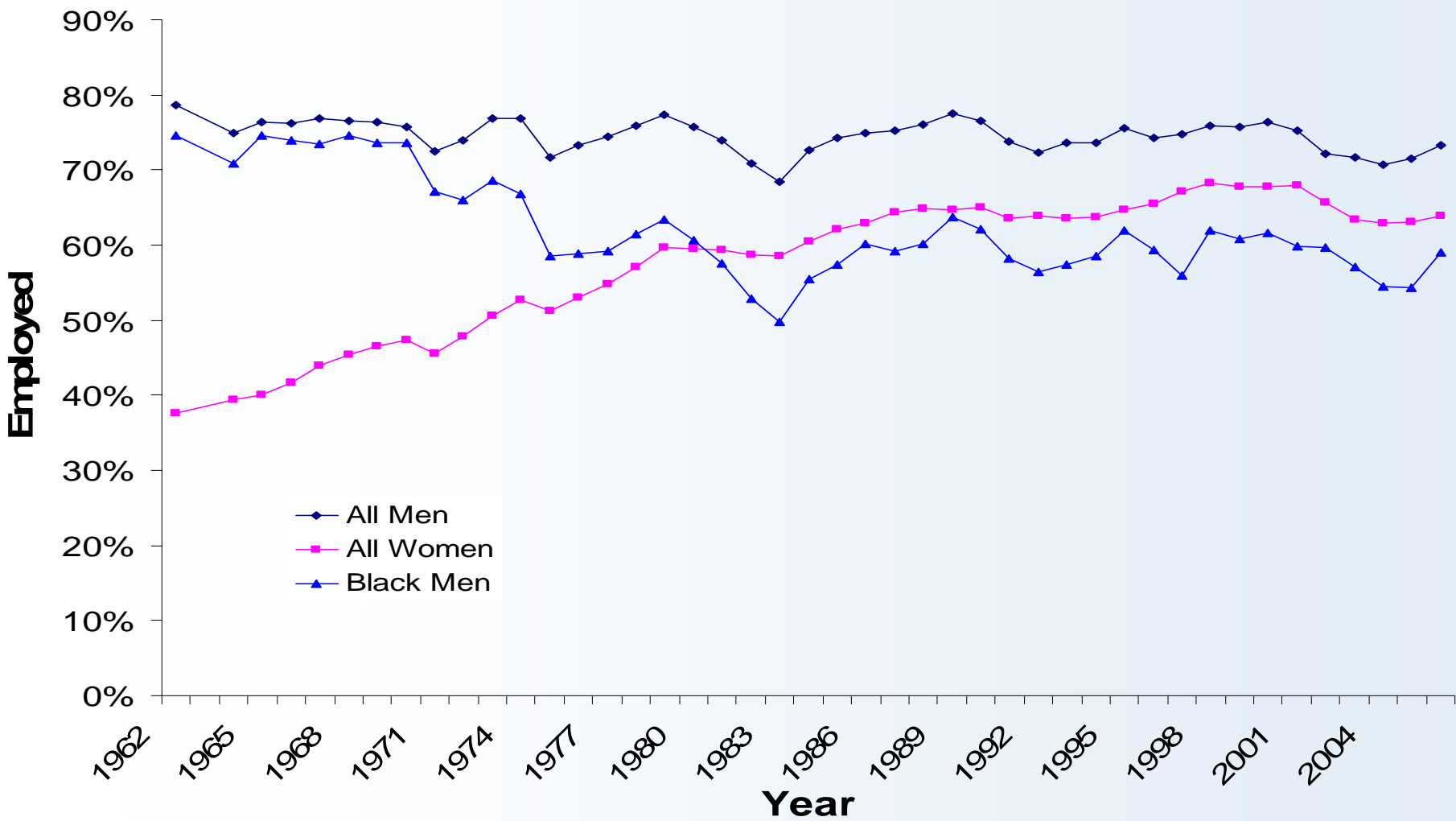
May 7, 2009

Why Is Poverty So Stubborn?

- Work Rates
- Wages
- Family Composition
- Education
- Immigration
- Spending

Work & Poverty

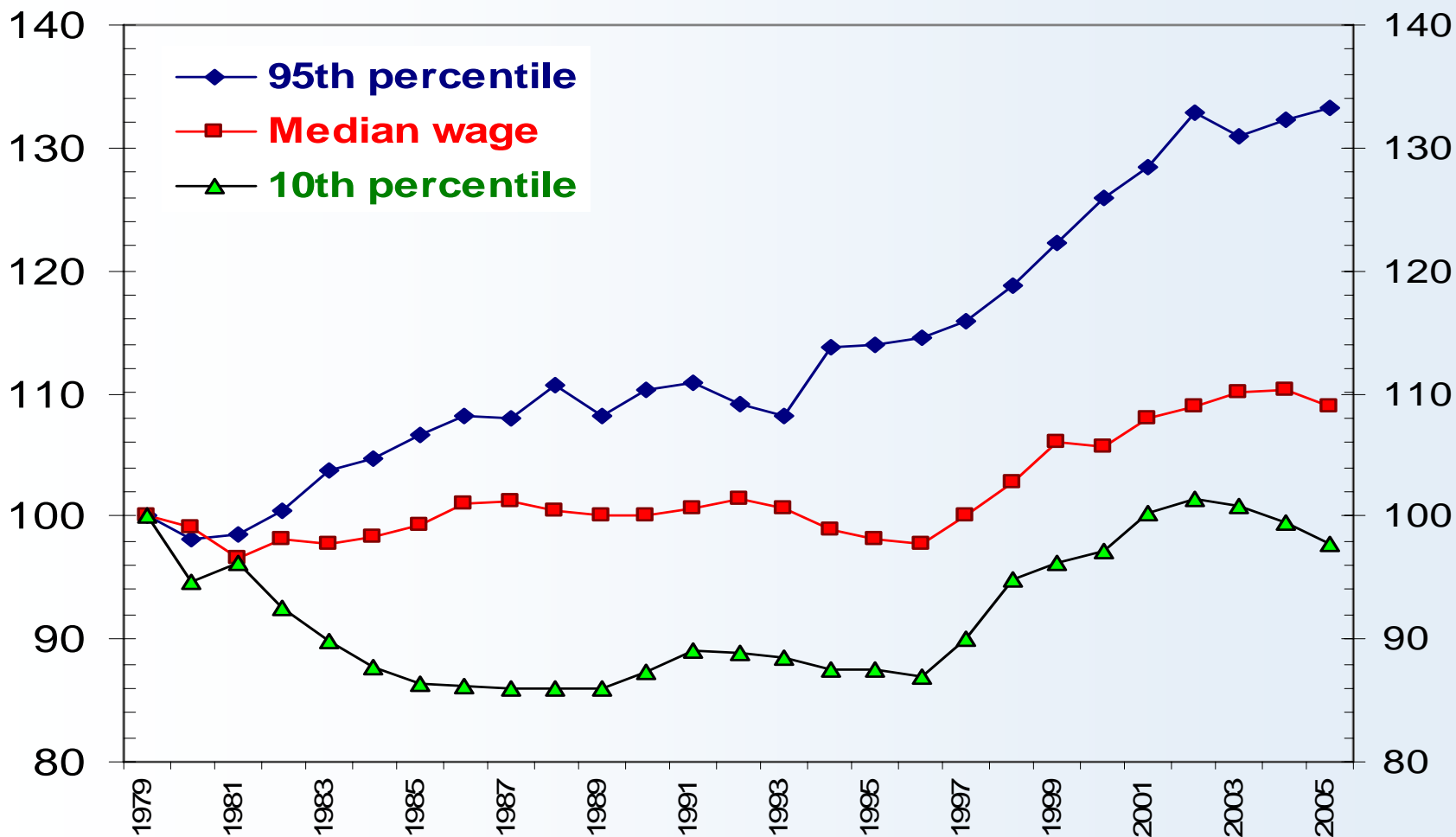
Employment-to-Population Ratios for 18 - 30 Year-Old Men, Women, and Black Men, 1962 - 2006



Source: Tabulations by Emily Roessel of the Brookings Institution with data from the Current Population Survey.

Trend in Real Hourly Wages at Selected Points in U.S. Wage Distribution, 1979 - 2005

1979 = 100

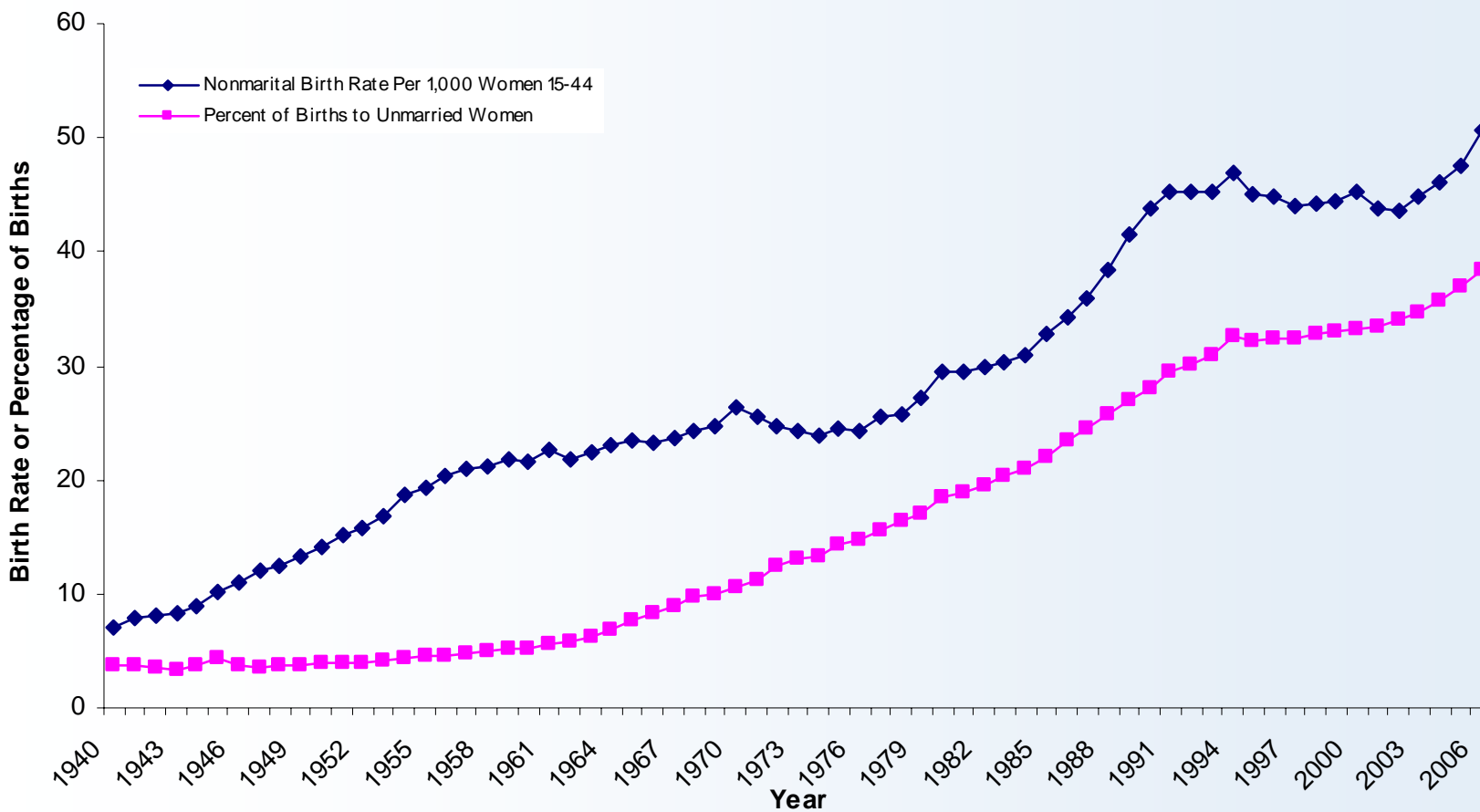


Source: Economic Policy Institute, http://www.epinet.org/datazone/05/wagecuts_all.xls.

Note: Hourly wages based on tabulations of the Current Population Survey files, converted to constant dollars using the CPI-U-RS.

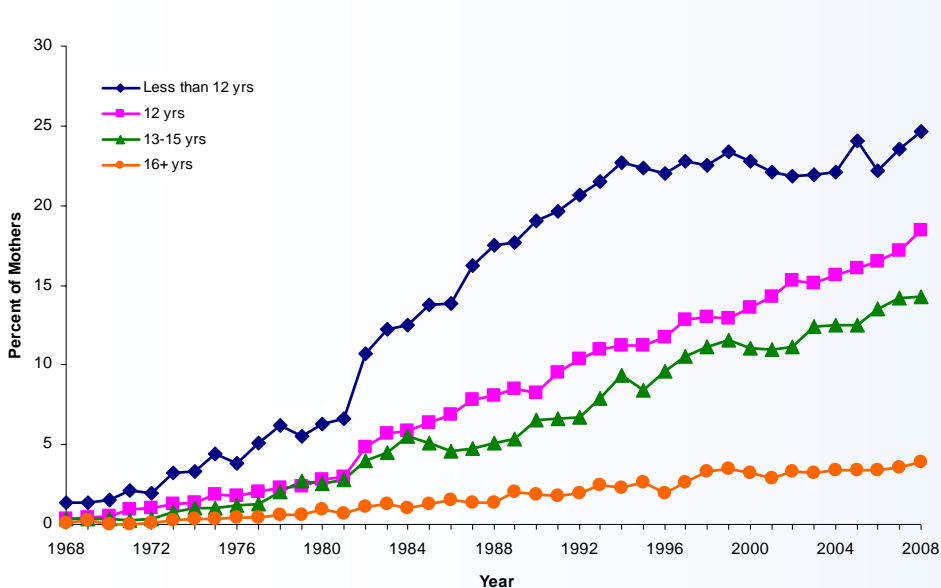
Families & Poverty

Birth Rate and Percent of Births to Unmarried Women, 1940 - 2006

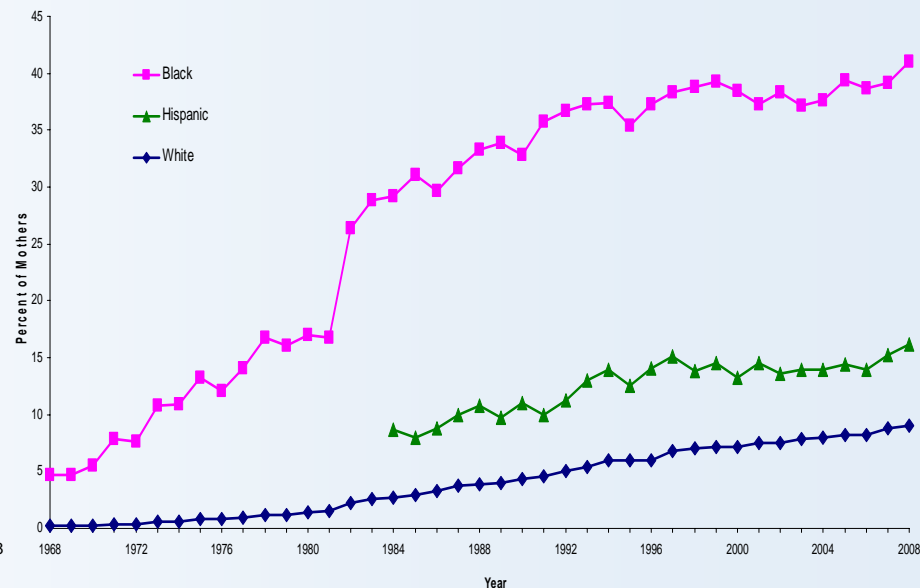


Differences in Non-marital Births by Mother's Education and Ethnicity, 1968 - 2008

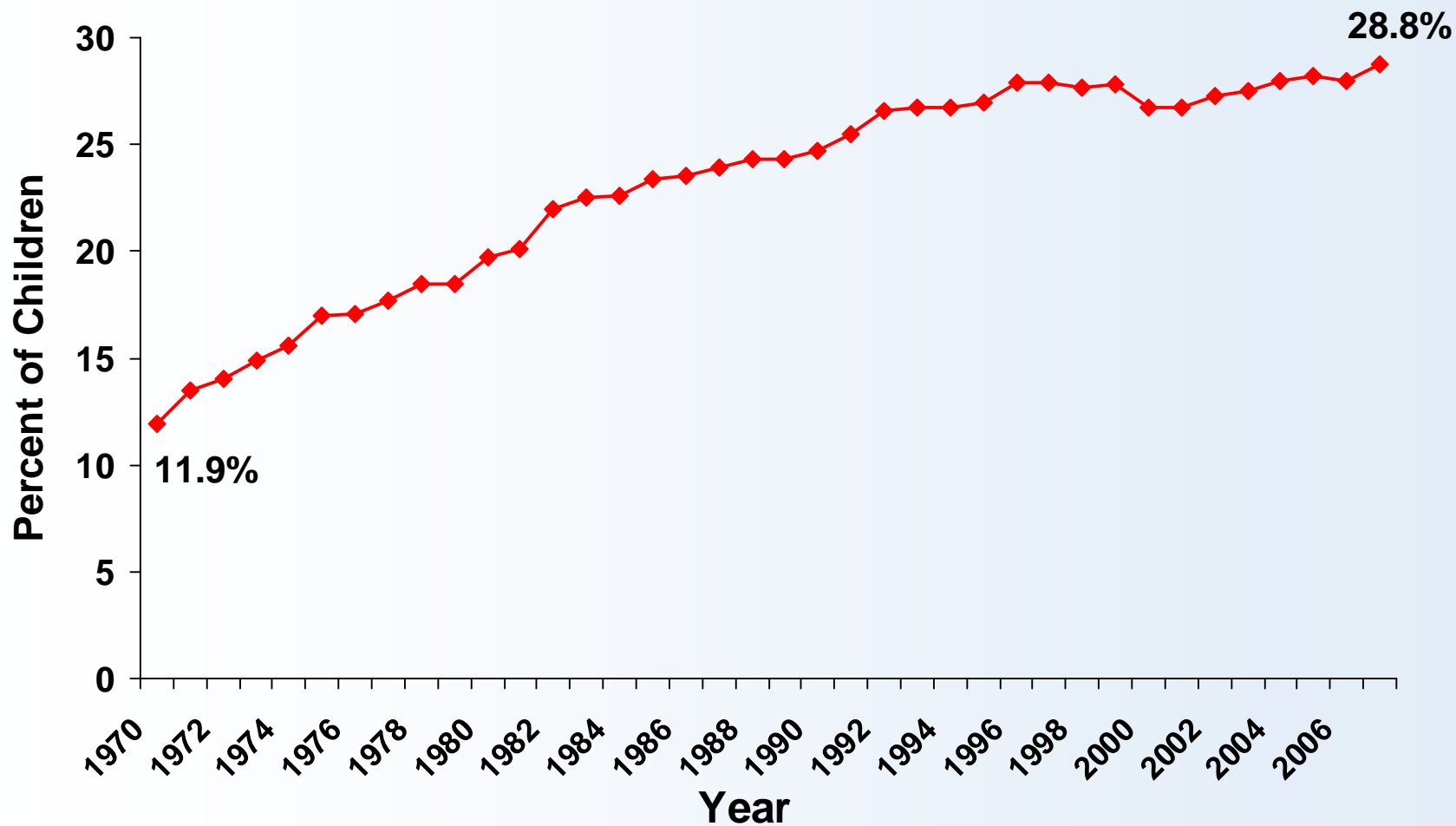
Differences: Education



Differences: Ethnicity

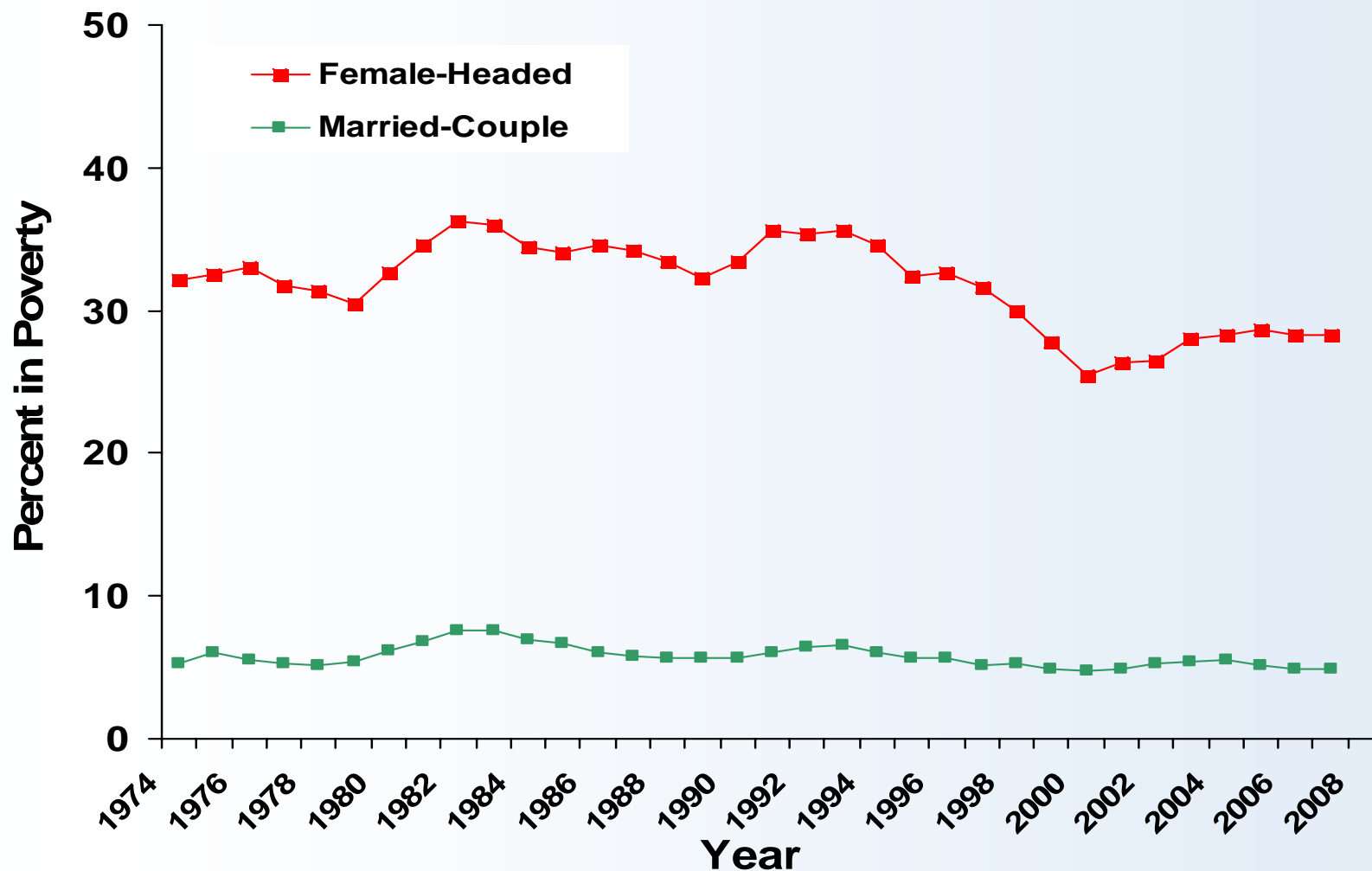


Percent of Children Living in Single-Parent Families, 1970 - 2007*



*2007 is an estimate
 Source: U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements, 2007 and earlier at <http://www.census.gov/population/socdemo/hh-fam/ch1.xls>.

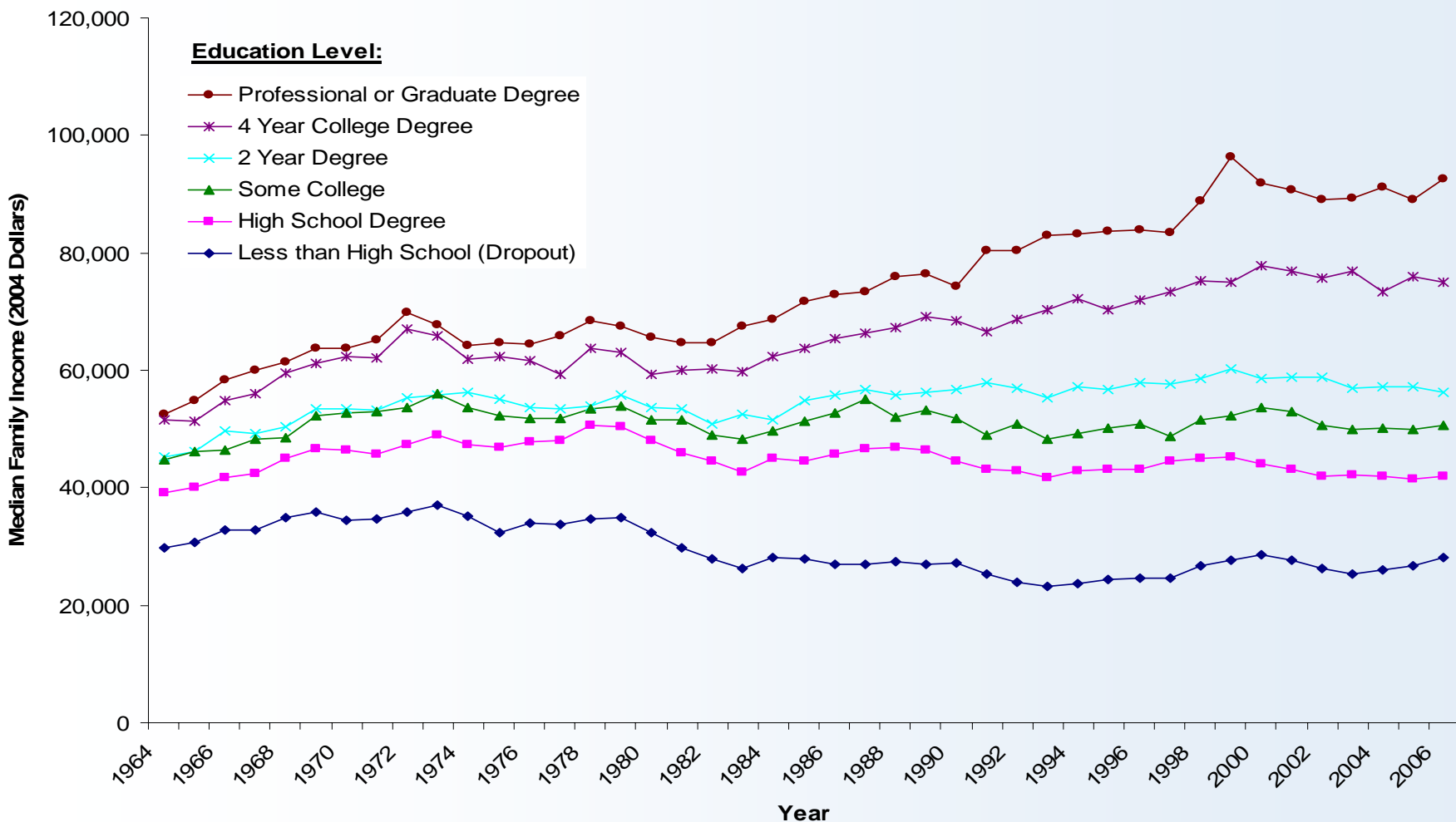
Poverty in Female-Headed Households and Married-Couple Households, 1974 - 2007



Source: U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States, 2007*, Historical Tables, Table B-3.

Education & Poverty

Median Family Income of Adults Ages 30-39 with Various Levels of Educational Achievement, 1965 - 2006

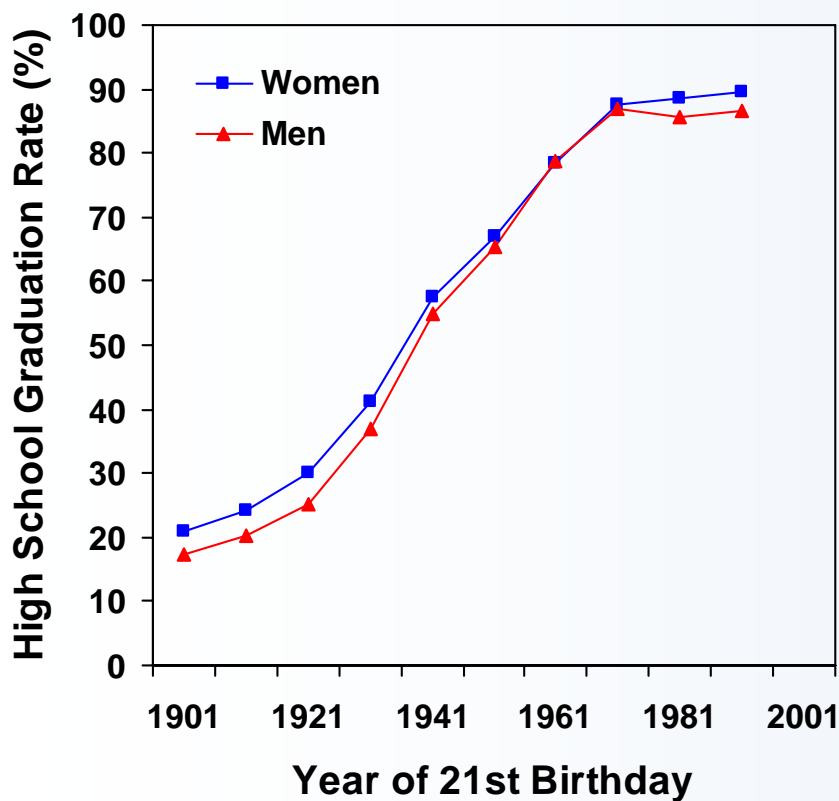


Note: All men and women ages 30-39, including those with no personal income, are included in these estimates.

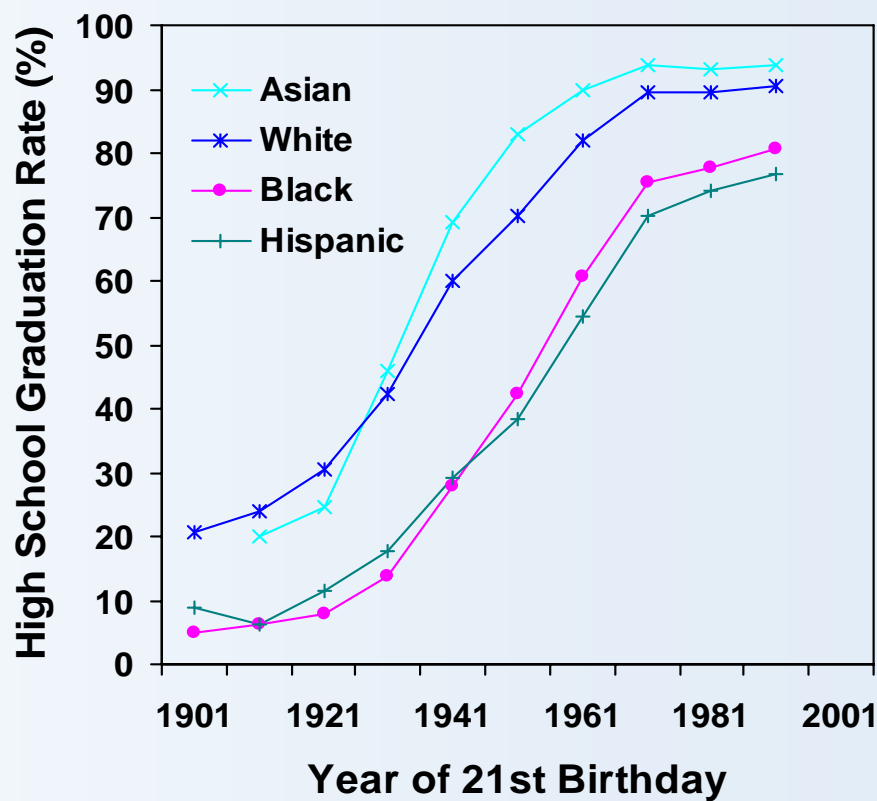
Source: Brookings tabulations of data from the annual Social and Economic Supplement to the CPS, 1965-2006.

High School Graduation Rate by Gender and Ethnic Group, 1900 - 2000

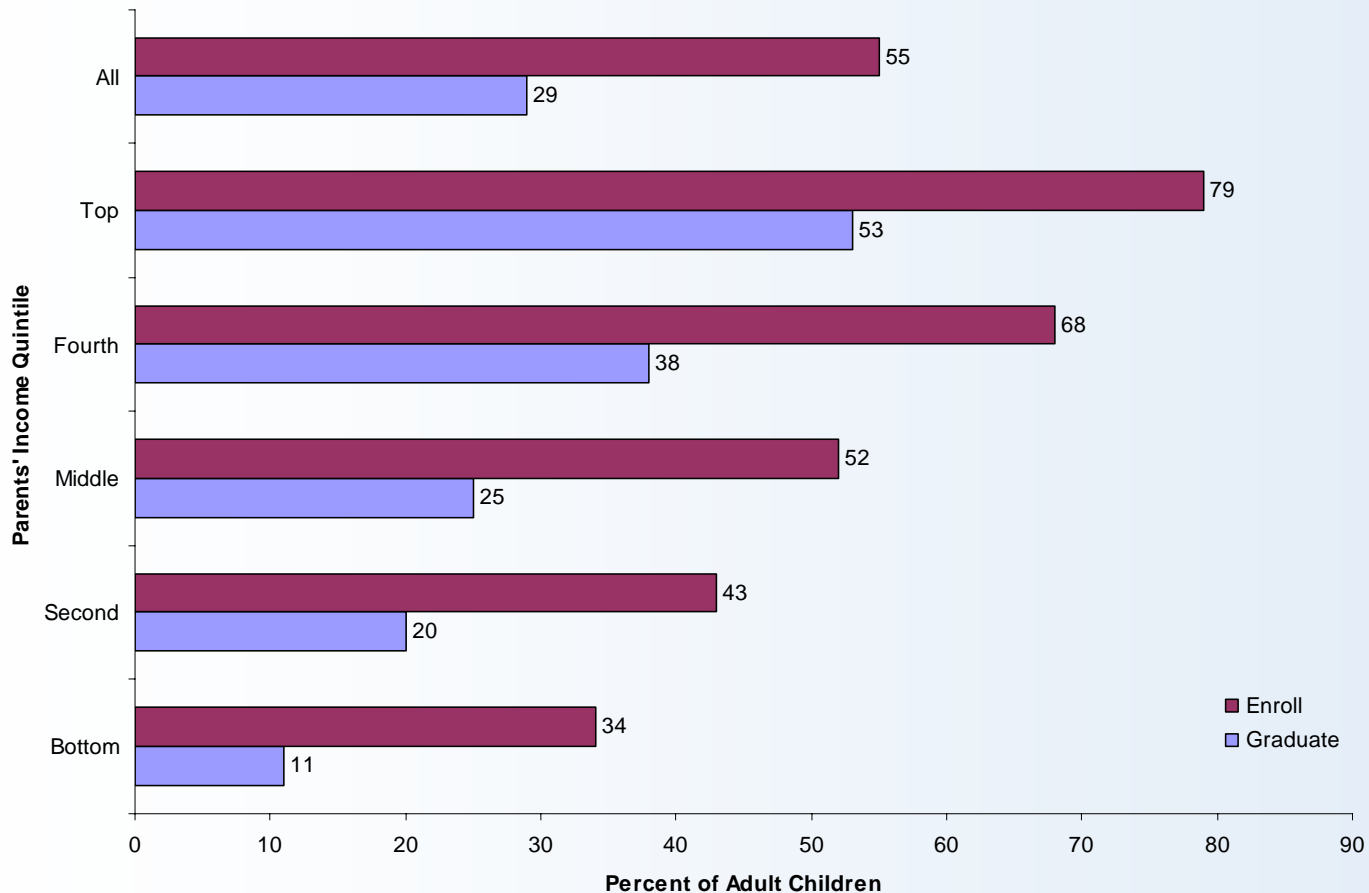
Gender



Ethnicity



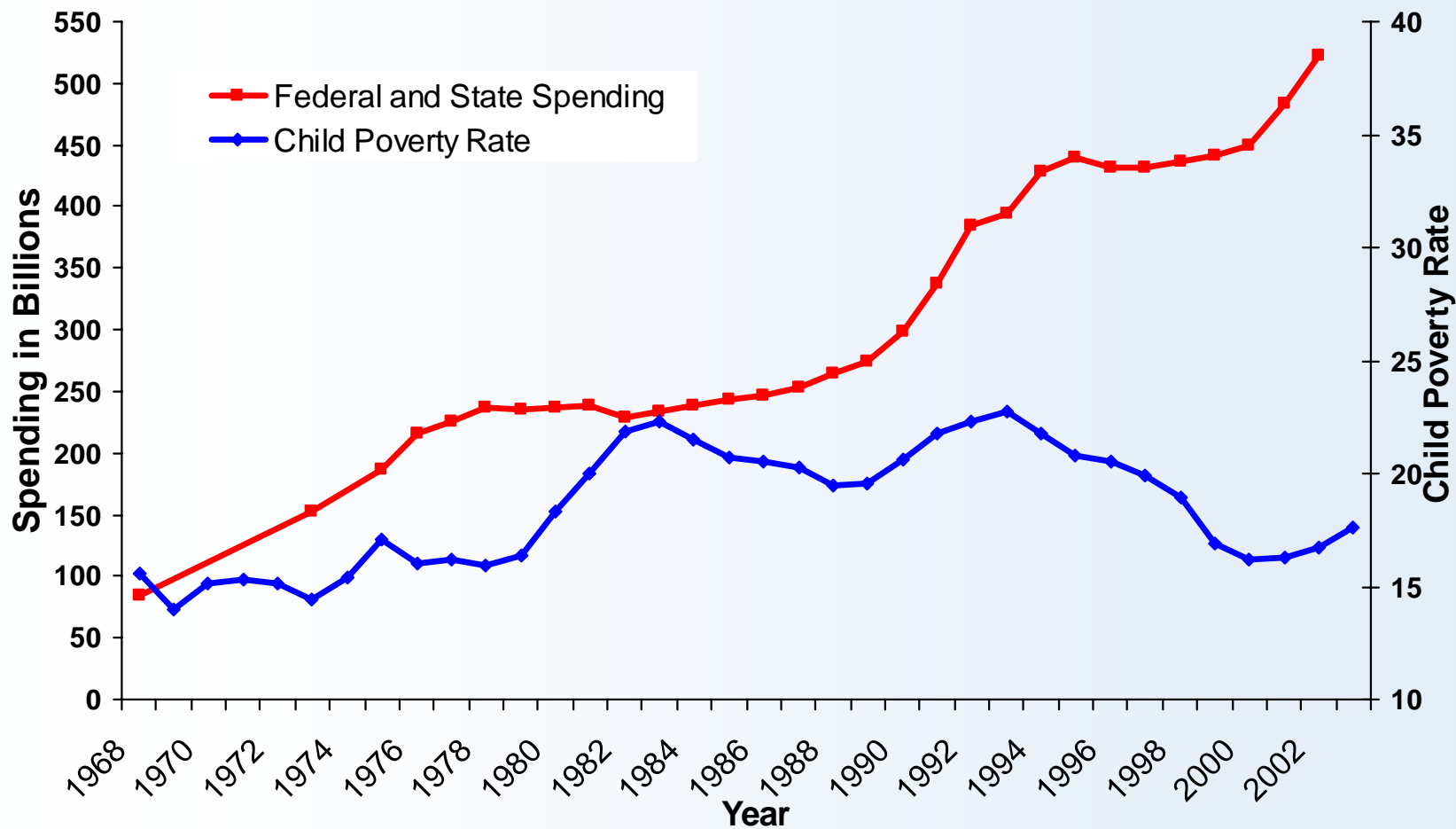
Poor Kids Less Likely to Enroll in College; Even Less Likely to Graduate



Source: Brookings tabulations using data from the Panel Study of Income Dynamics.

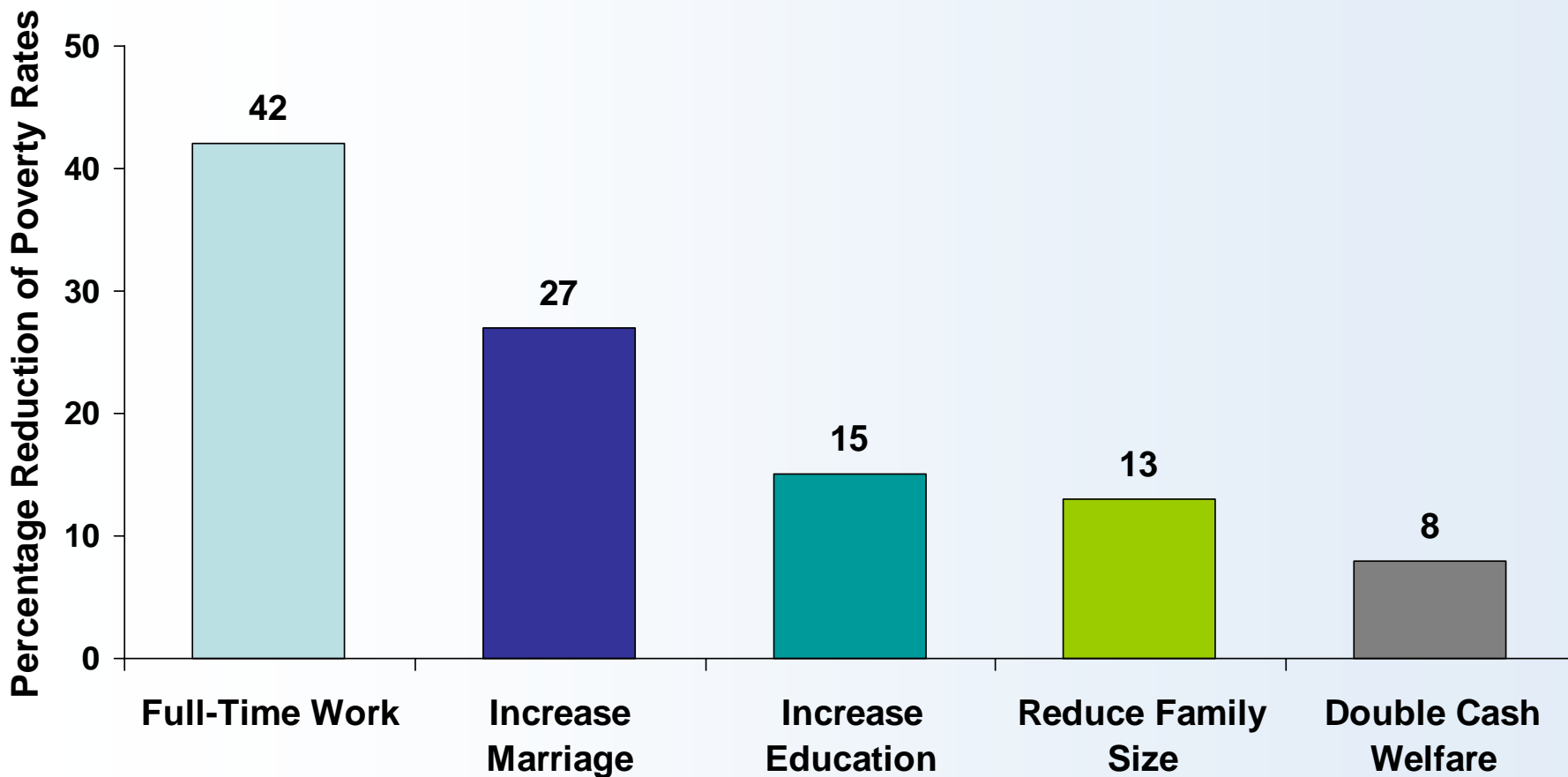
Will More Spending Reduce Poverty?

Child Poverty and Spending, 1968 - 2003



How to Reduce Poverty

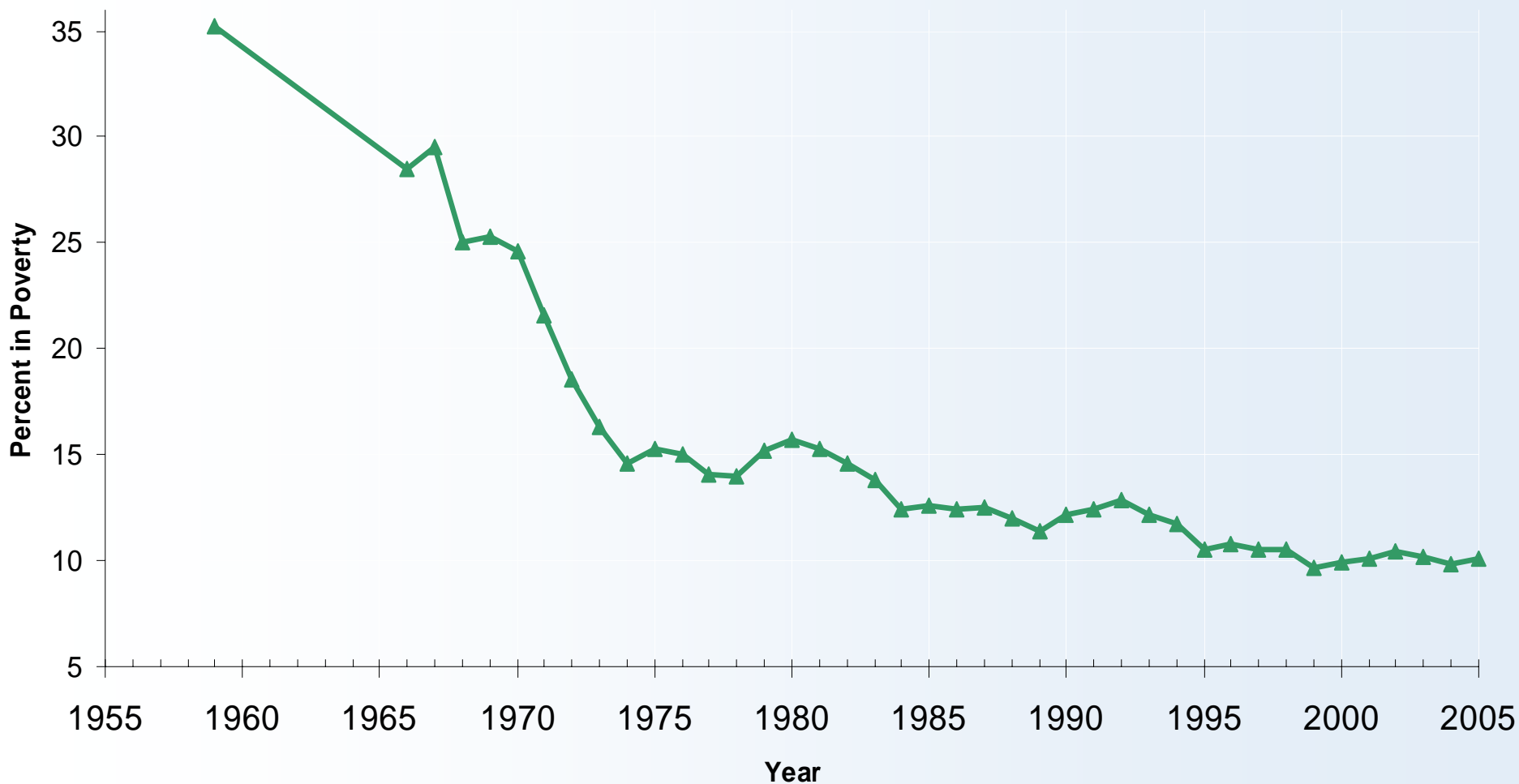
Effectiveness of Five Factors in Reducing Poverty Rates



Based on Adam Thomas and Isabel V. Sawhill, "For Richer or for Poorer: Marriage as an Antipoverty Strategy," *Journal of Policy Analysis Management* 21, no. 4 (October 2002): 587-599; Ron Haskins and Isabel V. Sawhill, "Work and Marriage: The Way to End Poverty and Welfare," *Welfare Reform and Beyond Policy Brief*, The Brookings Institution (September 2003).

Strategy I: Give 'Em Money

Poverty Among the Elderly, 1959 - 2005

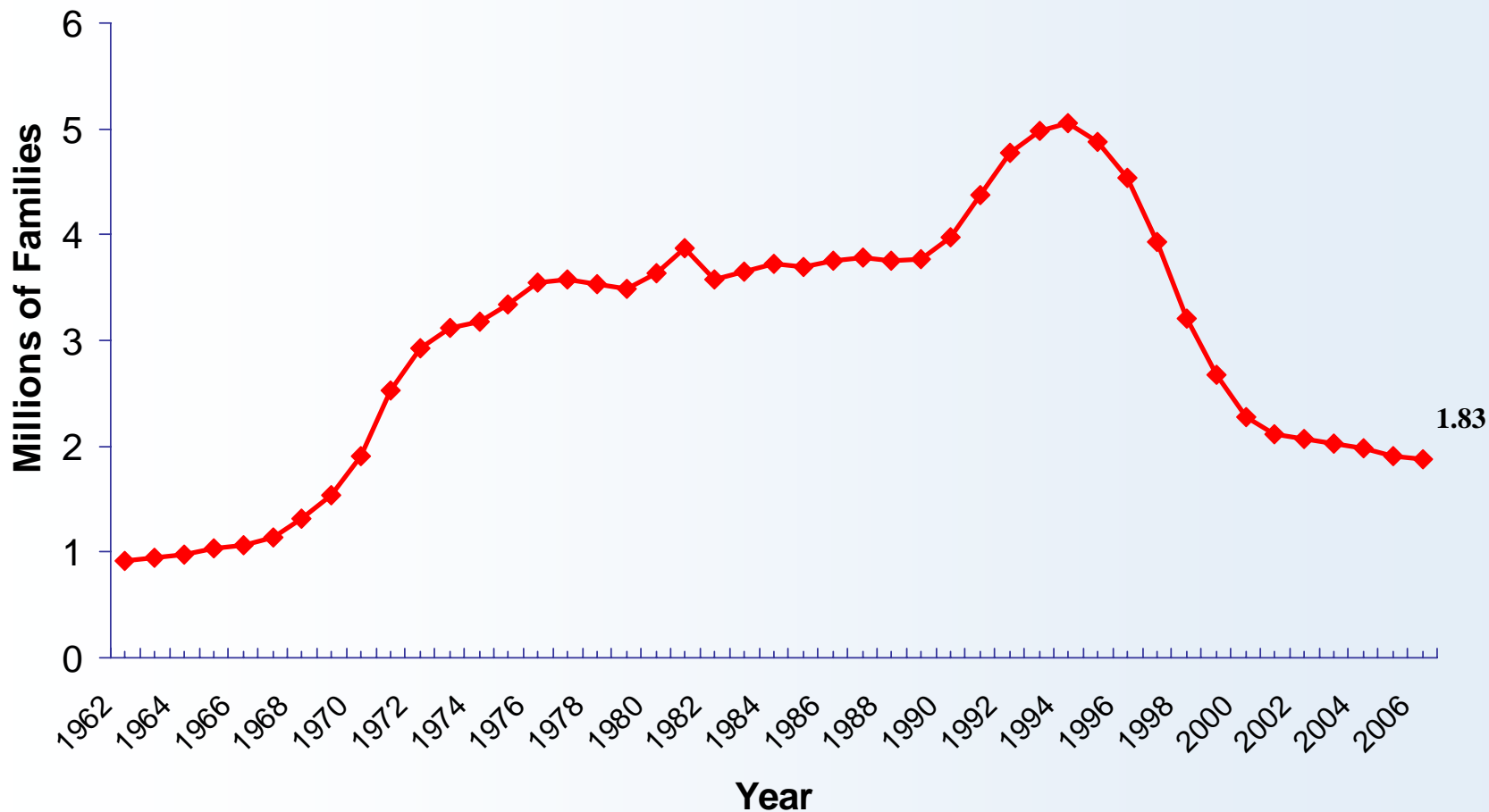


Strategy II: Promote Work

Five Components of TANF

1. End Cash Entitlement
2. Block Grant Funding
3. Work Requirements
4. Sanctions
5. 5–Year Time Limit

AFDC/TANF Caseload, 1962 – 2006*



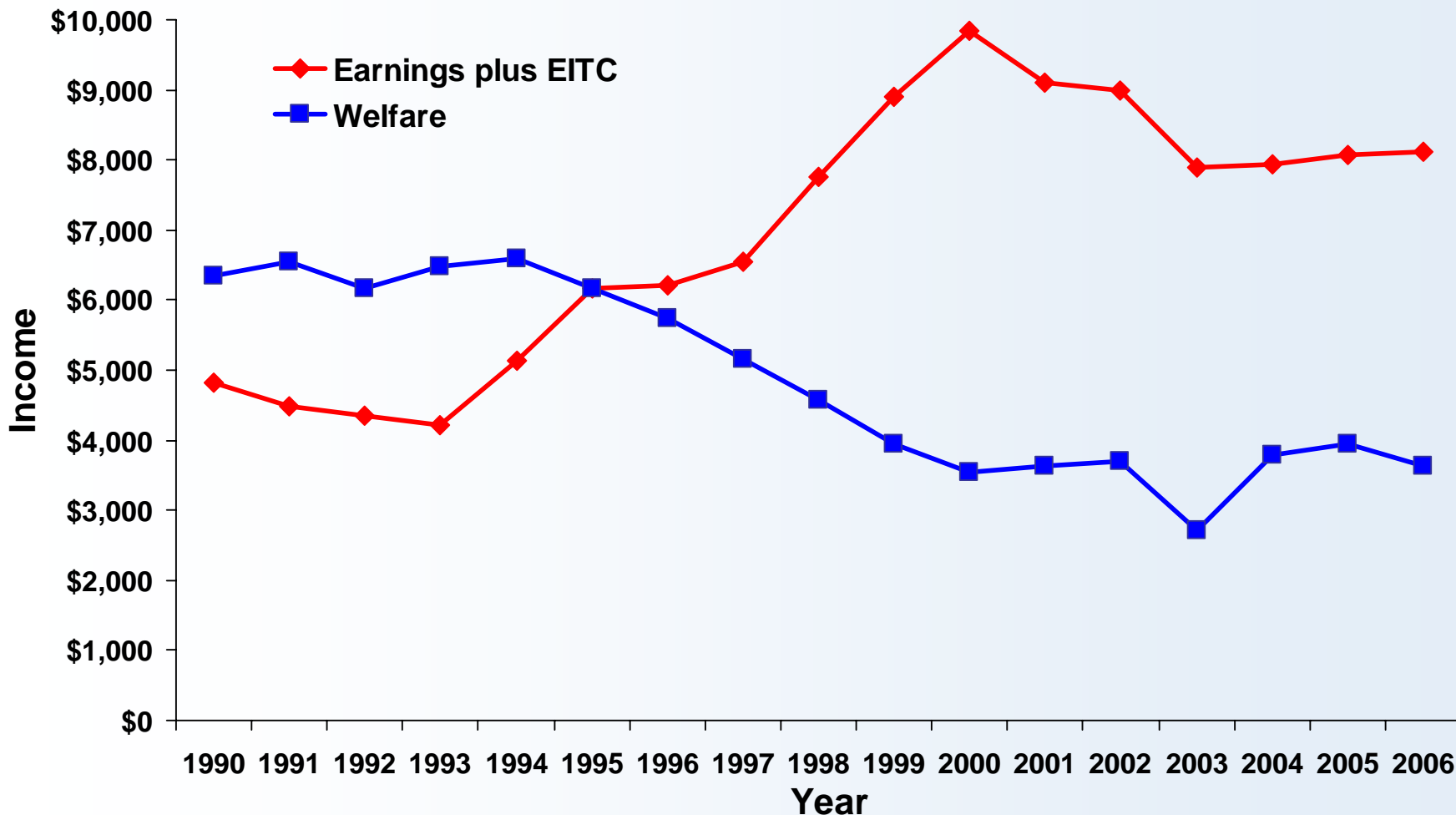
Note: 2006 is preliminary

Sources: Congressional Research Service, U.S. Department of Health and Human Services,

<http://www.acf.dhhs.gov/programs/ofa/caseload/caseloadindex.htm#2005> (2002-2006),

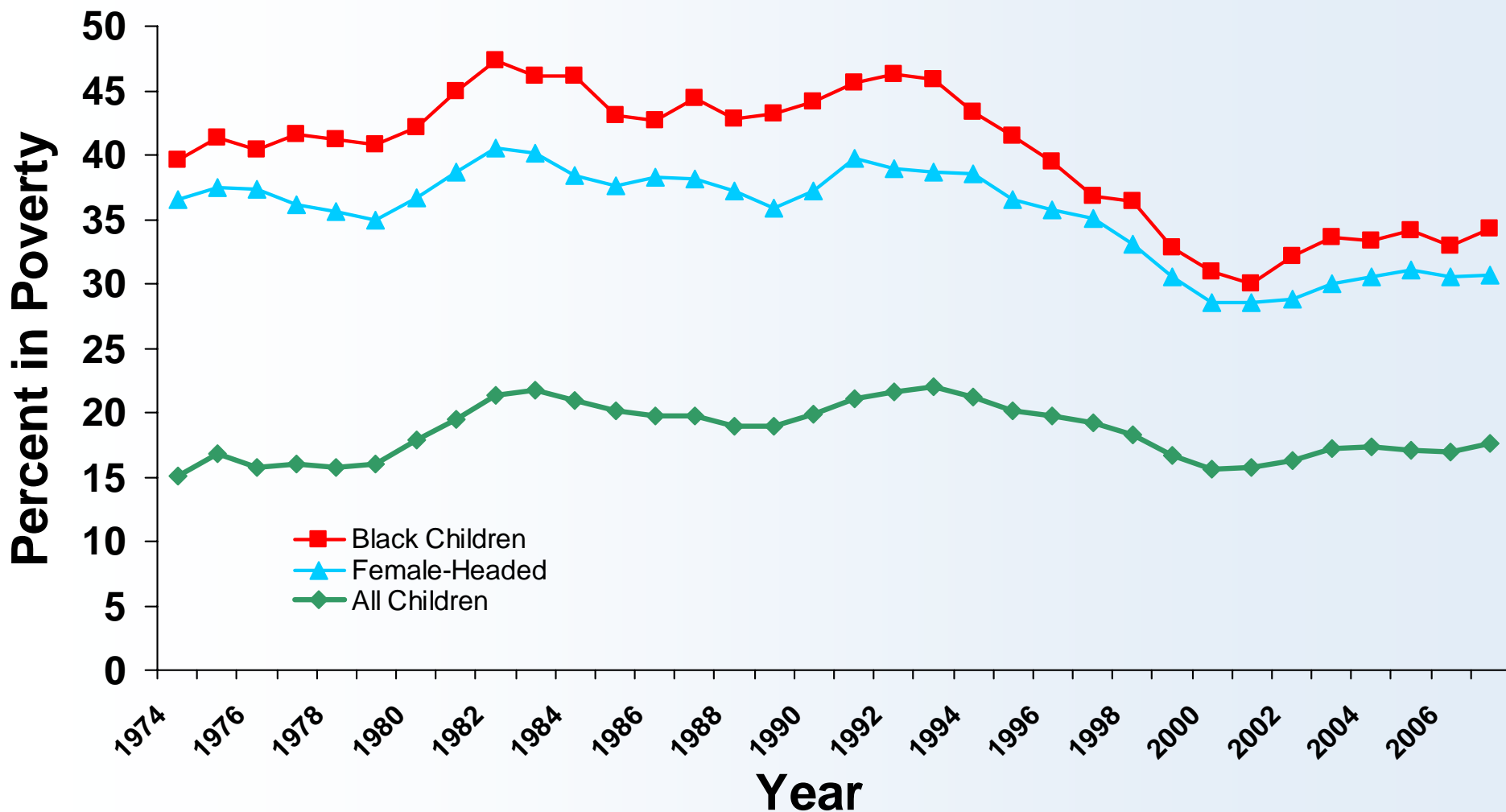
<http://aspe.hhs.gov/HSP/indicators03/apa.htm#ttnf1> (1962-2001)

Earnings Increase, Welfare Income Falls for Bottom Two Fifths of Female-Headed Families, 1990 - 2006

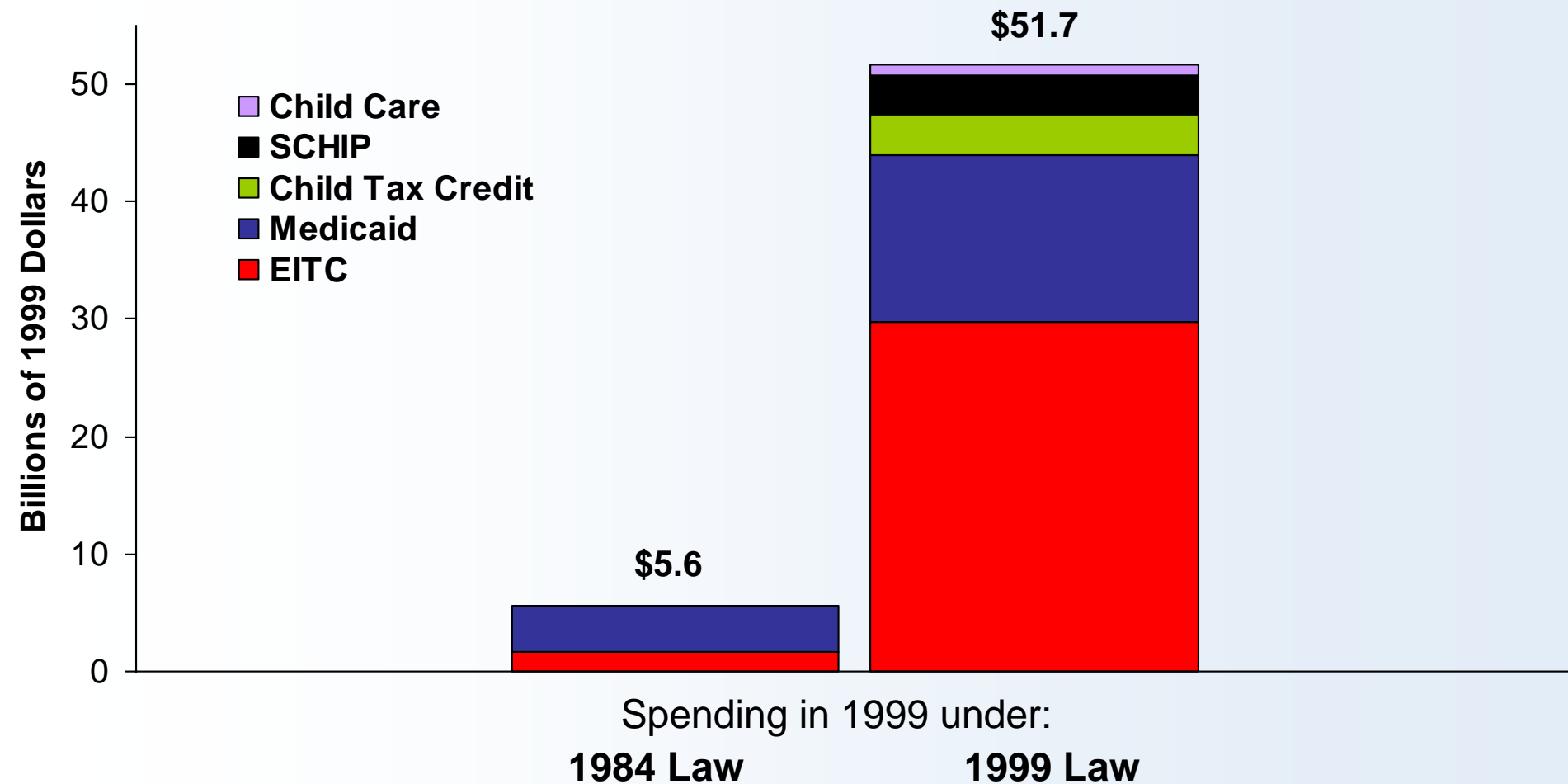


Source: Richard Bavier with U.S. Census Bureau data (Welfare income is cash, school lunch, food stamps, and housing; constant 2004 dollars).

Poverty Rates for Black Children, Children in Female-Headed Households, and All Children 1974 - 2007



Support for Working Families Increases Dramatically, 1984 - 1999



Source: Congressional Budget Office, *Policy Changes Affecting Mandatory Spending for Low-Income Families Not Receiving Welfare*, 1998.

An Agenda for Increasing Work to Reduce Poverty

- I. Increase Work Requirements:
 - Food stamps
 - Housing
- II. Bring Back Industrial Arts in High School (Career Academies)
- III. Strengthen the Work Support System:
 - Day care
 - Employment and training

Strategy III: Promote Education

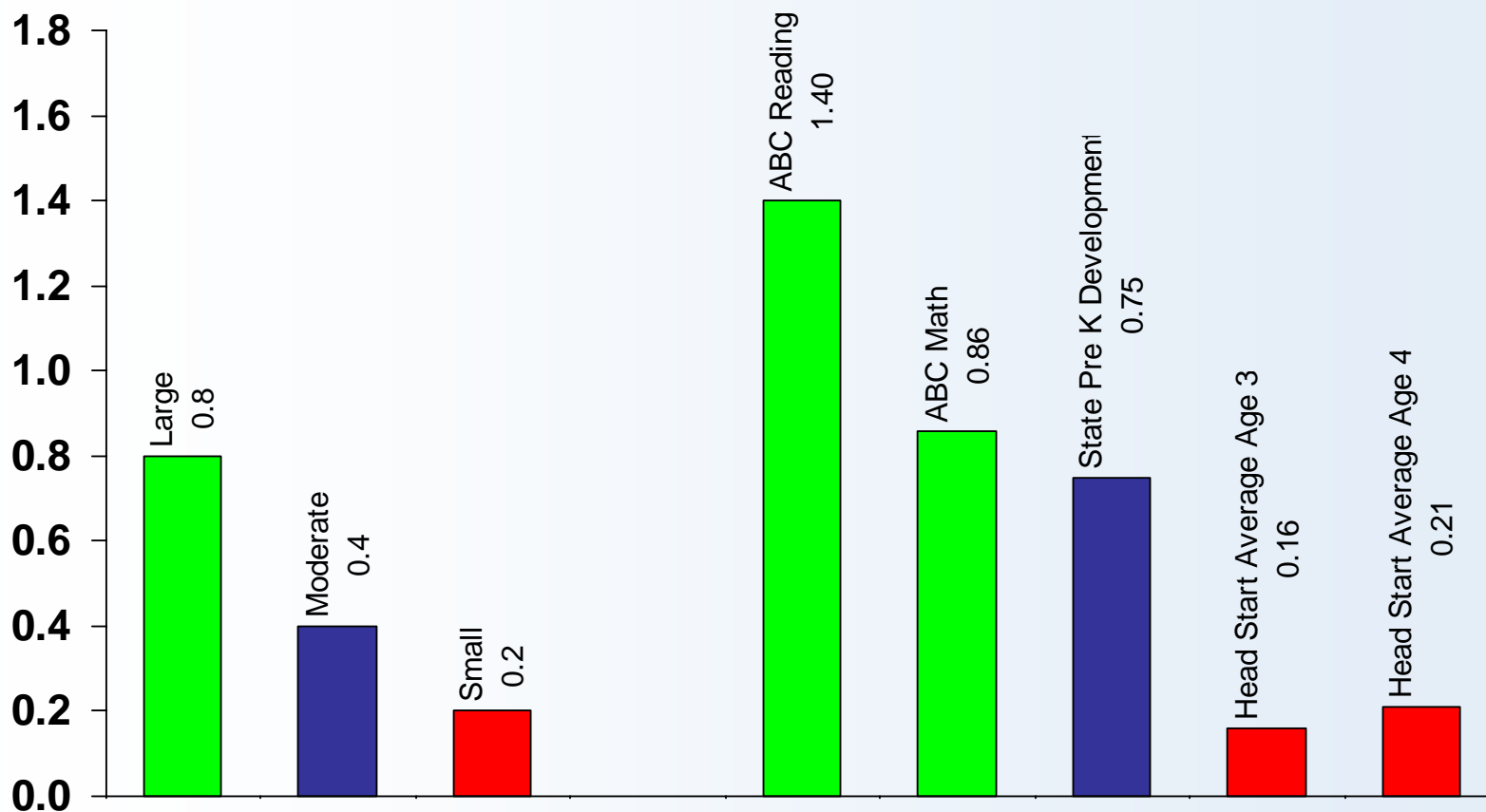
Effects of Selected Early Childhood Programs on Adolescent and Adult Behaviors

Intervention and Outcomes:	Control or Comparison Group	Group Receiving Program
Teenage Parenting Rates (Abecedarian)	45	26
Health problem (Perry Preschool)	29	20
Drug user (Abecedarian)	39	18
Needed treatment for addiction (Perry Preschool)	34	22
Abortion (Perry Preschool)	38	16
Number of felony violent assaults (Perry Preschool)	0.37	0.17
 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	

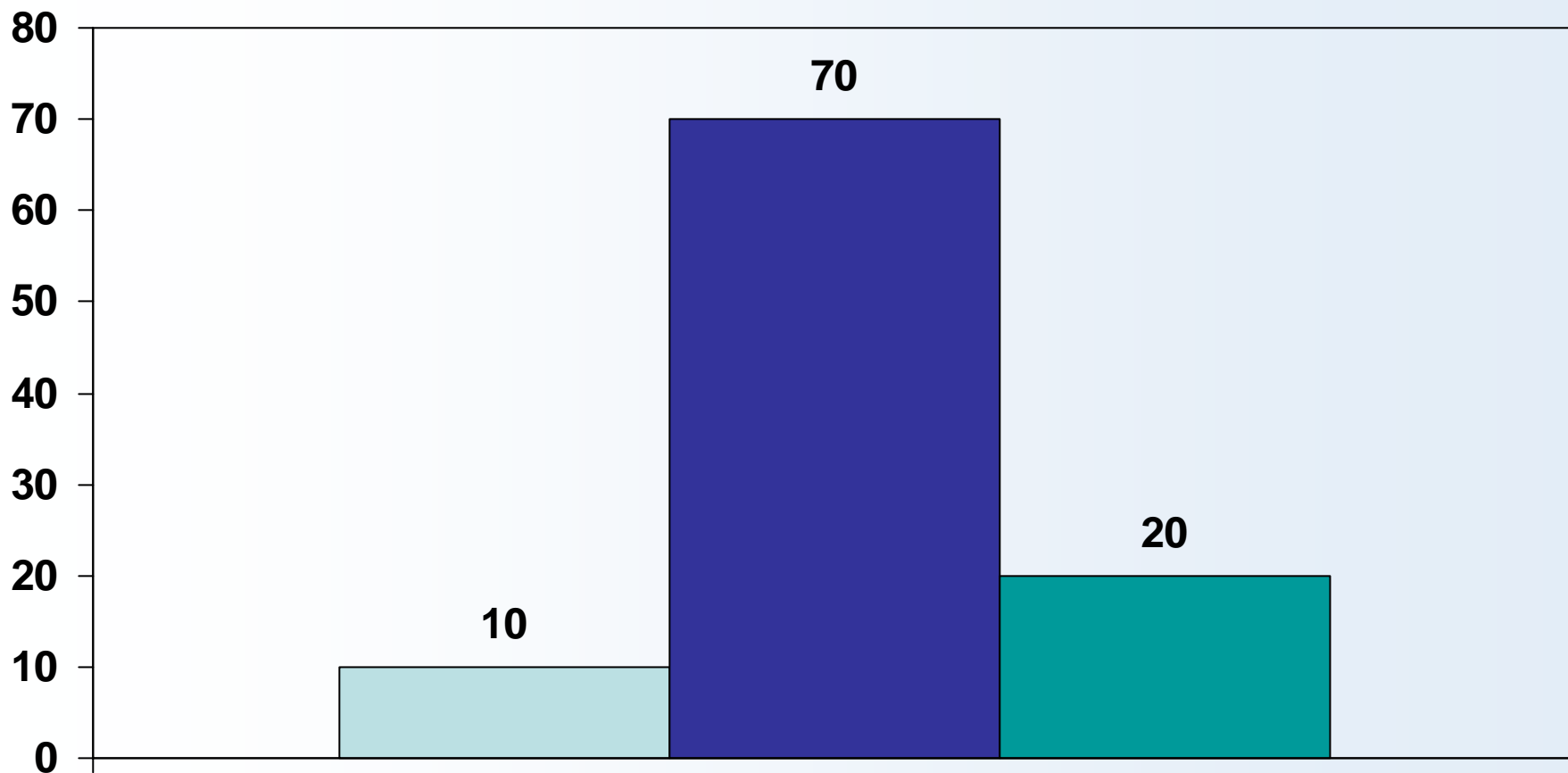
Note: Table entries are percentages unless otherwise noted.

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

Comparison of Selected Effect Sizes from Preschool Programs



Average Quality of Child Care Facilities in the U.S.



Federal and State Spending, 2005

Program **Cost (Billions)**

Day Care Programs

Discretionary Child Care Development Fund (CCDF)	2.1
Mandatory CCDF	2.7
TANF transfers to CCDF	2.1
TANF direct child care	1.6
State CCDF Match and Maintenance of Effort (MOE)	2.2
TANF MOE in excess of CCDF MOE	1.0
Social Services Block Grant	0.2
Child and Development Care Credit (DCAPS)	0.8
Subtotal	\$12.7

Preschool Education Programs

Title I Grants to Local Education Agencies	0.3
Reading First (Reading Excellence before 2002)	1.1
Early Reading First	0.1
Special Education	1.9
Head Start	7.0
	3.0

Subtotal **\$13.4**

Total **\$26.1**

Sources: U.S. Budget, Fiscal Year 2005; W. Steven Barnett and Others. 2003. The State of Preschool: 2003 State Preschool Yearbook. New Brunswick, NJ: National Institute for Early Education Research, Rutgers University; W. Steven Barnett and others. 2006. The State of Preschool: State Preschool Yearbook. New Brunswick, NJ: National Institute for Early Education Research, Rutgers University.

The Preschool Program We Need

Goal: All Groups Enter School Performing at Average Level on Socioemotional and Intellectual Measures

- Components:
 - Home visiting
 - Early education; 0-3
 - Preschool program; 4
 - School age follow-up
 - Day Care
- Local Coordinating Group
- Integration of current funding streams
- Local standards/Federal standards
- Competition and parent choice
- Teacher Quality
- Testing; Especially at school entry

Strategy IV: Strengthen Families

Strengthen Families

- Reduce Teen Pregnancy
 - Community based programs
 - Emphasize abstinence and birth control
 - Constructive activities
- Increase Marriage Rates
 - Community-wide initiatives
 - Marriage education (including unwed parents)
 - Federal and state tax and benefit policies (marriage penalties and incentives)